

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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March 5, 2018
Start: 10:18 a.m.
Recess: 4:06 p.m.

HELD AT: Council Chambers - City Hall

B E F O R E: DANIEL DROMM
Chairperson

COUNCIL MEMBERS:

- ADRIENNE E. ADAMS
- VANESSA L. GIBSON
- ANDREW COHEN
- ROBERT E. CORNEGY, JR.
- LAURIE A. CUMBO
- BARRY S. GRODENCHIK
- RITCHIE J. TORRES
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- HELEN K. ROSENTHAL
- JAMES G. VAN BRAMER
- YDANIS RODRIGUEZ
- MARGARET CHIN
- DEBORAH ROSE
- CHAIM DEUTSCH

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

Melanie Hartzog
Budget Director of the Mayor's Office of
Management and Budget, OMB

Ken Godiner
First Deputy Budget Director of Mayor's Office of
Management and Budget, OMB

Jacques Jiha
Commissioner of the New York City Department of
Finance

Joe Fucito
Head of the Sheriff's Office of New York City

Timothy Sheares
Deputy Commissioner for Property Value at the New
York Department of Finance

Scott Stringer
New York City Comptroller

Preston Niblack
Deputy Comptroller for Budget at the Office of
City Comptroller

Ronnie Lowenstein
Director of the Independent Budget Office

George Sweeting
Deputy Director of the Independent Budget Office

Ralph Palladino
Second Vice President of Clerical Administrative
Employees Local 1549 New York City

Jo-Ann Yoo
Executive Director of Asian American Federation

Katelyn Hosey
Public Policy Associate at LiveOn New York

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

Elizabeth McCarthy
CEO of Sheltering Arms

Dipal Shah
Director of Strategic Partnerships at the Center
For Court Innovation

Sally Sanchez
Project Director at the Queens Youth Justice
Center

Andrea Bowen
Consultant working on Behalf of the Anti-Violence
Project

Eunkyong Choi
Head of the Office of the Taxpayer Advocate
Within the Department of Finance

[gavel]

CHAIRPERSON DROMM: Cabrera, Council

Member Adrienne Adams, Council Member Barry

Grodenschik, Council Member Rory Lancman, of course

our Speaker Corey Johnson, Council Member Ydanis

Rodriguez, Council Member Jimmy Van Bramer, Council

Member Margaret Chin, Council Member Robert Cornegy

and Council Member Robert... Bill Perkins, excuse me.

And others will be joining us I'm sure as we move

along, I don't know if I said Council Member Brad

Lander is also here. I'm excited and honored to be

chairing the first of the council's budget hearings

for Fiscal 2019. It is a year of firsts with me in my

new role as Finance Chair, our new Speaker Corey

Johnson and the new Director of Office... Director of

the Office of Management and Budget Melanie Hartzog.

Melanie, I want to welcome you to the council and I

look forward to an open and productive working

relationship over the next four years,

congratulations. Today's hearing with OMB will focus

on the expense and revenue portions of Fiscal 2019

preliminary budget. The OMB Director will be

returning on March 20th for a second hearing that

will focus on the capital budget therefore knowing

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2 that there will be a separate opportunity to discuss
3 all matters capital I request that my colleagues
4 limit their questions today to the overall budget as
5 it pertains to expense and revenue issues. On a
6 logistical matter I want to remind any member of the
7 public who wishes to testify to please fill out a
8 witness slip with the Sergeant at Arms. The public
9 portion of the hearing is scheduled to begin at
10 approximately three p.m. and the witness panels will
11 be arranged by topic so please indicate the topic of
12 your testimony on your witness slip. If there is any
13 member of the public who wishes to testify but is
14 unable to do so at today's hearing you may email your
15 testimony to the Finance Division at finance
16 testimony at council dot NYC dot gov by close of
17 business on Friday, March 9th and the staff will make
18 it part of the official record. Before we get started
19 I'd like to thank the entire staff of the council's
20 Finance Division for their work and support in
21 preparing for this hearing. The Finance Division is
22 led by Latonia McKinney and includes Deputy Directors
23 Regina Poreda-Ryan, Nathan Toth and Paul Scimone;
24 Deputy Director and Chief Economist Dr. Raymond
25 Majewski; Assistant Director Emre Edev; Supervising

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2 Economist Paul Sturm; Unit Heads Dohini Sompura,
3 Eisha Wright, John Russell, Chima Obichere, and
4 Crilhien Francisco; Finance Counsels Eric Bernstein
5 and Rebecca Chasan and all of the Finance Analysts,
6 Economists and Administrative support staff who have
7 helped to put the budget reports and this hearing
8 together. With all of that said I'd like to welcome
9 Speaker Corey Johnson to today's hearing and give him
10 the opportunity to say a few words, Speaker Johnson.

11 COUNCIL MEMBER JOHNSON: Thank you, good
12 morning. I'm Corey Johnson, Speaker of the New York
13 City Council and I would like to begin by welcoming
14 everyone to the city council's first hearing on the
15 Fiscal 2019 Preliminary Budget. We heard testimony
16 today from the city's new Budget Director Melanie
17 Hartzog who is joined by her team at the Office of
18 Management and Budget and I want to thank her for
19 being with us today and I want to congratulate her on
20 her role, she's been at OMB for quite a while so she
21 knows this process quite well and we're glad she's
22 now the head of OMB so thank you Melanie. Before
23 turning to the preliminary budget, I must start by
24 thanking our Finance Chair, Daniel Dromm, I'm excited
25 to partner with Chair Dromm over the next four years

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2 to ensure the council enacts fair, responsible
3 budgets for all New Yorkers. I also must thank our
4 Finance Director Latonia McKinney and her team and
5 the Counsel Finance Division for all their hard work
6 they've put in over the last few weeks into preparing
7 for the next month of budget hearings. The Council
8 would not be able to properly exercise its roll in
9 this process without her... their tireless efforts.
10 Today at this first hearing for the Fiscal 2019
11 budget I want to focus on what would be a recurring
12 theme of these hearings ensuring that the city budget
13 is fair, transparent, and accountable to New Yorkers.
14 For too long administration after administration has
15 presented the budget to the council in a manner that
16 makes it difficult for us to do our charter mandated
17 duty of budget oversight and review. This includes
18 the frequent usage of vague and over inclusive units
19 of appropriation that make it impossible to track
20 spending on key city programs and services.
21 Additionally, the city's budget presents an
22 insufficient understanding of how performance effects
23 the allocations of funds because it lacks concrete
24 connections to indicators that should determine how
25 the city uses its resources. An additional concern

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2 for the council is the pattern of growth in city
3 spending over the course of this administration.
4 Since Fiscal 2015 the city's budget has grown by 20
5 percent, the preliminary Fiscal... the preliminary
6 financial plan projects the city budget to hit 95.2
7 billion dollars by Fiscal Year 2022. The portion of
8 the budget funded directly by the city has similarly
9 increased significantly to ensure that indispensable
10 social services will be sustainable in the event of
11 an economic downturn. The city must consider how much
12 of this spending would be better used to increase our
13 reserves. This council will also continue to push for
14 accountability and accuracy on the revenue side of
15 the budget as well. For example, with the respected
16 taxi medallion sale revenue it is time for this
17 administration to turn off auto pilot, it should not
18 be included in the projections, we know that it's not
19 going to happen. As it is done plan after plan over
20 the last four years the administration is once again
21 pushing forward the projected realization of revenue
22 from, from selling taxi medallions in the Fiscal 2019
23 preliminary plan. The plan now shows no revenue
24 anticipated in Fiscal 2018 and the collection of 929
25 million dollars in postponed revenue between Fiscal

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2 2019 and Fiscal 2022. The city has not sold a single
3 taxi medallion since Fiscal 2014 and as far as the
4 council's aware has no plans to do so in the
5 immediate future. The administration must either
6 include a realistic assumption of revenue in the
7 financial plan or remove the projection entirely
8 until there is a genuine plan for medallion sales in
9 place. We must change the conversation surrounding
10 the budget in how we process what is in it or more
11 importantly what is not in it. throughout the coming
12 months each committee will take a deep dive into the
13 proposed budgets of the agencies under their
14 jurisdiction to determine whether they appropriately
15 reflect the needs and interests of the city. This
16 analysis will inform our goal of rightsizing agency
17 budgets, so we can be certain that taxpayer dollars
18 are being spent responsibly and effectively. The
19 council will be a partner with the administration
20 where necessary to further the best interest of the
21 city, but we will also exercise strong and
22 independent oversight where we believe the
23 administration is taking the wrong approach. One area
24 in particular that we will be... will... that we will
25 bring a renewed focus to is the city's capital

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2 program. For the first time this council has
3 established a subcommittee to focus exclusively on
4 the capital budget process led by Chair Vanessa
5 Gibson. The subcommittee will play an integral role
6 in the next few months in our oversight of the
7 proposed budget as we strive to reform the capital
8 process. As we begin the budget process we also face
9 risks posed by less than anticipated spending and
10 unfunded mandates in the Governor's Executive Budget
11 such as those impacting youth services and education,
12 the council will continue to work closely with our
13 partners in Albany and the administration to ensure
14 fairness for the city and the final state budget. The
15 council is also concerned about funding to the MTA,
16 whether the state or city should pay more and
17 ensuring that such funding is dedicated to improving
18 the city's subway system. I look forward to being
19 present on Thursday to question and hear testimony
20 from MTA Chairman Joe Lhota when he comes before the
21 Transportation Committee on Thursday. Furthermore,
22 the city continues to experience a cloud of
23 uncertainty from the risks posed by the federal
24 government as I'm sure you'll talk about such as the
25 proposed steep cuts to the Department of Housing and

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2 Urban Development which will be devastating to our
3 NYCHA residents. Additionally, the large deficits
4 almost certain to result from the recently enacted
5 tax law could lead to additional cuts in the future
6 that fall hardest on low and middle income New
7 Yorkers. It is essential that the budget that we
8 adopt this year is transparent, accountable and
9 reflective of the priorities and interests of the
10 council and the people that we represent. These
11 hearings are a vital part of this process and I
12 expect that all agencies will be responsive to the
13 questions and concerns of every Council Member in
14 this body. I look forward to an active engagement
15 with this administration over the next few months to
16 ensure the Fiscal 2019 adopted budget meets the goals
17 that the council has set out and with that I turn it
18 back to our Finance Chair, Chair Dromm.

19 CHAIRPERSON DROMM: Thank you very much
20 Mr. Speaker and I want to say that we have been
21 joined by Council Members Francisco Moya, Jumaane
22 Williams. Laurie Cumbo, Debi Rose and Chaim Deutsch.
23 The preliminary budget hearings are the council's
24 first opportunity to publicly examine the proposed
25 budget of each fiscal year. This year the Fiscal 2019

1 preliminary budget totals 88.67 billion dollars.
2
3 Since Mayor De Blasio first took office and presented
4 his 73.7 billion dollar Fiscal 2015 preliminary
5 budget the budget has grown by nearly 15 billion
6 dollars, much of this growth is a testimony... is a
7 testament to the city's resilient economy as we
8 continue to recover from the great recession and to
9 the population growth that the city has seen and will
10 continue to see for years to come but this growth is
11 also attributable to increased spending to support
12 the values shared by this council and the
13 administration namely providing for an equitable and
14 passionate city that takes care of its residents and
15 especially its vulnerable populations. With this
16 growth in spending comes the responsibility to
17 safeguard taxpayer dollars to ensure that they are
18 spent efficiently on programs that work. As part of
19 my new role as finance chair I believe that it is my
20 duty to approach the budget with a fresh perspective,
21 I intend to scrutinize both the presentation of the
22 budget with an eye towards achieving the transparency
23 and clarity envisioned by the city charter and the
24 allocation of spending to make sure it is done
25 sensibly while still adequately funding our

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2 priorities. To that end throughout the preliminary
3 budget hearings this month the council will have a
4 clear focus on accountability, performance and
5 efficiency. Part of this means taking a close look at
6 each agency's budget to determine whether its size is
7 appropriate... is appropriately matched to the agency's
8 effective performance. This also means delving deeper
9 into the individual budgets to look at programmatic
10 operations in order to steer dollars toward areas
11 that are providing results and divert dollars from
12 those that are not. Even within an 88-billion-dollar
13 budget resources are scarce, and our city's needs are
14 great with so many competing worthy priorities we owe
15 it to our constituents to honestly evaluate all
16 levels of the budget. This year the Mayor presented a
17 budget that aims to strike a balance between ensuring
18 that New York City is a city accessible to all and
19 preparing for real budgetary threats from both the
20 federal government and the state. The preliminary
21 budget continues the wait and see practice whereby
22 the city's financial plan is adjusted to match the
23 state and federal budgetary and policy, policy
24 changes that own... only once they are enacted therefor
25 the preliminary plan reflects neither the governor's

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2 budget proposals nor the president's many of which
3 will eventually affect New York City's budget. The
4 plan however does show a sensitivity to the city's
5 anticipated economic position and possible state and
6 federal funding cuts. New spending proposals are
7 modest and are largely offset by savings initiatives.
8 The preliminary plan, plan includes 393.5 million
9 dollars in new needs for Fiscal '18 and 364 million
10 in new needs for Fiscal '19. While these new needs
11 are relatively small compared to those added during
12 prior years of this administration there are still
13 several large items that are illustrative of the need
14 for continued oversight and a focus on
15 accountability. A prime example is the
16 administration's continued addition of money in the
17 budget to try to tackle the monumental homelessness
18 crisis facing our city. A total of 150 million
19 dollars in baselined city funds is being added across
20 the preliminary budget towards what is called a
21 shelter re-estimate, this is on top of the 252
22 million dollars which was added mid-year last year as
23 part of the Fiscal 2018 preliminary and executive
24 plans to bring the total new needs added for homeless
25 shelters since the start of the De Blasio

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2 Administration to 2.8 billion dollars. Obviously, the
3 council supports spending money in order to combat
4 homelessness and to provide everyone in the shelter
5 system with a safe and permanent home but that does
6 not mean that we will authorize the administration to
7 spend carte blanche. We must do our due diligence to
8 know that if the city expends money to combat a
9 problem that the programs and initiatives that are
10 being funded are working, that begins with having a
11 clearly articulated strategy, something that the
12 council has yet to hear on the issue of homelessness,
13 that begins with being provided with detailed
14 information such as how much is being spent on hotels
15 and cluster sites, rental assistance and homeless
16 prevention services and that begins with an honest
17 assessment of how much funding will be needed at
18 budget adoption instead of their fickle infusion of
19 appropriations throughout the year. Only then can the
20 administration truly be held accountable for this
21 spending. As I referenced earlier the new needs are
22 largely offset by the savings outlined in the
23 citywide savings program however in years past most
24 of the savings in the plan appear to stem from re-
25 estimates of debt service which OMB chronically

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2 underestimates, accrues and other recurring savings.
3 The preliminary plan introduces 1.9 billion dollars
4 in savings over Fiscal '18 to Fiscal '22 which when
5 combined with the savings program outlined in the
6 November 2017 financial plan totals 3.3 billion
7 dollars for the same period. The council commends the
8 administration for providing a balanced distribution
9 of savings across the five years of the plan rather
10 than front loading the savings in the first two
11 years. Of the savings for Fiscal '19 in the plan 87.3
12 percent are long term savings that have been
13 baselined in the out years however the council will
14 continue to raise the question of whether these
15 savings find real efficiencies or whether they are
16 just a more accurate reflection of true costs.
17 Moreover, the council will seek to confirm that the
18 savings identified in the savings programs in prior
19 years were actually realized by pushing for reporting
20 on the implementation of the citywide savings program
21 in the Mayor's Management Report. Before we hear from
22 A... OMB I'd like to remind my colleagues that the
23 Director is here to answer big picture questions
24 relating to the financial health of the city, the
25 priorities, methodologies, and factors considered in

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2 preparing this city's budget, the effective federal
3 and state actions on the city budget, pensions, debt
4 service and other non-agency specific components of
5 the budget, and significant administration
6 priorities. Please reserve agency specific questions
7 for the agency commissioners who will each be
8 testifying throughout the month of March at hearings
9 specific to the budgets of their agencies. One other
10 quick reminder to my colleagues that the first round
11 of questions for OMB will be limited to three minutes
12 per council member and if council members have
13 additional questions we will have a second round of
14 questions at two minutes per council member. We will
15 now hear from the Director of the Mayor's Office of
16 Management and Budget, Melanie Hartzog who will be
17 sworn in by Council and Melanie is also joined by Ken
18 Godiner, the First Deputy Director of OMB.

19 COMMITTEE CLERK: Do you affirm that your
20 testimony will be truthful to the best of your
21 knowledge, information and belief?

22 MELANIE HARTZOG: I do.

23 COMMITTEE CLERK: Thank you.

24 MELANIE HARTZOG: Good morning, thank you
25 Speaker Johnson, Finance Chair Dromm and members of

1
2 the Finance Committee and members of the city council
3 for the opportunity to testify today concerning the
4 Fiscal Year 2019 preliminary expense budget and
5 congratulations to you Council Member Dromm and other
6 new members of this committee. I look forward to
7 working with you to craft the Fiscal Year 2019 budget
8 in my new capacity as Budget Director. I also want to
9 thank Latonia McKinney who I've known for many, many
10 years and the council finance staff for their
11 positive and collaborative approach to the budget.
12 I'm joined at the table today by OMB First Deputy
13 Director Ken Godiner and our dedicated and hard-
14 working staff, OMB is here to assist me in answering
15 questions. As requested by the city council I will
16 focus today on the expense side of the budget, I will
17 discuss the capital budget including our pressing
18 need for a design build at the hearing scheduled for
19 March 20th. The Fiscal Year 2019 preliminary budget
20 is 88.67 billion, it is balanced, and the out-year
21 gaps are manageable. The 750 million in new city
22 funds reflects modest spending added to Fiscal Years
23 2018 and 2019 since the November plan and is off set
24 by more than 900 million in savings. Our emphasis in
25 the preliminary budget is caution as the Mayor noted

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2 in the budget presentation we face substantial risk
3 from Albany and Washington. The proposed state budget
4 could cost New York City more than 750 million
5 annually, this includes cuts and cost shifts of 400
6 million we would use to fund education, house justice
7 involved youths closer to their families and keep
8 children out of foster care and families together.
9 The state budget also proposes shifts of almost 150
10 million in charter school costs and a new capital
11 commitment for New York City transit to the city. On
12 top of this the Trump Tax Act made changes to bond
13 refinancing that may cost the city up to 100 million
14 annually in savings furthering lowering the corporate
15 tax rate to 21 percent devalues low income housing
16 tax credits which puts our affordable housing plan
17 effects... excuse me, our affordable housing plan by
18 some 200 million annually. The Tax Act is also
19 projected to cause large federal deficits, current
20 Washington leadership has threatened to close these
21 gaps by cutting social safety net programs that help
22 the most vulnerable New Yorkers therefor it is no
23 surprise that the President's recently proposed
24 federal Fiscal Year 2019 budget recommends cuts to
25 Medicaid, SNAP, education, the community development

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2 block grant, public housing and more. The Mayor has
3 responded clearly to these threats, we will work
4 closely with the council and our allies in the
5 assembly, state senate, house and US Senate to stop
6 cuts that propose... that put New Yorkers at risk.
7 Facing great risk from both Albany and Washington we
8 respond with caution by adhering to the same
9 foundational principles of fiscal management that we
10 have in the past. In the preliminary budget we make
11 cautious revenue and debt service estimates, maintain
12 record levels of reserves, and continue our savings
13 plan. We anticipate collecting 60 billion in tax
14 revenue in Fiscal Year 2019, this reflects a yearly
15 growth rate of 4.8 percent in Fiscal Year '18 and 4.7
16 percent in Fiscal Year '19. The growth in Fiscal Year
17 2019 is based upon 6.1 percent growth in revenues
18 from property tax and 4.5 percent growth in non-
19 property tax. We are collecting revenue from other
20 sources as well including hundreds of millions of
21 dollars in unpaid business taxes uncovered by our
22 city auditors. To fund our capital budget, we
23 continue to estimate debt service cautiously and
24 ensure that city supported debt service does not
25 exceed 15 percent of city tax revenue, the benchmark

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2 used by the city for many years. We also maintain
3 strong reserves that serve as a buffer to the
4 unexpected. The Fiscal Year 2019 preliminary budget
5 has a total of 5.5 billion in reserves, this includes
6 one billion in general reserves, 250 million in the
7 capital stabilization reserve and 4.25 billion in the
8 retiree health benefits trust fund of which 3.5
9 billion was added as a result of actions taken by
10 this administration in partnership with the council.
11 In addition to maintaining reserves, responsible
12 fiscal management includes serving as good stewards
13 of our resources. In prior years we've worked
14 successfully with the Municipal Labor Committee to
15 find efficient ways of reducing employee health care
16 cost that also improved care outcomes. This effort
17 saved 3.4 billion in Fiscal Years 2015 through 2018
18 and led to savings of 1.3 billion annually
19 thereafter. We are committed to working in
20 partnership with the MLC to ensure that health care
21 savings are part of all future labor settlements. In
22 the preliminary budget we are reflecting 900 million
23 in savings across Fiscal Years 2018 and 2019, this
24 includes 200 million in savings from the part of a
25 hiring freeze and hiring delay which has generated

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2 nearly 300 million since adoption. Our savings
3 program also includes the initiative develop
4 collaboratively with our agencies such as paper
5 reduction, better fleet management and procurement
6 reform that will save 141 million dollars annually
7 when fully phased in, but we have more to do. The
8 Mayor has directed OMB to find at least an additional
9 500 million in savings in the executive budget. While
10 maintaining reserves and savings is critical in an
11 era of uncertainty it is equally important to make
12 targeted prudent investments that strengthen the
13 city's future. In this budget we continue to invest
14 in initiatives that give children opportunity, make
15 New York City more affordable and enhance public
16 safety. The majority of agency spending in the
17 preliminary budget supports the administrations prior
18 commitments to education and affordability this
19 includes education initiatives such as AP for All
20 which gives every student access to advanced
21 placement courses. We also met existing commitments
22 to financing large capital projects including new
23 schools and affordable housing. In the preliminary
24 budget we build on the success of Pre-K for all by
25 increasing educational opportunities for even younger

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2 New Yorkers. We are expanding our commitment to the
3 3-K for All initiative by opening four rather than
4 two districts over each of the next two years, this
5 creates almost 3,000 new seats bringing the city's
6 total commitment to almost 15,000 new seats in 12
7 districts. We are paying for the first year of this
8 expansion by reinvesting program savings. Now I'd
9 like to discuss the investments we've made in the
10 preliminary budget to address affordability. We will
11 invest 5.7 million in a pilot basement apartment
12 program to create safe and legal affordable
13 apartments. We are also spending 1.5 million to
14 expand DFTA's Home Sharing Program that will match
15 4,000 seniors with screened roommates within five
16 years. Maintaining an affordable city includes
17 protecting tenants in their homes. Last year we acted
18 in partnership with the council to enact Stand for
19 Tenant Safety legislation, we were investing seven
20 million to enforce the law which protects tenants
21 from construction harassment. Making New York City
22 more affordable includes preserving our public
23 housing developments. Years of state and federal
24 disinvestment have left them with great needs, in
25 recognition of these challenges the administration

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2 has made the unprecedented commitment of 2.1 billion
3 in capital funding and 1.6 billion in operating funds
4 to NYCHA. As the Mayor announced in January we
5 invested 13 million in short term fixes to help NYCHA
6 respond to heating emergencies this season. We are
7 also providing 200 million in capital funds to
8 improve heating systems at 20 NYCHA developments.
9 These investments in housing are on top of the
10 administration's recent commitment to invest 750
11 million in additional capital funding over five years
12 to expand and accelerate the record pace of
13 affordable housing creation under Housing New York
14 2.0. Just as New Yorkers need an affordable city they
15 need to live somewhere they feel safe, in supportive
16 previous investments in community policing we are
17 investing 12 million to equip all 18,000 NYPD
18 officers on patrol with body worn cameras by the end
19 of 2018, one year ahead of schedule. In this budget
20 we're also increasing our commitment to the safety of
21 New Yorkers who struggle with mental health issues,
22 we are expanding NYC Safe, a program staff by NYPD
23 officers and social workers who evaluate mental
24 health needs of New Yorkers in crisis and dispatch a
25 response team. This program will now operate seven

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2 days per week. We're also investing in programs that
3 screen arrestees to make sure that the mentally ill
4 receive treatment not incarceration and we will
5 expedite the time it takes for defendants to receive
6 specialized mental examinations. Further we are
7 improving services for incarcerated women and their
8 families, these investments combined will help us
9 reduce the daily Rikers population. And to emphasize
10 again citywide savings included in the preliminary
11 budget totally 900 million across Fiscal Years 2018
12 and 2019 off set the 750 million in new agency
13 spending since November. Finally, at the state of the
14 city the Mayor introduced Democracy NYC, an
15 initiative that will boost civic participation and
16 engagement. The program will fund measures that
17 increase transparency and accountability in both
18 electoral politics and government and a Chief
19 Democracy Officer will be appointed and charged with
20 increasing the city's voter participation rates.
21 Democracy NYC will be funded in the upcoming
22 executive budget. As we proceed to the executive
23 budget it is important to recognize the headwinds we
24 face from Washington and Albany, we see profound
25 risks presented by at least one billion in combined

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2 budget threats and added uncertainty related to the
3 expiration of the continuing federal... or the
4 expiration of the current federal continuing
5 resolution. While we continue to work together with
6 our legislative partners to fight all cuts that harm
7 New Yorkers we must also acknowledge the conditions
8 we face and proceed with caution. Thank you again for
9 the opportunity to testify today and I now look
10 forward to taking your questions.

11 CHAIRPERSON DROMM: Thank you very much
12 Miss Hertzog, Hartzog and with that I'd like to turn
13 it over to the Speaker who has questions. Let me also
14 say we've been joined by Council Member Powers,
15 Council Member Ampry-Samuel and Council Member
16 Rosenthal.

17 COUNCIL MEMBER JOHNSON: Thank you Chair
18 Dromm, thank you Director for your testimony today.
19 We have some slides that will correlate with some of
20 the questions that we're going to ask. So, the first
21 thing I want to talk about is property tax reform,
22 over the years the Mayor has promised repeatedly that
23 the administration would tackle issues with the
24 city's property tax system. Most recently the Mayor
25 indicated in early February that something would be

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2 announced, and he said, quote "within the next few
3 weeks", today marks exactly a month since he made
4 that statement and we have yet to see or hear
5 anything from the administration on this issue and it
6 wasn't addressed in your testimony today. In light of
7 the Mayor's statement when could we expect an
8 announcement on the future of fixing a broken
9 property tax system?

10 MELANIE HARTZOG: Speaker I can assure
11 you in my short time in this roll I have heard many
12 different... the feedback on where we are with our
13 property taxes and the challenges that many have
14 expressed on this, as the Mayor said there's... you'll
15 hear more from us very soon and so I... that's, that's...
16 you'll hear from... more from us very soon.

17 COUNCIL MEMBER JOHNSON: What... and you
18 said... define very soon?

19 MELANIE HARTZOG: I don't have a more
20 definitive timeline for you than that.

21 COUNCIL MEMBER JOHNSON: Okay. Can you
22 preview whether the announcement will include a fully
23 formed reform proposal or something along the lines
24 of a commission to look at the property tax system?

25 MELANIE HARTZOG: I cannot.

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2 COUNCIL MEMBER JOHNSON: The last major
3 attempt at tax reform which was in 1993 consisted of
4 a joint effort by the council and the Mayor, can you
5 commit to a reform process that again includes the
6 council as a full and equal partner?

7 MELANIE HARTZOG: I can commit to the
8 fact that we will have ongoing conversations with the
9 council and many others as it relates to changes that
10 we want to make. The Mayor has been very clear that
11 we are very focused on the goal of making the track...
12 tax structure more just, more straightforward and
13 more transparent, at the same time we also want to
14 make sure that we have to balance the fact that the
15 property tax support the significant portion of the
16 city's budget and any proposals that we go through
17 and assess have to be revenue neutral in that as
18 well.

19 COUNCIL MEMBER JOHNSON: Well any, any
20 change you need to make we have to vote on as a
21 council, I mean if you want to make significant
22 changes the council has to vote on property taxes.

23 MELANIE HARTZOG: Any changes that we
24 would make that are significant that would come out
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2 of any work that's done would have to actually go
3 through a... the state process as well.

4 COUNCIL MEMBER JOHNSON: It would need to
5 go through the city and the state.

6 MELANIE HARTZOG: Uh-huh.

7 COUNCIL MEMBER JOHNSON: So, I would hope
8 that we'll be a full and equal partner in that
9 process. What is... I mean I assume you're going to
10 tell me you don't have an answer to this and that we
11 need to wait but what are the administration's goals
12 on priorities in undertaking the property tax reform,
13 I think you just said it, revenue neutral, more
14 transparent, more fair, fair and equal across the
15 city, those are the... [cross-talk]

16 MELANIE HARTZOG: That's correct... [cross-
17 talk]

18 COUNCIL MEMBER JOHNSON: ...goals?

19 MELANIE HARTZOG: Yes.

20 COUNCIL MEMBER JOHNSON: Okay. Well we
21 look forward to hearing very soon in the next few
22 weeks over what, what the announcement will be. I
23 want to go on to the emergency food assistance
24 program, since Fiscal 2016 the administration added
25 one year of funding in each budget for emergency food

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2 assistance; EFAP but has yet to commit to increasing
3 the baseline funding for this program, EFAP is a
4 critical safety net program that helps low income New
5 Yorkers access food as you know. The Fiscal 2019
6 preliminary budget for EFAP is about 11.4 million
7 dollars while the Fiscal 2018 budget is about 22.9
8 million dollars which includes 7.2 million dollar one
9 time funding from the administration and 3.2 million
10 dollars in council funding, clearly the 11.4 million
11 dollars does not address the need for EFAP, the, the,
12 the need that exists for EFAP therefor why hasn't the
13 baseline budget for EFAP been increased
14 appropriately?

15 MELANIE HARTZOG: As you know Speaker as
16 we go throughout the fiscal year we have ongoing
17 conversations with Commissioner Banks as well as with
18 the council about what the needs are for emergency
19 food and we assess that on an ongoing basis. The
20 current year's budget reflects what that need is,
21 we're in close conversations with Commissioner Banks
22 about making sure that that is the adequate number
23 and the adequate supply for the current year and as
24 we move forward from now through the adopted budget
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2 process we'll be assessing the needs for Fiscal Year
3 '19.

4 COUNCIL MEMBER JOHNSON: Does he think
5 that this amount is the adequate number?

6 MELANIE HARTZOG: For Fiscal Year '18 it
7 is the adequate number, as we move forward as I said
8 from now through the adoption process we'll be
9 assessing what the needs are for Fiscal Year '19.

10 COUNCIL MEMBER JOHNSON: I mean if you
11 look at the slide that we have up there today 49
12 percent of food pantries run out of food, so I don't
13 think it's an adequate number.

14 MELANIE HARTZOG: What I have been
15 assured as we have done our current assessments for
16 the current year is that that is in fact what the
17 need is and as I said it's through ongoing
18 conversations with the Commissioner as we move
19 forward for planning for Fiscal Year '19.

20 COUNCIL MEMBER JOHNSON: Well I look
21 forward to asking very tough questions on the
22 Commissioner at how he thought that that was the
23 appropriate number because I don't think it's the
24 appropriate number and this will be part of our
25 ongoing conversation and negotiation between now the

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2 executive and the adopted budget but I'm surprised
3 that Commissioner Banks would think that this is the
4 appropriate number. Can we get a commitment from OMB
5 to conduct a full analysis of EFAP, EFAP and to add
6 additional funding in the executive budget if we
7 figure out that the need is greater?

8 MELANIE HARTZOG: Our process has been
9 and I think will continue to be that we look at what
10 the current needs are, we look and have conversations
11 with the Commissioner around where we anticipate the
12 demand will be for the next fiscal year and between
13 now and the adopted budget process including
14 conversations with the council assess what those
15 needs will be moving forward, definitely will commit
16 to having conversations with you, other council
17 members as well as the Commissioner around what the
18 needs are for Fiscal Year '19.

19 COUNCIL MEMBER JOHNSON: So, I want to
20 move to Medicaid. The Human Resource Administration,
21 HRA administered Medicaid Program provides medical
22 and health related services for New Yorkers with
23 limited income, HRA's budget for Medicaid has
24 steadily decreased from 6.5 billion dollars in Fiscal
25 2014 to 5.9 billion dollars in 2016 where it has

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2 remained since. Medicaid spending comprises 60
3 percent of the agency's total 9.8-billion-dollar
4 budget, given the increase in insurance costs and the
5 changing landscape by a number of people insured in
6 recent years why has the Medicaid budget remained
7 flat since Fiscal 2016?

8 MELANIE HARTZOG: So, there's a number of
9 different transactions that are happening within the
10 Medicaid budget. The first is that we were able to
11 recognize savings from the childless adult savings
12 that we were able to recognize from ACA. We also have
13 a cap and so you'll see that that's also reflected,
14 the state cap, it's what we pay the state every year
15 for Medicaid and then you'll see the supplemental
16 shares for DSH and UPL. I'm happy to have a
17 conversation with council finance staff where we can
18 walk through the Medicaid budget and have a more
19 detailed conversation about these changes.

20 COUNCIL MEMBER JOHNSON: How does the
21 administration estimate the Medicaid budget?

22 MELANIE HARTZOG: It is set in law and we
23 pay a certain amount each year.

24 COUNCIL MEMBER JOHNSON: And can you
25 provide us with a report of how the Medicaid budget

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2 is spent down by HRA or should we ask Commissioner
3 Banks... I mean I'm... is it better... [cross-talk]

4 MELANIE HARTZOG: We're happy to provide
5 that information.

6 COUNCIL MEMBER JOHNSON: Okay, it will be
7 helpful to understand how the money's spent down...
8 [cross-talk]

9 MELANIE HARTZOG: Absolutely...

10 COUNCIL MEMBER JOHNSON: Okay. So, I want
11 to move on and Chair Dromm talked about this in his
12 opening statement to homeless shelter spending. If
13 you look at the, the graph, the DHS budget for
14 homeless individuals. So, the largest new need in the
15 Fiscal 2019 preliminary budget is 169 million dollars
16 in baseline funding for homeless shelters, additional
17 baseline funding was added to the Department of
18 Homeless Services Fiscal 2018 preliminary and
19 executive budget totaling 252 million dollars for
20 Fiscal 2018 and then the out years, will this be the
21 last significant baseline adjustment for shelter
22 spending that we will see for some time or do you
23 expect to further modify homeless shelter spending in
24 subsequent plans released this year?

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2 MELANIE HARTZOG: Speaker as you know
3 there are many factors, many factors that go into
4 shelter spending, there's the mix of individuals
5 whether its singles or families might I add that on
6 the single side the state share is capped and so as
7 the single population changes the city's then
8 responsible for 100 percent of those costs above the
9 state cap. There's also the mixture of settings that
10 individuals are in and families. As you know we're
11 moving from clusters and reducing our footprints of
12 clusters and putting more families into shelters so
13 there's cost associated there, we also have costs in
14 making our shelters safe and so there's security
15 costs as well. As we move forward we're continually
16 monitoring what the shelter census looks like, the
17 mixture of different populations within shelter, the
18 mixture of different settings as that changes we're
19 constantly updating and re-estimating our costs.

20 COUNCIL MEMBER JOHNSON: So, you're not
21 sure if it's going to increase further, it could be
22 depending on... [cross-talk]

23 MELANIE HARTZOG: Depending on the many
24 factors that I said, moving forward we're... as, as

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2 you've noted we're constantly monitoring it, there
3 are changes that we reflect each plan.

4 COUNCIL MEMBER JOHNSON: But we keep
5 investing more and more money and the shelter
6 population continues to either remain the same or go
7 up a little bit or go down a little bit, we haven't
8 seen a huge decrease in the number of homeless
9 individuals and so... I mean its concerning to the
10 council that we keep adding hundreds of millions of
11 dollars on an annual basis, but we haven't seen a
12 significant decrease in the homeless population.

13 MELANIE HARTZOG: Council Member I would...
14 Speaker, excuse me, we have to remember that we have
15 made investments that have really made a difference,
16 we have removed 1,500 individuals off of the streets
17 into safe havens to get appropriate care and
18 supports, behavioral health support that they need,
19 we have made investments in the link, rental subsidy
20 program, I would remind the council that when this
21 administration came on board advantage was
22 eliminated, we've had to essentially recreate a
23 rental subsidy program and have been working
24 aggressively with the state to get that rental
25 subsidy, our, our plan with the state moving forward.

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2 We've invested and accessed the council, we've, we've
3 done a number of different investments, it is not
4 just on the shelter side but also in prevention and
5 supports to move families and individuals into
6 permanent housing.

7 COUNCIL MEMBER JOHNSON: That, that all
8 makes sense to me and, and I agree with you, I... do...
9 Director did you have a chance to read this very
10 arresting and heart wrenching piece in the New York
11 Times related to a woman named Nakesha Williams done
12 by Benjamin Weiser over the weekend?

13 MELANIE HARTZOG: I did not have the
14 opportunity... [cross-talk]

15 COUNCIL MEMBER JOHNSON: So, when you
16 have a moment I would read the piece, it's a very
17 long format piece about the plight of homeless woman
18 who was living in Midtown on the streets and who died
19 about a year and a half ago sitting on a bench, she
20 had been chronically homeless for years and when we
21 talk about the homeless population I think its really
22 easy for us to talk about it in a catch all type of
23 way when as you said there are distinct populations,
24 you have the DHS shelter population, you have the
25 domestic violence... [cross-talk]

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MELANIE HARTZOG: Right... [cross-talk]

COUNCIL MEMBER JOHNSON: ...shelter

population, you have the RHY shelter population and then what most New Yorkers see they don't see the people that are in those shelters, they see the chronically street homeless who are... its estimated now as 3,900 people who are living on the streets of New York City many of whom, not all of whom but many of whom have substance abuse and untreated mental health conditions and for me I hope that besides the new spending related to shelter needs as you talked about the, the mix of factors that are taken into consideration when you decide what the appropriation is, we need to get these 3,900 people the help that they need, it is heartbreaking to walk through the streets of New York City and see people who are suffering, living on the streets and when I did the HOPE count a couple of months ago, when I went up to homeless individuals in Penn Station and I asked them if they wanted a shelter bed that night they said the shelters are too dangerous we would rather stay on the street. We need to get these 3,900 people help and, and I would love to know if anything in the

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2 budget is going to help the chronically street
3 homeless?

4 MELANIE HARTZOG: Absolutely, so let me
5 give some context. As I said before we've moved 1,500
6 individuals off of the street this is as a result of
7 our investments, we've doubled the investments in
8 street homeless outreach efforts including safe haven
9 beds to almost 100 million dollars on an annual
10 basis. We have homestead teams that go out that are
11 working to identify homeless individuals, they
12 connect with our street homeless outreach teams that
13 are staffed by non-for-profit community based
14 organizations who then work with that individual to
15 get them assessed, to get them into our safe haven
16 beds so we have invested a significant amount of
17 resources into the street homeless population, there
18 is coordination not only with the street outreach
19 teams from the DSS side but also with PD and making
20 sure that those resources are linked so... and also
21 with Parks. So, there's a lot of coordination that's
22 happening, I know that Commissioner Banks can speak
23 to the details far better than I could on the
24 operation side of it, but I can tell you that we have
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2 made significant investments in the street homeless
3 outreach and we've seen results.

4 COUNCIL MEMBER JOHNSON: So, the current
5 structure of the DHS budget does not provide much
6 information beyond the total amount spent on adult
7 and family shelters, there are amounts that we see on
8 that. For example, there is no transparency, none, we
9 can't find any, so it'd be nice to hear some today
10 into the amount the city spends on costly hotels and
11 cluster sites, how much is the city spending right
12 now on hotels and cluster sites?

13 MELANIE HARTZOG: So, part of the
14 challenge as I've said to you and when we're
15 constantly doing and looking at the budget and what
16 the re-estimates are is that the population and where
17 they're rate and currently sheltered is changing on a
18 day to day basis, its why we have constant
19 conversations and continually monitor. What we can
20 provide you with is what the rates are and I'm happy
21 to sit down with the team and have... council finance
22 and have a conversation about this.

23 COUNCIL MEMBER JOHNSON: No, this is it,
24 I say this with respect, this is a budget hearing on
25 the city's budget, the largest increase in new

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2 spending is on shelters and we need an answer on what
3 is the city spending on hotels and on cluster sites,
4 it is not acceptable to give us an amount on adult
5 and family shelters and not to give us an amount on
6 hotels and cluster sites. We deserve an answer on
7 that.

8 MELANIE HARTZOG: So, on the hotels its
9 170 per night is what's spent.

10 COUNCIL MEMBER JOHNSON: What is it a
11 night?

12 MELANIE HARTZOG: 175.

13 COUNCIL MEMBER JOHNSON: 175?

14 MELANIE HARTZOG: 175 per room per night
15 on average.

16 COUNCIL MEMBER JOHNSON: So... now what,
17 what is the city spending in total on hotel sites and
18 on cluster sites right now, I'm, I'm sure OMB has
19 those numbers somewhere?

20 MELANIE HARTZOG: We have the nightly
21 rates somewhere... so, the... we have the nightly rates
22 for clusters which is 85 per night and as I said
23 it's... the 175 is the hotels per room per night those
24 are both averages.

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2 COUNCIL MEMBER JOHNSON: What is the
3 total amount budget wise that the city is spending on
4 cluster sites and hotels?

5 MELANIE HARTZOG: Its all part of the
6 total amount of spending that goes into the homeless
7 budget and I'm... I, I, I don't have the break out for
8 you. As I said the census changes on a daily basis,
9 the mixture of individuals and where they're housed,
10 I, I don't have the actual number, I can give you the
11 total number of what we've actually at this point in
12 time as a preliminary budget are spending on shelters
13 overall.

14 COUNCIL MEMBER JOHNSON: Are you telling
15 me that you don't keep track of what the total
16 spending is on hotels... [cross-talk]

17 MELANIE HARTZOG: We absolutely... [cross-
18 talk]

19 COUNCIL MEMBER JOHNSON: ...and our...
20 [cross-talk]

21 MELANIE HARTZOG: ...keep track of what the
22 total spending is on the shelter budget overall which
23 includes a mixture of different settings... [cross-
24 talk]

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COUNCIL MEMBER JOHNSON: But you don't...
you don't break it up you just do one... this... if... no
one in OMB knows what we're spending on hotels total...
[cross-talk]

MELANIE HARTZOG: We absolutely do, I
just gave you what the rates are per night.

COUNCIL MEMBER JOHNSON: Not the rates,
I'm asking the total amount that has spent in this
current fiscal year not per room per night.

MELANIE HARTZOG: I can give you what the
total budget is for the shelter budget that includes
a number of different rates per night I can give you
that.

COUNCIL MEMBER JOHNSON: I think we're
speaking a different language to each other, I'm, I'm
happy to have you get back to us on... in this current
fiscal year what have we spent in total, the total
aggregate amount on hotels and the total aggregate
amount on shelters separate from what we spent on
adult and family shelters because what the council
wants to look at since the new largest increases in
new spending is related to shelters how much does it
compare to adults and family related to hotel and
cluster sites. I commend the administration on the

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2 decrease in cluster sites, the, the, the decreasing
3 of using cluster sites, I know that the reason why
4 the Mayor proposed 90 new shelters is to get out of
5 cluster sites and hotels so that's a worthy goal and
6 we should do that but it's important for us to have
7 the information to understand what exactly is the
8 city spending currently on cluster and on hotels, so
9 I hope that you can back to us with that number.

10 MELANIE HARTZOG: We're happy to get back
11 to you.

12 COUNCIL MEMBER JOHNSON: Thank you. In
13 this year's proposed budget, the administration seems
14 to be looking at out of the box solutions to address
15 homelessness such as legalizing basement apartments
16 as you talked about in your testimony and investing
17 into a senior home sharing program. Aside from the
18 ones that I mentioned are there other programs the
19 administration is looking at as viable options to
20 combat homelessness.

21 MELANIE HARTZOG: There's a, a number of
22 different programs, clearly our affordable housing
23 program is a big component of that. As you may know
24 at this point in time 87,000 units have been financed
25 now we just made another investment in this plan for

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2 Housing 2.0 which includes 2,000 units ahead of
3 schedule in 25,000 units annually, that is a big
4 chunk of our work on the affordable housing. We also
5 have our supportive housing announcements that we've
6 also done as well. We have our LINC Program, we have
7 legal assistance and we have our home base programs,
8 those are all investments that we've made.

9 COUNCIL MEMBER JOHNSON: Great and, and
10 you've been a great partner in working with the
11 council on Council Member Levin and Gibson's Right to
12 Counsel Bill and I know the number of evictions that
13 that has prevented and so we look forward to
14 continuing to partner with you on that to ensure the
15 program is utilized effectively moving forward to
16 continue to prevent evictions so thank you.

17 MELANIE HARTZOG: Uh-huh.

18 COUNCIL MEMBER JOHNSON: I want to go to
19 runaway homeless youth shelters. Support, supportive
20 services for runaway homeless youth is among my top
21 priorities personally. Last year the state opened the
22 door for us to expand our HY services to include
23 homeless young adults age 21 to 24, they raised the
24 age and the number of... on the age people could be
25 eligible for services who in many ways are just as

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2 vulnerable as 16 to 20-year olds that we currently
3 serve. As the largest city in New York State and an
4 example to cities across the country in setting their
5 own policy agendas we have a responsibility to lead
6 this charge. It is clear we need to see changes in
7 the way the city steps up to support young people who
8 have no support system and we need to see that soon.
9 I want to give the Mayor enormous credit, I said this
10 to him personally, over the last four years he has
11 increased shelter beds for the RHY population, I
12 think it's been 100 beds or more a year, so he's
13 increased capacity in a very, very significant way
14 and I'm really, really grateful for that. I also want
15 us to keep pushing the envelope to help more young
16 people who are homeless who don't find it safe as a
17 21-year-old to go to a DHS shelter and are better
18 served in an RHY shelter. So, could you confirm that
19 the city of New York is currently planning to expand
20 RHY services to include 21 to 24-year olds?

21 MELANIE HARTZOG: So, first appreciate
22 the acknowledgement of what we have done thus far in
23 terms of expanding and meeting the demand for runaway
24 and homeless youth, we're going to be adding upwards
25 of 750 beds for the population under 21. While the

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2 state has given the ability for the youth... runaway
3 and homeless youth system to go up to 24 it
4 unfortunately didn't come with additional state
5 funding for that. On the DSS side, the... this
6 population above 21 is able to access the, the
7 homeless services system and in partnership with the
8 council I know that Commissioner Banks opened up one
9 of the most recent LGBTQ shelters to... targeting
10 youth, it is part of our ongoing conversations with
11 you about how best to meet the needs of this
12 population and I, you know will continue to have
13 conversations with you moving forward about what
14 changes we can make to the system to better support
15 this population.

16 COUNCIL MEMBER JOHNSON: Thank you. So,
17 fiscal 2018 NYC's budget includes 35 million dollars
18 to serve approximately 3,000 16 to 20-year olds and
19 653 RHY beds of which 545 beds are certified at this
20 time. When the council has spoken with the
21 administration about expanding services to 21 to 24-
22 year olds you've come back to us with a projected
23 cost of 100 million dollars to serve 2,000 young
24 people that obviously is not a reasonable place to
25 start this conversation, we do not believe that many

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2 people would actually take advantage of these
3 services. What are some realistic steps we could
4 start making now so that a year from now we can find
5 ourselves in a path towards making genuine progress
6 in serving this age group, what are some things we
7 could do together?

8 MELANIE HARTZOG: Speaker as I, I just
9 said part of what we've been doing is having ongoing
10 conversations, I... you know in terms of what the cost
11 would be and what the other options are I'm open to
12 having conversations with you around what we can do
13 and if there are differences in how we can look at
14 what the demands are open to having conversations
15 about what that demand would look like differently,
16 yes.

17 COUNCIL MEMBER JOHNSON: Okay. I want to
18 go onto units of appropriation. Several agencies lump
19 spending into one or two units of appropriation which
20 does not allow for clear and transparent analysis of
21 how funding is spent. For example, the Department of
22 Corrections has one unit of appropriation for jail
23 operations rather than separate units of
24 appropriations for each jail that the agency
25 operates. To promote transparency and accountability

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2 in city spending will OMB commit to providing new
3 units of appropriation in this budget, in particular
4 for high priority agencies that are launching new
5 initiatives such as DOC or for agencies with large
6 budgets and few unit of appropriations such as DHS
7 that goes to my question to hotels and cluster sites
8 so we have more transparency and information on how
9 money is spent?

10 MELANIE HARTZOG: I am fully committed to
11 transparency of the budget, it is a large budget as
12 we've noted, 88.67 billion dollars, there are many
13 different facets to that, there are many ways in
14 which we do provide lots of detailed information to
15 the council and to all of our monitors including
16 ongoing meetings with our monitors and as well as the
17 rating agencies. I can't commit at this moment to
18 creating new units of appropriation, I think what I
19 can commit to is having conversations with you, with
20 other council members and council finance staff about
21 how we can work together to create greater
22 transparency.

23 COUNCIL MEMBER JOHNSON: But why can't
24 you commit to that, that's not a big ask, it's just...

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2 its ask... its asking for more transparency, what,
3 what's the... what's the... [cross-talk]

4 MELANIE HARTZOG: I've been on this...
5 [cross-talk]

6 COUNCIL MEMBER JOHNSON: ...difficulty...
7 [cross-talk]

8 MELANIE HARTZOG: ...in this role for two
9 months, what I want to do is actually sit down with
10 my team and understand and as you're bringing up some
11 of the issues that you see with various agencies and
12 where there could be greater transparency, I want to
13 have those conversations internally, I want to have
14 those conversations with you and with council finance
15 about ways in which we currently do it, ways in which
16 we could do it better and what are the implications
17 for that. I think in some instances even at my
18 agencies when I was Deputy Director of creating
19 different budget codes or object codes and giving
20 greater... you know is... it was... make it greater
21 transparency in some instances from the council's
22 perspective what it would do is significantly delay
23 contract registrations and for some vendors who have
24 non-for-profits multiple contracts for multiple
25 different services could be prohibitive in that way.

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2 So, part of what I... and I know that just from some of
3 my agencies that I had in my old hat as Health and
4 Social Services, I want to have those conversations
5 with the rest of my deputies about what we could do
6 and I'm open to having ongoing conversations with you
7 about that.

8 COUNCIL MEMBER JOHNSON: Well I look
9 forward to talking about that, I think that Latonia
10 McKinney has great respect for you personally I know,
11 she said that and it was very kind what you said
12 about her in your opening statement, I think that
13 there have been some preliminary conversations about
14 some greater transparency and unit of appropriations
15 and the capital plan specifically on five specific
16 agencies that we identified some of which I think do
17 a very good job currently like DOT, does a very good
18 job at breaking down the capital plan and, and giving
19 more specific line items on how they spend their
20 money and then some other agencies that do not do a
21 great job on it where we think they should probably
22 emulate DOT and take some best practices from
23 agencies that are already a great job. So, I would
24 love to understand the technical reasons as you
25 mentioned that... I, I didn't know that about the

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2 contracting and delays that could be associated with
3 doing this, but I think given that we both share the
4 commitment and we share values related to
5 transparency and accountability when you have large
6 chunks of the budget which are not fully transparent
7 and... I think the public deserves to know how the
8 money is being spent in a more specific way, it would
9 be helpful for us to have a greater breakdown of
10 units of appropriation and so I hope that over the
11 course of this month of budget hearings and before
12 the executive budget is prepared you will hear the
13 importance for me today that between now and the
14 executive budhget that on some of the things like the
15 one example I gave which is the Department of
16 Corrections and jail operations, given that the
17 council and the administration is partnered on the
18 closure of Rikers Island that we could get more
19 details and so I would ask you to work with your
20 staff and with the administration and the particular
21 agencies that are involved going into the executive
22 budget to provide greater transparency, its important
23 for us to be able to do our charter mandated job from
24 an oversight perspective and I think its important
25 for the public.

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2 MELANIE HARTZOG: Again, happy to have
3 conversations about this moving forward not just
4 through the executive budget but into the adopted
5 budget. There are many different pieces, I appreciate
6 that you mentioned our work on starting conversations
7 on the capital side, I was referring more to the
8 expense side, this is the first time I'm hearing
9 about some of the requests that the council has on
10 greater transparency on the expense side and more
11 than open to havng conversations moving forward.

12 COUNCIL MEMBER JOHNSON: We want
13 transparency on all sides.

14 MELANIE HARTZOG: Yep.

15 COUNCIL MEMBER JOHNSON: Capital,
16 expense, all of it.

17 MELANIE HARTZOG: Uh-huh.

18 COUNCIL MEMBER JOHNSON: I think that's
19 it for my questions, I mean I... there's a lot more
20 that I want to discuss but we have many members here
21 today, I appreciate Director your testimony and I
22 look forward to working with you throughout this
23 budget process, thank you for being here and.. [cross-
24 talk]

25 MELANIE HARTZOG: Thank you... [cross-talk]

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2 COUNCIL MEMBER JOHNSON: ...it's never
3 personal it's just doing our job.

4 MELANIE HARTZOG: Yep.

5 COUNCIL MEMBER JOHNSON: Thank you.

6 CHAIRPERSON DROMM: Thank you Mr. Speaker
7 and thank you Director Hartzog. What I'd like to do
8 now is take some time to talk a little bit about
9 measures, way that we measure the budgetary reserves
10 that are available to talk about the, the budget
11 reserves. I think that OMB likes to use the reserves
12 in plan method and I think there's a slide to go
13 along with this as well and as you can see on this
14 slide under that calculation the city ended Fiscal
15 2017 with about 8.4 billion dollars which includes
16 the roll and the balance and the retirees health
17 benefit trust and according to the preliminary budget
18 we will end Fiscal '18 with about 7.1 billion dollars
19 in reserves or roughly 1.3 billion dollars of
20 reserves that are being used to balance Fiscal '18.
21 In the time of growth, we should be seeing the
22 reserves grow and not be drawn down so are you
23 comfortable with using so much of the city's reserves
24 to balance the budget?

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2 MELANIE HARTZOG: Chair I, I appreciate
3 the question, I, I think just to point out looking at
4 this chart, you know the Fiscal Year '17 number that
5 you're looking includes the pre-pay and so I don't
6 think it's a fair comparison point of what we've
7 done. If we looked at prelim to prelim I think you'd
8 see a very different picture. Let me go back to the
9 fact overall that our reserves are at record levels.
10 We have over five billion dollars in reserves, one
11 billion dollars in the general reserve fund, 250
12 million in the capital stabilization and then the
13 balance in the retiree health benefits trust so we,
14 we have a record level reserves, the Fiscal Year '19
15 budget maintains that level of reserves. In the
16 preliminary budget for this plan as we are half way
17 through the fiscal year it is practice that we have
18 done in the past and we did it last preliminary which
19 is we draw down on our reserves in the current year,
20 we still have a remaining of 300 million dollars in
21 the reserve for the current year and we've used that
22 to prepay for next fiscal year.

23 CHAIRPERSON DROMM: So, do you estimate
24 or think that you'll have to dip into reserves
25 further down the road in 2019?

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MELANIE HARTZOG: We haven't dipped into reserves for a future year, what we've done is continued to maintain our record level reserves. As I've said Fiscal Year '19 we are maintaining that level of reserve but what we do in the current year is as we're halfway through the fiscal year we're saying at this point in time given where our spending is we're going to take down a certain portion of the current year to prepay for the next year.

CHAIRPERSON DROMM: Okay. Now in terms of fringe benefits in total, as we go through the budget here in the council we often find... times find it difficult to find out exactly what the total is in terms of fringe benefits so for example in the miscellaneous budget it contains fringe benefit expenditures for employees and retirees of Mayoral agencies but expenditures, expenditures for fringes at DOE and CUNY and a few other agencies are contained elsewhere or really throughout the budget and I think this slide here will demonstrate that as well. So, why are the fringes so spread out in the plan like the miscellaneous budget is supposed to contain expenditures, expenditures for Mayoral

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2 agencies why do certain fringe benefits for Mayoral
3 agencies show up in other places in the budget?

4 MELANIE HARTZOG: I'm going to actually
5 turn to Ken to give you more background on this but
6 just broadly speaking I can understand where there's
7 many different places as you've said just to point
8 out that we have to remember we have the Mayoral
9 agencies then we have the covered agencies so as
10 you've said CUNY, Health and Hospitals, etcetera so
11 it is in fact in many places but there are many
12 places in the budget where we reflect it centrally.
13 Again this is one area where as we move forward if
14 the council needs to have more information on our
15 fringes overall we're happy to have that and have
16 those discussions and the best way that we can work
17 together to ensure you have the information that you
18 need but I'll have Ken give you a little bit more
19 detailed background.

20 KEN GODINER: So, fringes that are paid
21 centrally generally through the off labor relations
22 are contained in the miscellaneous budgets, there are
23 however agency specific fringe benefits which show up
24 in agency budgets, a classic example of that is some
25 of the annuities that are paid, there are also what

1
2 appear to be supplementary employee benefit funds and
3 those are generally also annuity payments. So, you've
4 got citywide, city administered fringe benefits going
5 through the miscellaneous budget, agency
6 administered, agency specific fringe benefits that
7 are in those agency budgets.

8 CHAIRPERSON DROMM: Would you agree then
9 that it would be more beneficial to have it available
10 in one single place for us all to look at it? For
11 example, if somebody says like oh the ciyt's spending
12 a blank amount on employee... you know supplemental
13 welfare benefits next year they could go to that and
14 point to that, is that something that's available now
15 or is that something that you'd work with us on
16 moving forward in the future?

17 KEN GODINER: In the... in the fringe
18 benefit... in the financial plan the fringe benefit
19 item is broken out by agency and totaled up, so it
20 should be available... and we can discuss, you know if
21 there's a transparency problem or something that you
22 don't think is listed.

23 CHAIRPERSON DROMM: Its difficult for us
24 to see it or to access it so we would like to have
25 that follow up discussion with you.

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2 MELANIE HARTZOG: Absolutely... [cross-
3 talk]

4 CHAIRPERSON DROMM: ...at, at another
5 point. So, moving on from fringe benefits then...
6 excuse me... okay, so let me just go back to this,
7 within the first... within the miscellaneous budget the
8 total cost for fringe benefits increases almost 14
9 percent in Fiscal 2019 this includes an increase in
10 retiree health insurance cost via the retiree... the
11 retiree health benefits trust of 40 percent, what
12 would account for this increase if you can see up
13 here on the screen as well?

14 KEN GODINER: Sure. Okay, so the, the
15 comparison you have includes the impact of the 400-
16 million-dollar prepayment to the retiree health
17 benefits trust, once you remove that prepayment,
18 right, so you adjust both numbers for that, the
19 growth then falls to about seven percent in 19 over
20 18 and about six percent in 18... I'm sorry, and the
21 retiree growth only six percent and those are in line
22 with health insurance trend levels.

23 CHAIRPERSON DROMM: Okay, I'm going to
24 move a little bit now to education. Fair student
25 funding covers instructional needs and is allocated

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2 to each school based on the number and needs, need
3 attributes of students at the school so fair student
4 funding is not at 100 percent for all city schools.
5 The Mayor had committed to bringing it up to about 90
6 percent so what is the current floor for fair student
7 funding and is there a plan to raise this floor?

8 MELANIE HARTZOG: We've had extensive
9 conversations you and I about this and you know
10 given... let, let me just backtrack and give a little
11 bit of context, what we've talked about in terms of
12 the fair student funding and as you know Chair is
13 that we are absolutely committed to it, we need to
14 have the increases in state aid to be there. As you
15 know as well the Governor's executive budget actually
16 proposes the lowest state share school aid increase I
17 should say since 2012 and our commitment has been
18 that should the state aid be available in addition to
19 our funds that we would get to 100 percent over four
20 years at a cost of about 500 million annually. So, we
21 need your supports as well as the councils to ensure
22 that we do in fact get the appropriate state aid that
23 is due to New York City's students. Our current fair
24 student funding average is 91 percent, the floor is
25 87 percent, we are at 100 percent for renewal and

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2 community schools and as schools... renewal schools
3 graduate we will remain at 100 percent as well as for
4 new schools, we're at 100 percent.

5 CHAIRPERSON DROMM: Can you tell me how
6 many schools are at 100 percent?

7 MELANIE HARTZOG: We will get that
8 information to you.

9 CHAIRPERSON DROMM: Okay. When the
10 administration is allocating education dollars do you
11 determine whether funds should go to a new program
12 such as AP for All or renewal schools as opposed to
13 increasing the fair student funding percentage?

14 MELANIE HARTZOG: The, the Mayor has made
15 it clear that there are... there is a commitment to
16 fair student funding, we have been committed to
17 including the city funding with that as well as again
18 accompanying with the state the state aid and you and
19 I've had conversations about this Chair, the broader
20 issue of New York City has not received its full fair
21 share due under the campaign for fiscal equity, we
22 deserve those dollars and that would obviously
23 contribute to fair student funding, at the same time
24 we've also said that we need to have a number of
25 different initiatives that promote as the Mayor's

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2 pointed out, equity in excellence for all, it
3 includes advance placement programs, it includes
4 physical education, various different initiatives
5 that support all students across the entire school
6 system.

7 CHAIRPERSON DROMM: So, is fair student
8 funding the best way or is it the only way that we
9 should be looking at providing funds to the schools
10 or should we be looking at other things such as the
11 student population, enrollment, achievement or other,
12 other programs in schools?

13 MELANIE HARTZOG: Remember the fair
14 student funding formula takes into account a number
15 of different aspects, it meets the unique needs of
16 students, it includes looking at English language
17 learners, there's particular weights within the
18 formula, special education needs, students below
19 academic standards, there's a weight that considers
20 free and reduced meals, there's a, a number of
21 different weights that go into that so it's a fair..
22 it's a fair formula in looking at what the needs are
23 of the schools and students across the system.

24 CHAIRPERSON DROMM: So, every renewal
25 school you said is at 100 percent?

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MELANIE HARTZOG: That's correct as well as the community schools.

CHAIRPERSON DROMM: Who are the schools on the lower end of the spectrum at the 87 percent?

MELANIE HARTZOG: I would... I would have to get back to you on that...

CHAIRPERSON DROMM: Do you know the number of those schools?

MELANIE HARTZOG: I don't, I don't know the number of that, we can get back to you on that. I just also want to point out that as part of a number of different reporting requirements that we have that all of the information... by no means am I directing you to that, we will get you the answer but this is available on the Department of Education's website, it will show all of the schools, what their fair student formula is but we will get you the answer to your question.

CHAIRPERSON DROMM: Okay and just one question also that hits me over the top of my head in regard to education funding, one of the things that I wanted to do when I was education chair was to ensure the success of LGBT students, I know that the Mayor put in about 10.3 million dollars for anti-bullying

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2 initiatives in the school, do you know how that's
3 going?

4 MELANIE HARTZOG: My understanding is
5 that they've started trainings already and the other
6 initiatives that are a component of that are on
7 track.

8 CHAIRPERSON DROMM: I think the largest
9 chunk of that about three million dollars was to go
10 for the training and you're saying that that's begun?

11 MELANIE HARTZOG: Yes.

12 CHAIRPERSON DROMM: And work has begun on
13 the portal, there was a portal for approximately
14 300,000 dollars on that?

15 MELANIE HARTZOG: Yes, that's correct.

16 CHAIRPERSON DROMM: Okay, so I look
17 forward to continuing that more in depth when we get
18 to the committee hearings on the budget so in the
19 Education Committee when that comes up I'll be
20 attending that meeting and then looking forward to
21 having more information about that LGBT student
22 project.

23 MELANIE HARTZOG: Appreciate that, we
24 will definitely flag it for the Department of
25 Education to make sure that they're prepared to

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2 answer your questions on that as well for their
3 hearing.

4 CHAIRPERSON DROMM: Thank you. So,
5 another program close to my heart is the Close to
6 Home and the Raise, Raise the Age Programs. So, the
7 Governor's Fiscal '18, '19 budget proposes cuts to
8 state... to state support for the city Close to Home
9 Programs, how are we going to be able to make up for
10 this in the... in the upcoming budget? Right now, I
11 don't believe that you've addressed that in the... in
12 the preliminary budget plan?

13 MELANIE HARTZOG: These are two programs
14 that are also near and dear to me as well, Chair
15 we've talked about this on... particularly on Raise the
16 Age having and before I came back into city
17 government as an advocate that launched the statewide
18 campaigns to Raise the Age and then serving on the
19 Governor's Commission to formulate what the proposal
20 would be to Raise the Age and now being back in
21 government and being part of the implementation of
22 it. Always intended when I was an advocate and now in
23 my hat as Budget Director, always intended that this
24 would be funded, it is a... the right initiative, 16,
25 17 year olds clearly from our perspective deserve to

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2 have appropriate settings in treatment and supports,
3 its good for public safety and it's good to ensure
4 that they are reunified with their families but it is
5 a challenge to implement when in fact the funding is
6 not included in the governor's budget. Close to Home
7 is another area where... [cross-talk]

8 CHAIRPERSON DROMM: Just before you off
9 of that let me ask you, about 200 million dollars is
10 estimated to be needed for Raise the Age, do you
11 agree with that?

12 MELANIE HARTZOG: 200 million is what we
13 estimated is at, at a minimum what the costs are in
14 annual basis at full implementation that covers a
15 number of different agencies from ACS to Department
16 of Probation, Department of Law and NYPD so there's
17 multiple agencies.

18 CHAIRPERSON DROMM: And one of the major
19 concerns that the council has that the deadline for
20 the implementation to Raise the Age begins on April
21 1st and I think it goes through completion by the end
22 of October if I'm not mistaken so that... [cross-talk]

23 MELANIE HARTZOG: Unlike any other
24 locality across the state New York City was on an
25 accelerated time line to meet the deadline of moving

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2 16 and 17 year olds off of Rikers by October of this
3 year, the Mayor has made it clear in his testimony up
4 in Albany that for us to achieve that timeline we're
5 aggressively working towards it, we need support from
6 the state in another facility Ella McQueen to help us
7 get to that goal and my understanding is we are in
8 conversations with the state, the agencies are to see
9 what can be done to transition that and for us to
10 meet the goal.

11 CHAIRPERSON DROMM: And let me just also
12 state that this is a... especially with Close to Home,
13 a very important issue to the council because I think
14 that this has been a very successful program
15 especially the Close, Close to Home Program... [cross-
16 talk]

17 MELANIE HARTZOG: Yeah... [cross-talk]

18 CHAIRPERSON DROMM: ...its brought these,
19 these juveniles closer to their homes where they're
20 closer to their families, closer to their
21 neighborhoods and it's something we certainly don't
22 want to see lost in the budget.

23 MELANIE HARTZOG: Couldn't agree with you
24 more because in fact the 200 million dollar that we
25 estimated as the cost for the unfunded mandate is

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2 further compounded by the fact that we... the state is
3 defunded Close to Home to the tune of about 30
4 million annually and that is a program that was
5 started in partnership with the state around the same
6 principles keeping youth closer to home, reducing
7 recidivism and the states stepping back from that
8 when at a time we have Raise the Age where more 16
9 and 17 year olds will be coming into the ACS system,
10 into the Juvenile Justice System is a real challenge
11 for us and which is why I, I think we've also had
12 conversations chair about the need to partner with
13 the council to ensure that all, all of us are up in
14 Albany pushing to ensure that that funding not only
15 gets restored for Close to Home but funding for Raise
16 the Age as well.

17 CHAIRPERSON DROMM: Well we'll be up
18 there next Tuesday so we look forward to... [cross-
19 talk]

20 MELANIE HARTZOG: Appreciate it... [cross-
21 talk]

22 CHAIRPERSON DROMM: ...working with you on
23 that as well. Do you know the breakdown of how that
24 200 million would be spent with the various agencies?
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2 MELANIE HARTZOG: At this point its still
3 an estimate that we are working on with the agencies,
4 I think as soon as we have firmer numbers we would be
5 more than happy to share them with the council.

6 CHAIRPERSON DROMM: Okay, thank you.
7 Let's talk a little bit now about health care
8 savings. During the previous round of collective
9 bargaining the city and the municipal labor committee
10 worked together to find efficiencies and savings to
11 bring down health care costs, total savings from 2015
12 to '18 are supposed to be about 3.4 billion with
13 excess savings up to 365 million going back to the
14 workforce in a bonus payment. For Fiscal 2015 to '17
15 the targeted goals were met and in June of last year
16 the administration announced the goal of 1.3 billion
17 for Fiscal '18 would be met, what if any excess
18 savings was there and how much will make its way back
19 to the workforce who ultimately created much of this
20 savings due to changes in behavior and increased
21 spending of tehir own?

22 KEN GODINER: Thnak you for that
23 question. As we're rolling through Fiscal '18 we are
24 still on track to meet the 1.3 billion to complete
25 the 3.4 billion that we expected when we initiated

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2 that labor agreement, as we go through the fiscal
3 year our numbers will tighten up but we won't have an
4 exact accounting until the end of... until after the
5 fiscal year is over but as, as it stands today we are
6 on target and confident that we will hit the target,
7 we will work with the MLC to have a final accounting
8 as to whether there are excess savings and a
9 disposition of those at that time.

10 CHAIRPERSON DROMM: So, the Office of
11 Labor Relations has been posting updated quarterly
12 reports however the latest report available online is
13 only as of the third quarter in Fiscal '17, do you
14 know why that is and when can we expect that to be
15 updated?

16 KEN GODINER: At this juncture most of
17 the initiatives have been launched and basically we
18 are at this point awaiting the, the results of those
19 and I think we'll have a, a report at the end of the
20 fiscal year where we're able to give everyone a
21 public accounting of how we came out in Fiscal '18
22 sort of an answer to the... to the question you asked
23 before.

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2 CHAIRPERSON DROMM: So, are you saying
3 you're not going to give us the additional report
4 that's due?

5 KEN GODINER: I don't know that OLR is
6 scheduled to release another report before the end of
7 the fiscal year, you know I think what, what we're
8 seeing at this point is just interim results. As I
9 said I'm not certain they're scheduled to, to release
10 a report before the end of the year but we can
11 definitely follow up with OLR to make sure that, that
12 if there's something you know that we can... [cross-
13 talk]

14 CHAIRPERSON DROMM: Is there any reason
15 why you... we've been doing them quarterly, is there
16 any reason why now its taking longer?

17 KEN GODINER: We can get back to you from
18 OLR, but I think it's... like I said its, its that most
19 of the initiatives have been launched.

20 CHAIRPERSON DROMM: Okay, we definitely
21 want to follow up with you on that one.

22 KEN GODINER: Yeah, we'll get back to
23 you.

24 CHAIRPERSON DROMM: Alright, so now I'm
25 going to just turn it over to my colleagues who have

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2 questions as well and the first one is Council Member
3 Lancman.

4 COUNCIL MEMBER LAN
COUNCIL MEMBER AN:

5 Thank you Mr. Chair. Good morning.

6 MELANIE HARTZOG: Good morning.

7 COUNCIL MEMBER LAN
COUNCIL MEMBER AN: Is
8 that... did I hear correctly two months on the job?

9 MELANIE HARTZOG: Two months. Or is it...
10 oh wait, its two months, yeah.

11 KEN GODINER: Two months and few days.

12 MELANIE HARTZOG: Two months and a few
13 days.

14 COUNCIL MEMBER LAN
COUNCIL MEMBER AN: Two
15 months and a few days.

16 MELANIE HARTZOG: Yep.

17 COUNCIL MEMBER LAN
COUNCIL MEMBER AN: When
18 you get to the point where you know exactly how many
19 hours you've been on the job then you... then, then
20 you're really a veteran. I want to ask you about a
21 couple of big ticket items, my committee, the
22 Committee on Justice System has its budget hearing
23 in... next week, all of us who chair committees have
24 our opportunities to dive deep into those particular
25 areas of jurisdiction... [cross-talk]

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MELANIE HARTZOG: Uh-huh... [cross-talk]

COUNCIL MEMBER LANCOUNCIL MEMBERAN: ...but

I want to ask you about the MTA and NYCHA and they're two areas where... good call Mr. Fink... they are two areas where the Mayor has to some degree or another, I won't say abdicated that's, that's too judgmental but has offered the view that they are either not his problem or the origin of the problems lie elsewhere. So, can you tell us what if anything the Mayor's budget has for the MTA which is as we all agree the life blood of our city?

MELANIE HARTZOG: Well let me start... you definitely threw me for a loop as you started off with justice and then jumped to the MTA and to NYCHA but happy to talk about our position on those. The Mayor has, has clearly stated and I think we should first just go through the broad fact that the MTA, the New... is a... the New York City transit is a regional authority, New York City residents and the workforce contribute 70 percent of the MTA's annual revenue and again pointing out it's a regional authority where we contribute 70 percent of the operating budget.

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2 COUNCIL MEMBER LAN COUNCIL MEMBER AN: When
3 you say that you mean in the form of our fares?

4 MELANIE HARTZOG: In the form of fares,
5 in the form of 1.6 billion that comes from New York
6 City's budget towards it all of that contributes 70
7 percent.

8 COUNCIL MEMBER LAN COUNCIL MEMBER AN:
9 Right...

10 MELANIE HARTZOG: ...to it. In addition to
11 that we have committed 2.5 billion in the capital
12 plan for the MTA... [cross-talk]

13 COUNCIL MEMBER LAN COUNCIL MEMBER AN: How
14 much... how much of... how much of... how much of the MTA's
15 users or how much of the MTA's use would be within
16 the five boroughs, would it be more or less than 70
17 percent measured, I don't know in rides or...

18 MELANIE HARTZOG: I don't know that off
19 the top of my head but my point in saying this and I
20 think what we've been saying, and the Mayors been
21 saying is we contribute a significant portion of the
22 MTA's operating budget, we also contribute a
23 significant portion of the capital budget for the
24 MTA. As it relates to moving forward with the
25 governor's proposals we are supported of dedicated

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2 revenues to that but it, it cannot come without
3 particularly having lock boxes and ensure that
4 revenues go towards New York City. There's the action
5 plan that was proposed that has a proposal around for
6 hire vehicles and taxi surcharges that would pay for
7 and is dedicated revenues, we support that so long as
8 there's a locked box on that for revenues moving
9 forward that actually go towards New York City's
10 transit system but that has been our, our point on
11 the MTA not that we don't contribute but that we
12 contribute more than our fair share.

13 COUNCIL MEMBER LAN COUNCIL MEMBER AN:

14 Right, so how much is in the city's budget for the
15 MTA?

16 MELANIE HARTZOG: The city's budget in
17 total is 1.6 billion annually in operating and our
18 commitments in the capital side is 2.5 billion.

19 COUNCIL MEMBER LAN COUNCIL MEMBER AN: And
20 so, for, for this fiscal year in the proposed budget...
21 I'm sorry, I just need you to... that's okay... as I get
22 older it's hard for me to hear and it helps me to be
23 able to see you talking. So, in this budget, the
24 proposed, proposed... the preliminary budget, the
25 operating expenses... the support for... to, to the

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MTA's... on, on the operating level is 1.6 billion dollars?

MELANIE HARTZOG: Its 1.6 billion dollars that's coming from the city's budget but again want to keep in mind that overall what we contribute New York City... [cross-talk]

COUNCIL MEMBER LAN: I... listen... with all... [cross-talk]

MELANIE HARTZOG: ...70 percent... [cross-talk]

COUNCIL MEMBER LAN: ...due respect you... I let you do that and its enough, I want to know what's in the city's budget, 1.6 billion?

MELANIE HARTZOG: Its 1.6 billion... [cross-talk]

COUNCIL MEMBER LAN: Good and is that broken down in some way?

MELANIE HARTZOG: Yes... [cross-talk]

COUNCIL MEMBER LAN: He's nodding so can you tell me how that's broken down?

MELANIE HARTZOG: I'm happy to give you more details on how its broken down, there's a portion of it that is direct subsidy that goes to the MTA, there's a portion of it that is what we consider

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2 in kind support that we give through police, through
3 homeless, outreach teams that are in the MTA but we
4 can provide that breakdown to the council.

5 COUNCIL MEMBER LAN: COUNCIL MEMBER AN: You
6 don't have that today?

7 MELANIE HARTZOG: I have it in very
8 detailed line item but just I'm happy to give it to
9 you if you'd... yes, we can give it to you today.

10 COUNCIL MEMBER LAN: COUNCIL MEMBER AN:
11 Okay, so... just... is some portion of that not funding
12 that goes from the city to the MTA directly and, and
13 is some accounting or estimation of the value of
14 services such as the police presence in the... in, in,
15 in the subways?

16 MELANIE HARTZOG: Yes, its about... of that
17 amount is about a little... 471 million dollars in
18 support that we give through New York City transit
19 police.

20 COUNCIL MEMBER LAN: COUNCIL MEMBER AN: Sort
21 of like in kind services?

22 MELANIE HARTZOG: In kind of the sense
23 that we pay for it directly, it's a direct
24 contribution to the MTA, yes.

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COUNCIL MEMBER LANCOUNCIL MEMBERAN:

Alright...

MELANIE HARTZOG: Its not in their budget
its in ours.

COUNCIL MEMBER LANCOUNCIL MEMBERAN:

Alright, well, well my time has expired but I would
like to get from you a breakdown, a... this detailed
breakdown which you're referring to of how much city
money from the city budget goes to the MTA.

MELANIE HARTZOG: Yes, we can provide
that.

COUNCIL MEMBER LANCOUNCIL MEMBERAN:

Thank you Mr. Chair.

CHAIRPERSON DROMM: Thank you and we'll,
we'll do a second round if you want so... but let's get
through these council members first, Council Member
Grodenschik followed by Council Member Van Bramer and
Rodriguez.

COUNCIL MEMBER GRODENCHIK: Thank you Mr.
Chair, good morning, it's still morning, right? Thank
you, Miss Hartzog, for being here today. I do want to
add my voice to the Speakers on property tax reform.
In your opening remarks you mentioned that the budget
increases this year is, is modest, those are your

1
2 words, what is not modest is a 6.1 percent increase
3 in property tax collections for the upcoming fiscal
4 year. The people that live in my district many of
5 them in co-ops and condos over 20,000 of them they're
6 getting hammered every year, they have no way to
7 plan, Department of Finance issues new tax bills to
8 them that can be from outrageous to outlandish and so
9 I am concerned about that and I want to add onto the
10 Speaker's voice that we do need property tax reform
11 plan from the Mayor and we need it sooner rather than
12 later. A few weeks ago under the direction of the,
13 the NYCHA Chair and the Speaker and the Chair of
14 Oversight and Investigations we had a incredible
15 hearing on NYCHA and at that... at that hearing I asked
16 of the Chair of NYCHA the question, have... has the
17 city had any thoughts of diverting monies that they
18 are currently expending for new housing to NYCHA and
19 I used the analogy that if, if you want to expand
20 your house which is fine and your roof is leaking you
21 wouldn't do that, it would be common sense that you
22 would take care of the problems that you had already.
23 Some estimates of the NYCHA capital bill range up to
24 25 billion dollars, that's a lot of money, its about
25 3,000 dollars per New Yorker. So, have you in your

1
2 two months plus a few days had any discussions on
3 whether or not the city is going to look to divert
4 any funding from new housing to our existing housing
5 which is crumbling?

6 MELANIE HARTZOG: So, let me just say
7 this, we have invested as I said in my testimony...
8 [cross-talk]

9 COUNCIL MEMBER GRODENCHIK: I know... I
10 know what you've invested, I heard your response to,
11 to Councilman Lancman but I really need to know
12 whether or not... if the answer is no that's fine
13 that's the answer but I asked the Chair at that
14 hearing and she didn't really have an answer and now
15 I'm asking the Director of OMB.

16 MELANIE HARTZOG: Yes, and the Director
17 of OMB is saying that at this point in time the city
18 has invested two billion dollars in capital funding
19 to NYCHA, we are in ongoing conversations with NYCHA
20 and the leadership at city hall around what those
21 needs are and moving forward where do we... [cross-
22 talk]

23 COUNCIL MEMBER GRODENCHIK: I would
24 think... [cross-talk]

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MELANIE HARTZOG: ...focus those needs...

[cross-talk]

COUNCIL MEMBER GRODENCHIK: ...with all due respect I would think we would know what the needs are, that day of the hearing was on heating and hot water. I grew up in NYCHA, I get it, I know that boilers fail, the pump in my boiler failed this weekend, I'm going to get it replaced because that's what I need to do but it doesn't seem to be a priority for this administration and I'm concern... worried about the 400 to 600,000 people who are living in NYCHA so I hope that you will press that with the Mayor as I will... [cross-talk]

MELANIE HARTZOG: I absolutely disagree that it is not a priority for this administration... [cross-talk]

COUNCIL MEMBER GRODENCHIK: Well, it...

[cross-talk]

MELANIE HARTZOG: ...it's been a... [cross-talk]

COUNCIL MEMBER GRODENCHIK: ...hasn't shown itself to be... [cross-talk]

MELANIE HARTZOG: ...priority... [cross-talk]

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COUNCIL MEMBER GRODENCHIK: There, there
are words... [cross-talk]

MELANIE HARTZOG: ...we have invested money
into... [cross-talk]

COUNCIL MEMBER GRODENCHIK: ...and then
there are deeds... [cross-talk]

MELANIE HARTZOG: ...NYCHA, it is clearly a
priority, it's a priority that I have ongoing
conversations with the Chair, with leadership..
[cross-talk]

COUNCIL MEMBER GRODENCHIK: Well... [cross-
talk]

MELANIE HARTZOG: ...around where the needs
are, we've reflected those priorities in the
preliminary budget and we'll continue to have ongoing
conversations... [cross-talk]

COUNCIL MEMBER GRODENCHIK: I, I
appreciate that... [cross-talk]

MELANIE HARTZOG: ...about it... [cross-talk]

COUNCIL MEMBER GRODENCHIK: ...and... [cross-
talk]

MELANIE HARTZOG: Thank you... [cross-talk]

COUNCIL MEMBER GRODENCHIK: ...Mr. Chairman
I'll come back for round two, but I do want you to

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2 consider this, for about 54 million dollars a year we
3 could bond another billion dollars for NYCHA to be
4 paid out over 30 years, I've done the math I'd be
5 happy to show it to you. Thank you Mr. Chair I'll
6 come... [cross-talk]

7 CHAIRPERSON DROMM: You'll have... [cross-
8 talk]

9 COUNCIL MEMBER GRODENCHIK: ...back for
10 parks... [cross-talk]

11 CHAIRPERSON DROMM: ...another opportunity
12 yet Council Member Grodenchik at the... at the capital
13 hearing as well to ask some of these questions. Okay,
14 next Council Member Van Bramer followed by Council
15 Member Rodriguez and Lander.

16 COUNCIL MEMBER VAN BRAMER: Thank you
17 very much Mr. Chair. Now I know you expect me to talk
18 about cultural and libraries and let me just
19 stipulate that I love cultural and libraries and the
20 Mayor should baseline cultural funding but I wanted
21 to actually throw you a curve ball based on something
22 that the Speaker was talking about which was how you
23 track the cost of commercial hotels and shelters and
24 the fact that you didn't have a number here other
25 than your rates that you were free to share but just

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2 like any family my husband and I track our expenses
3 on a fairly regular basis and I'm certain that you do
4 as well so while I get that the population shifts by,
5 by night or day in terms of your census I'm curious
6 as to whether or not on any given day, week or month
7 you have the exact number of how much the Department
8 of Homeless Services is paying out for shelters,
9 hotel rooms, etcetera, etcetera, I'm assuming you do?

10 MELANIE HARTZOG: At any given day I can
11 tell you based on what the current census is by
12 setting and applying rates what in fact the, the cost
13 would be at that given day, what I'm saying is that
14 it is a very dynamic budget, it is a census that
15 moves in terms of setting, it is a census that also
16 has different needs, it's a census we're constantly
17 looking and in communications with DSS around, around
18 all the different aspects, it's not... [cross-talk]

19 COUNCIL MEMBER VAN BRAMER: So... [cross-
20 talk]

21 MELANIE HARTZOG: ...just about... [cross-
22 talk]

23 COUNCIL MEMBER VAN BRAMER: Sure, if I
24 may... [cross-talk]

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MELANIE HARTZOG: ...setting but about...

[cross-talk]

COUNCIL MEMBER VAN BRAMER: ...Director it
certainly... [cross-talk]

MELANIE HARTZOG: ...services that are
being... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...moves...
[cross-talk]

MELANIE HARTZOG: ...provided, security
that's being provided, additional supports that are
needed in the shelters... [cross-talk]

COUNCIL MEMBER VAN BRAMER: Right...
[cross-talk]

MELANIE HARTZOG: ...there's many dynamics...
[cross-talk]

COUNCIL MEMBER VAN BRAMER: ...but it
moves... [cross-talk]

MELANIE HARTZOG: ...that happen with...
[cross-talk]

COUNCIL MEMBER VAN BRAMER: ...respectively
so if you're talking about last week for example,
right, we know how many homeless individuals were
housed, we know where they were housed, and you know
how much was spent... [cross-talk]

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MELANIE HARTZOG: Last... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...you may not know those exact numbers... [cross-talk]

MELANIE HARTZOG: ...week... based on this week, right or even... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...for this week, that's right... [cross-talk]

MELANIE HARTZOG: ...the day after... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...but I'm asking could you share, do you have the number for example for the month of January, that month has passed and you would know exactly how much you spent in January, exactly how much presumably you spent in February, there may be some catch up or, or cleanup of the numbers, do you have those numbers and if so... [cross-talk]

MELANIE HARTZOG: I'm happy to give a snapshot of it, I will also add that again this is a... when you're looking at this budget there's also contracts, what we've done in working with the non-profit Resiliency Committee is actually give 25 percent advances to non-for-profits and so you'll see expenditures in the beginning of the year that are

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2 high because we've given advances to ensure that non-
3 for-profits are able to hire up, provide services
4 because again when I say this I'm not try.. there's
5 many dynamics that go into the budget, this is an
6 area that I have been managing for the time but I've
7 been an OMB in my old hat, I can give you a snapshot
8 and try to calculate what those are, there's.. [cross-
9 talk]

10 COUNCIL MEMBER VAN BRAMER: Right..

11 [cross-talk]

12 MELANIE HARTZOG: ...so many different
13 dynamics that go into.. [cross-talk]

14 COUNCIL MEMBER VAN BRAMER: So.. [cross-
15 talk]

16 MELANIE HARTZOG: ...expenditures on a
17 monthly, daily basis within the.. [cross-talk]

18 COUNCIL MEMBER VAN BRAMER: I think you
19 heard from the Speaker some, some.. [cross-talk]

20 MELANIE HARTZOG: Yep.. [cross-talk]

21 COUNCIL MEMBER VAN BRAMER: ...concern and,
22 and even some surprise that, that those exact numbers
23 weren't handy.. [cross-talk]

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2 MELANIE HARTZOG: The exact numbers were
3 handy in terms of the rates, right, the exact
4 numbers... [cross-talk]

5 COUNCIL MEMBER VAN BRAMER: ...I got the
6 rates... [cross-talk]

7 MELANIE HARTZOG: ...in terms of the
8 budget... [cross-talk]

9 COUNCIL MEMBER VAN BRAMER: ...did not... you
10 know I would just think given the enormity of the
11 budget, right, obviously given the importance of
12 having these numbers exact and precise that... and, and
13 given the dramatic increase in this particular line
14 of the budget that there would be a, a meticulous
15 almost by the day accounting to make sure the money's
16 being spent correctly and that... then you're not going
17 to have those overruns necessitating mid-year and
18 even at adoption dramatic increases in what you had
19 forecasted for the following year which I think also
20 the Speaker may have been getting at a little bit
21 when he asked you if you were anticipating other
22 significant increases or is this it, clearly you're
23 not able to say that's it we're never going to
24 increase it again but I think knowing what you might
25 be requesting in the future as opposed to having what

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2 you got now, saying you have enough and then of
3 course maybe you're going for another 200 million
4 dollars.

5 MELANIE HARTZOG: It's a dynamic budget
6 as I've said, many changes that happen, there's
7 always an assessment going on of what the current
8 shelter system is, what needs are for existing sites,
9 as we move forward with turning the tide looking at
10 where we're actually opening up shelters, there's
11 many different aspects that go into this.

12 COUNCIL MEMBER VAN BRAMER: So... [cross-
13 talk]

14 MELANIE HARTZOG: We are in constant
15 communication with DSS, we are looking at what the
16 costs are, it is why we... you continuously see us
17 monitoring and there are changes that we reflect in
18 the plan... [cross-talk]

19 COUNCIL MEMBER VAN BRAMER: So, my last
20 point is obviously you know that tourism drives
21 billions into the city's coffers, you know that
22 culture and the arts drives tourism in the city of
23 New York, those billions of dollars allow us to pay
24 for the other social services that are so important
25 for the city of New York even more important for the

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2 Mayor to baseline culture and the arts in the city of
3 New York, thank you.

4 CHAIRPERSON DROMM: Okay, thank you
5 Council Member Van Bramer, next Council Member
6 Rodriguez followed by Landers, Williams and Adams.

7 COUNCIL MEMBER RODRIGUEZ: Thank you
8 Chair. Director a few years ago the Budget Director
9 was here stating that what this administration
10 inherits was a reality where more than 40 percent..
11 more, more than 40 percent of New Yorkers were living
12 on the poverty lines and because of the time I just
13 want to get a number, what is the number today?

14 MELANIE HARTZOG: I don't have that
15 number handy, I would have to get back to you on
16 that.

17 COUNCIL MEMBER RODRIGUEZ: Okay, can we
18 say that that number is close, it's a little bit
19 lower?

20 MELANIE HARTZOG: I don't want to
21 speculate, I, I really do want to get you the number.

22 COUNCIL MEMBER RODRIGUEZ: Okay because
23 I... and again no doubt that this administration was
24 selected with a mandate to find equality and there's
25 a lot of changes happening in a positive direction

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2 but I think it is important to keep track in those
3 numbers because to move those numbers is not an easy
4 thing to do and in that direction how is poverty
5 included in the formula when different agencies
6 establish their own budget?

7 MELANIE HARTZOG: I can tell you that in
8 every conversation given what the, the Mayor's values
9 are in terms of supporting vulnerable New Yorkers
10 from every aspect of our initiatives it is always
11 part of the conversation.

12 COUNCIL MEMBER RODRIGUEZ: But I, I
13 believe more than the conversation and of course I
14 also, you know have an interview... valid request
15 trying to approach it because this is about
16 transparency, I think it is important to know when
17 the formula is in place, when you give direction to
18 Department of Education, the, the, the youth
19 departments, HRA, when those Commissioners are
20 working on their own budgets, DOE, does DOE look at
21 poverty in the formula when they distribute their
22 resources to the 6,000 schools?

23 MELANIE HARTZOG: Well as, as... fair
24 student funding which I talked about before the
25 formula actually includes a weight that looks at the

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2 number of students that are on free and reduced meals
3 so that is definitely a factor, as you know that is
4 an indicator of poverty so that's always included and
5 the, the agency that you actually mentioned, DYCD,
6 HRA those agencies who's mission, right, is to
7 support vulnerable New Yorkers... [cross-talk]

8 COUNCIL MEMBER RODRIGUEZ: I, I just.. I,
9 I just believe that we are not there today as a city
10 and I hope that in the next four years this
11 administration lead the legacy more than the
12 conversation, more than using Title One funding, I
13 believe that it is unfair that we distribute the
14 funding let's say to the 6,000 school and we just
15 count the number of students and we don't count as
16 the need and poverty that those students face in
17 their own community because 30 percent of children
18 today as we speak live on the poverty in our city so
19 as the advocates that we have been I think it is
20 important that we think about education only in the
21 classroom but it's about the services like why..
22 [cross-talk]

23 MELANIE HARTZOG: Absolutely... [cross-
24 talk]

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2 COUNCIL MEMBER RODRIGUEZ: ..why we have
3 not, and I hope again that under the leadership we
4 establish a mandatory at the school program for
5 elementary school, why we have left that age of... from
6 kindergarten to fifth grade out of making mandatory
7 the afterschool we provide to that group.

8 MELANIE HARTZOG: So, we have a number of
9 different initiatives that are for after school, as
10 you know there's a middle school for all, DYCD has
11 the... their after-school programs, we have Pre-K for
12 All and most recently the Three K for All. I think
13 that we are definitely targeting and providing after
14 school services especially to the younger age groups,
15 there are a multitude of services that we have for..
16 [cross-talk]

17 COUNCIL MEMBER RODRIGUEZ: We know that
18 middle school is, is mandatory... after school is
19 mandatory middle school but it's not mandatory for
20 elementary, can we... [cross-talk]

21 MELANIE HARTZOG: I would remind you..
22 [cross-talk]

23 COUNCIL MEMBER RODRIGUEZ: ..work to make
24 it mandatory... [cross-talk]

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2 MELANIE HARTZOG: ...well that we are
3 assuring... [cross-talk]

4 COUNCIL MEMBER RODRIGUEZ: ...besides,
5 besides having programs and I know as a former
6 teacher for 13 years that I was... can you... do you
7 think there is a space to this cause to make after
8 school program mandatory to elementary schools?

9 MELANIE HARTZOG: Our programs in after
10 school are targeted, if you... DYDC actually targets
11 their programs to those communities that have the
12 highest needs so if you look at where their programs
13 are there's definitely an overlap with where the
14 needs are the greatest.

15 COUNCIL MEMBER RODRIGUEZ: But why is it
16 mandatory for middle school and not to elementary?

17 MELANIE HARTZOG: Again, the targeting is
18 there, its through DYCD and through a multitude of
19 other programs that we have, we haven't even gotten
20 to and we could have a longer conversation about some
21 of DYDC's other programs that are targeted, beacons,
22 cornerstones, many programs that are meeting the
23 need.

24 COUNCIL MEMBER RODRIGUEZ: We can... we're
25 talking another community but not in mine, I can tell

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2 you that many school they don't have after school
3 programs for elementary and for me as a father of two
4 daughters I know how important it is because if you
5 want middle class or upper middle class your child
6 will have after school programs a different way
7 however I hope again and I'm speaking to the
8 administration who understands it that we.. being
9 elected to fight inequality, we should make
10 elementary after school programs mandatory as we have
11 for, for middle school.

12 MELANIE HARTZOG: I understand your
13 position Council Member.

14 CHAIRPERSON DROMM: Thank you, Council
15 Member Lander.

16 COUNCIL MEMBER LANDER: Thank you Mr.
17 Chair, Director Hartzog, its good to see you. While
18 there's some appropriate tension in our budget
19 hearings today its far less contentious than those
20 old early learned hearings that we had with you back
21 in the day and we got through those with a smile and
22 so I'm optimistic we'll continue to move forward in
23 good directions, so welcome. I want to ask about
24 another area where federal actions are really exposed
25 us to risk and that's the area of affordable housing,

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2 the tax scam bill itself and the reductions of the
3 corporate tax rate mean that the low income housing
4 tax credits are going to be significantly less
5 valuable making it harder for us to achieve our goals
6 in addition to the fact that the cost of each unit is
7 going up anyway. As the Times article showed due to
8 land and construction cost increase and we're trying
9 to do what we must which is to get down to even
10 deeper affordability and of course the, the president
11 and Ben Carson's budget while with plenty of money
12 for new furniture for his office threatens massive
13 cuts not just to our affordable housing programs,
14 home and CDBG but like 350 million dollar cuts to the
15 public housing operating and capital funds as well.
16 So, how are we preparing, you know what are we doing
17 in the face of those risks, are we going to wind up
18 with just fewer units if we don't get that federal
19 funding or do we have a back up plan, you know how,
20 how are we preparing and... for what's been done and,
21 and what unfortunately might be to come?

22 MELANIE HARTZOG: Thank you so much for
23 the question, I, I appreciate it because, you know it
24 was unfortunate that as part of the, the corporate
25 tax rate cut that it did disincentivize... disvalue the

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2 low income housing tax credit, we've actually
3 accounted for that in our housing plan at the same
4 time I think as we move forward with development
5 deals the Commissioner is very mindful and aggressive
6 of trying to see if there's other ways that we can
7 still reap some of the benefits of what is still
8 existent in the low income tax credit and if there's
9 other options but we have accounted for it and I
10 think as it relates to the, the Trump budget proposal
11 you're absolutely right, here it is that we have a, a
12 tax bill that is going to be financed in, in Trump's
13 budget proposal in some devastating ways to the
14 safety net that we all care about its why we have
15 been so aggressive with our congressional delegation
16 in really fighting for these cuts, I think we're
17 hopeful that we had a continuing resolution that
18 would allow for some relief. We also, as you may know
19 got the DSH extension for two years which is
20 extremely helpful to Health and Hospitals and Dr.
21 Katz as he's moving forward with the transformation
22 plan and what his plans are but yes, it is a... the
23 Trump budget proposal is terrible and would have
24 devastating consequences to New York City's safety
25 net.

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2 COUNCIL MEMBER LANDER: And on public
3 housing especially I assume... [cross-talk]

4 MELANIE HARTZOG: Yes... [cross-talk]

5 COUNCIL MEMBER LANDER: ...we don't have
6 some alternative source of revenue for that 700
7 million dollars if those cuts were... [cross-talk]

8 MELANIE HARTZOG: Well you know I think
9 we've got a number of different fronts that we work
10 on here, one is that we have our reserves at record
11 levels, two, I mean and most important... I shouldn't
12 say two, most importantly is that we continue the
13 fight at the federal level. We were able to get the
14 continuing resolution, we were able to get the DSH
15 extension for two years, it doesn't mean that we have
16 to give up the fight, we have to keep fighting and I
17 thank the council could be helpful in that as well
18 but then there are our reserves, there are the
19 savings that we continue aggressively to achieve, we
20 have to achieve at least 500 million in savings in
21 the executive budget, at least and so we're
22 continuing on in that path as well.

23 COUNCIL MEMBER LANDER: Now the last
24 point I'll make, and I'll bring this up with both
25 Commissioner Torres-Springer and Commissioner Lago as

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2 well, one of the reasons I've been pushing the
3 Gowanus rezoning is that the other rezoning that
4 we're doing right now are all in neighborhoods where
5 the tax credits and other subsidies are required to
6 produce the units if we'll map MIH in more
7 neighborhoods where the market is strong we can
8 produce units which better meet our goals for fair
9 housing on the 50th anniversary of the Fair Housing
10 Act but also they require less public subsidy but
11 that's still the only one in a strong market
12 neighborhood so that might be one thing that's worth
13 looking into so that we can achieve our housing goals
14 while managing for budget risks.

15 MELANIE HARTZOG: Thank you, I appreciate
16 that.

17 COUNCIL MEMBER LANDER: Thank you, thank
18 you Mr. Chair.

19 CHAIRPERSON DROMM: Thank you Council
20 Member, Council Member Williams followed by Adams,
21 Rosenthal and Chin.

22 COUNCIL MEMBER WILLIAMS: Thank you Mr.
23 Chair and congratulations again... congratulations to
24 Director Hartzog even in the hay days of the
25 Bloomberg Administration I always found you to be a

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2 voice of reason even as you were asked to carry out
3 some pretty tough things here so I'm just glad to see
4 that there's, there's been reward for all the great
5 work that you've been doing for so many years. Of
6 course, there will probably still be some tension
7 moving forward but congratulations. Now there's a
8 couple things I want... [cross-talk]

9 MELANIE HARTZOG: Thank you.

10 COUNCIL MEMBER WILLIAMS: ...to put... no
11 problem... I want to put on the record and then a
12 couple... just a couple questions. One, you did mention
13 the, the body cams should be out a year earlier,
14 congratulations on that, there are still two, two
15 areas that are problematic even as we put that out,
16 we still haven't figured out what's going to happen
17 with the footage, we have to make a decision around
18 that and we found that even with the footage there's
19 not often... there's not often enough accountability
20 and so that is one area this administration has not
21 done well in figuring out how to provide
22 accountability when officers have done things wrong.
23 I'd like to see and hopefully there will be an
24 increased funding for the crisis manager system and
25 the Mayor's Office of Gun Violence Prevention, you

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2 mentioned the funding that will be going to... around
3 community policing and personally myself and I know
4 others trying to get to summer youth jobs, universal,
5 there's a number one thing that folks say the data
6 shows cuts crime, arrests in half are summer youth
7 jobs. There was some mention about mental health and
8 what... the expansion of NY SAFE which I think is good
9 although its being expanded seven days a week I don't
10 know how many calls they'll be put on so at some
11 point hopefully that'll be reported on as well as I'm
12 still waiting to see the task force that the Mayor
13 agreed to start or restart on how the city is
14 interacting with folks who have a mental, mental
15 health crisis. I'm hoping, I didn't see it here but
16 the 200 million dollars was reported in one of the
17 hearings will be put in, unfortunately the Governor
18 gave us an unfunded mandate with... mandate with Raise
19 the Age and we were told that 200 million is what it
20 will be needed to fulfill that, my hope is that we'll
21 have it and just a push, I think its embarrassing
22 that in some private meetings the Governor and his
23 folks are telling people and advocates that, that
24 they don't have to give us certain monies because we
25 have a surplus, I think he's referring to the 5.5

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2 billion dollars that was there, I think that's a, a
3 very bad way of telling cities that they should not
4 budget properly and should not budget for the rough
5 times, if we didn't have a surplus previously the
6 city would be definitely in a worse shape and so
7 shame on the Governor and his folks and my hope is
8 that we can continue. I was in the room when we made
9 a lot of those decisions and I think it keeps us
10 fiscally sound and its embarrassing to hear that
11 people are being told that. Lastly, I just want to
12 give a shout out to the Speaker, this Finance Chair
13 and the subcommittee Chair. A few years ago myself
14 and Council Member Dan Garodnick actually pushed
15 forward Charter Vision possibly to try to deal with
16 some of the budget issues that we were having and so
17 I'm just very glad to speakers later, it took a
18 little bit of time, there was a speaker pushing on
19 particular the units of appropriations that are way
20 too big, I know there's going to be focus on the
21 capital, my hope is that you'll voluntarily do it on
22 the expense side as well, I think it's... it was very
23 difficult for us to have any... a, a... an... a
24 conversation around the budget when the units of
25 appropriation are so big, there are some other

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2 suggestions that we had that I'd be very happy to
3 share with the administration because I know there's
4 been talk over Charter Vision which we're having a
5 whole new set of conversations so I just want to put
6 those on the record and if you want to comment on any
7 of those I'd, I'd love to hear it, thank you.

8 MELANIE HARTZOG: There were so many that
9 were put on the record for comment. Well let me just
10 say many different things you and I have had
11 conversations over the years more than open to
12 continuing our conversations, appreciate, appreciate
13 the work that you're doing as well as the council and
14 the chair have talked about this extensively on Raise
15 the Age, couldn't agree with you more, its, its an
16 unfunded mandate one that we all believe in that I
17 know that the state, the Governor believes in and
18 that would... needs to be funded so I, I do appreciate
19 that advocacy, thank you.

20 CHAIRPERSON DROMM: Thank you very much,
21 Council Member Adams followed by Rosenthal, Chin and
22 then Rose.

23 COUNCIL MEMBER ADAMS: Welcome once again
24 Director Hartzog, we welcome you here. Just to piggy
25 back on what my colleague just spoke about in the

1
2 area of youth programs, summer programs and the like.
3 We have now looked at the Mayor's preliminary budget
4 which does substantially cut funding for summer
5 programs, so I just wanted to put in my pitch also
6 that we would like to see that funding restored back
7 to communities especially communities that need them
8 the most. Now you referenced in your opening
9 statement the fact that 2.1 billion dollars in
10 capital funding and 1.6 billion dollars in operating
11 funds was allocated to NYCHA, you also mentioned that
12 heating expenses, the provision for that was 200
13 million dollars in capital funds to improve the
14 heating system at NYCHA's 20... at 20 of NYCHA's
15 developments, my question pivots a little bit in the
16 area of services for seniors, we've seen a, a
17 declination in support services for seniors in NYCHA
18 specifically in my district we have seen a complete
19 obliteration of one specific site for NYCHA.. I'm
20 sorry, for senior services in, in NYCHA development
21 so I would just like to know if there was a
22 commitment from OMB to restore and or create support
23 services for seniors in NYCHA and is, is there any
24 coordination between OMB with DFTA and NYCHA to
25 continue and or restore support services for seniors?

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MELANIE HARTZOG: Council Member I

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appreciate the question, this is the first time that

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I'm, I'm hearing about the, the particular challenge

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in your community, I am happy to have conversations

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with NYCHA and with DFTA around what we can do to

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better support seniors and what we're currently doing

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for efforts underway, happy to have those

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conversations.

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COUNCIL MEMBER ADAMS: Okay, I appreciate

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that very much. Along those same lines the Fiscal

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2019 preliminary plan doesn't provide funding that

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would sustain certain services past Fiscal Year 2018,

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will the Fiscal 2019 executive budget reflect the

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funding and staff costs needed to support programing

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at certain centers past June 30th of this year?

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MELANIE HARTZOG: I believe that you're

18

referring to the centers that are in the NYCHA...

19

[cross-talk]

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COUNCIL MEMBER ADAMS: Correct... [cross-

21

talk]

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MELANIE HARTZOG: ...so something that is

23

on radar that we're having... [cross-talk]

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COUNCIL MEMBER ADAMS: Correct... [cross-

25

talk]

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2 MELANIE HARTZOG: ...ongoing conversations
3 about what those changes if we're going to make any
4 that would be reflected in either the executive or
5 adopted budget.

6 COUNCIL MEMBER ADAMS: Okay, thank you.

7 CHAIRPERSON DROMM: Okay, thank you,
8 Council Member Rosenthal.

9 COUNCIL MEMBER ROSENTHAL: Thank you very
10 much and glad to see you here, thank you and your
11 staff for being here this morning. A couple of quick
12 questions, what was the mandate that the Mayor gave
13 to city agency heads for savings in the budget?

14 MELANIE HARTZOG: The mandate that the
15 Mayor gave to me was that... and I'm assuming you're
16 talking about moving forward was that for us to find
17 at least 500 million dollars in savings leading into
18 the executive budget.

19 COUNCIL MEMBER ROSENTHAL: And how much
20 of that 500 million do you expect to be savings from
21 accruals, staff accruals from not hiring?

22 MELANIE HARTZOG: I don't have a sense of
23 that yet, we've moving into the process over the
24 coming weeks leading into the executive budget.

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2 COUNCIL MEMBER ROSENTHAL: You reported
3 that in the...

4 MELANIE HARTZOG: Oh, you're talking
5 about our partial hiring freeze and the... [cross-talk]

6 COUNCIL MEMBER ROSENTHAL: Uh-huh...
7 [cross-talk]

8 MELANIE HARTZOG: So that was a total of
9 300 million since... [cross-talk]

10 COUNCIL MEMBER ROSENTHAL: So... [cross-
11 talk]

12 MELANIE HARTZOG: ...last executive that
13 we've saved.

14 COUNCIL MEMBER ROSENTHAL: I see... [cross-
15 talk]

16 MELANIE HARTZOG: I apologize, I thought
17 you... [cross-talk]

18 COUNCIL MEMBER ROSENTHAL: My concern is...
19 [cross-talk]

20 MELANIE HARTZOG: ...meant moving forward
21 in the executive... [cross-talk]

22 COUNCIL MEMBER ROSENTHAL: Yep, my
23 concern is that I'm wondering who we're putting the
24 freeze on as I work with city agencies from my... from
25 the perspective... [cross-talk]

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MELANIE HARTZOG: Uh-huh... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...of my district office we're seeing important personnel positions that are not being filled and it concerns me that, you know we're setting ourselves up to fail if we're not filling the positions of staff that are desperately needing and then on the other hand proudly saying oh we have accruals, we're saving money in the budget, that's, that's nothing to be proud of.

MELANIE HARTZOG: Let, let me first start by clarifying the process, so as you know and probably from your days at OMB that there was a process where we had four pars and just reviewing pars and each task force actually looks at all critical hires, hires within an agency and is constantly reviewing that. The next phase of that is the partial hiring freeze and that... [cross-talk]

COUNCIL MEMBER ROSENTHAL: All I'm saying is I'm not seeing it... [cross-talk]

MELANIE HARTZOG: No, I... but I can... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...so I would ask you to... [cross-talk]

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2 MELANIE HARTZOG: ...just explain though
3 because I think its... [cross-talk]

4 COUNCIL MEMBER ROSENTHAL: ...I, I
5 understand... [cross-talk]

6 MELANIE HARTZOG: ...important... [cross-
7 talk]

8 COUNCIL MEMBER ROSENTHAL: ...the process
9 I'm just saying with all due respect given my 24
10 seconds left just that what I'm seeing, what we're
11 seeing in our district office on the ground is a lack
12 of important personnel who are just not being hired
13 up and you know I'm in meetings with folks from DHS
14 for example where the... a temporary representative...
15 we've gotten a temporary, temporary representative
16 for Manhattan for DHS services... [cross-talk]

17 MELANIE HARTZOG: Of all agencies...
18 [cross-talk]

19 COUNCIL MEMBER ROSENTHAL: ...for the last
20 six months... [cross-talk]

21 MELANIE HARTZOG: ...considering I was just
22 responsible for that agency I can assure you that
23 that agency, DSS has been in ongoing conversations
24 with us around their critical hires, there's not a
25 moment that... [cross-talk]

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COUNCIL MEMBER ROSENTHAL: Well, I mean
you might be having conversations... [cross-talk]

MELANIE HARTZOG: ...if he thinks has a
need then... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...I'm not
seeing hiring... [cross-talk]

MELANIE HARTZOG: ...then he doesn't call
me directly on that. So, I, I... [cross-talk]

COUNCIL MEMBER ROSENTHAL: And I...
actually... [cross-talk]

MELANIE HARTZOG: ...happy to have
conversations with you offline about what the...
[cross-talk]

COUNCIL MEMBER ROSENTHAL: Sure... [cross-
talk]

MELANIE HARTZOG: ...concerns are... [cross-
talk]

COUNCIL MEMBER ROSENTHAL: Director I
like the... [cross-talk]

MELANIE HARTZOG: ...but clearly for that
agency we are definitely prioritizing their critical
hires... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Well I mean
I'd like to continue on that exact point with

1
2 Department of Homeless Services, I mean we were
3 promised a couple of years ago that there was model
4 budgeting and that all of the homeless shelters would
5 be brought up to what they should be getting paid in
6 order to provide the services that they need that's
7 not happening in my district. I have a homeless
8 shelter and I'm only using it as an example not that
9 I... I'm not asking you to talk about this homeless
10 shelter but, you know two years ago we were told that
11 the provider wasn't good so, so we'd be, you know
12 shedding that provider, a year ago the decision was
13 well we're going to keep the provider but we're going
14 to fund an additional ten to 20 more people... [cross-
15 talk]

16 MELANIE HARTZOG: Uh-huh... [cross-talk]

17 COUNCIL MEMBER ROSENTHAL: ...so they can
18 do the work that they need to do, that hasn't
19 happened. At our last meeting a couple of months ago
20 at the CAB meeting the provider very clearly stated
21 that they were waiting for the funding from OMB, now
22 that could be misinformation by the provider,
23 everyone blames everything on OMB but... [cross-talk]

24 MELANIE HARTZOG: Thank you for
25 acknowledging that.

1
2 COUNCIL MEMBER ROSENTHAL: Yeah, well it
3 works in every direction, but it means that we
4 continue to have problems at that shelter. Look when
5 you gave the number of 175 dollars per night at a
6 hotel earlier in this hearing, I mean that comes out
7 to over 5,000 dollars a night, are, are any social
8 services being provided or is that... [cross-talk]

9 MELANIE HARTZOG: Yes... [cross-talk]

10 COUNCIL MEMBER ROSENTHAL: ...for you know
11 a room and bed and are they the services that those
12 people need, I'm not seeing it in my district and I'm
13 wondering when the money's going to flow there.

14 MELANIE HARTZOG: So, happy to have a
15 follow up conversation on this. We invested a
16 significant amount of resources into the model budget
17 that you're referring to for homeless providers, it
18 was a phased in approach as we're taking, as you may
19 know with many of the model budgets and the
20 investments that we're making in the sector to
21 improve the rates and the service provision there. I
22 don't know the particulars about what's... the
23 providers are in your district but happy to have a
24 follow up conversation as well as with Commissioner
25 Banks.

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COUNCIL MEMBER ROSENTHAL: So, just...

[cross-talk]

CHAIRPERSON DROMM: Thank... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...as a last comment I just want you to know, know that from my side I heard a lot of uh-huh, me too so in... on the ground at the district level we're not seeing that money flowing through and, and that's fully on OMB and that's a concern to me, thank you.

CHAIRPERSON DROMM: Council... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Thank you
Chair... [cross-talk]

CHAIRPERSON DROMM: ...Member Rosenthal it is a concern to the chair as well about the hiring and the freeze so that's something that we're going to look at further as we move down the road... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Thank you...
[cross-talk]

CHAIRPERSON DROMM: ...maybe not just even in, in DHS but in other areas of the budget so we'll, we'll continue that discussion. Let me say that we're now going to have questions from Council Member Chin, Rose, Deutsch, Cumbo and Powers.

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2 COUNCIL MEMBER CHIN: Thank you Chair and
3 welcome Director Hartzog.

4 MELANIE HARTZOG: Thank you.

5 COUNCIL MEMBER CHIN: I look forward to
6 working with you. Last year we made some great
7 progress with Year of the Senior but its going to be
8 every year is the Year of the Senior, alright?

9 MELANIE HARTZOG: Oh okay...

10 COUNCIL MEMBER CHIN: And we want to
11 continue... [cross-talk]

12 MELANIE HARTZOG: Thank you for
13 clarifying that...

14 COUNCIL MEMBER CHIN: That's right...
15 [cross-talk]

16 MELANIE HARTZOG: Plus, last year was the
17 year we're, we're ongoing, got it... [cross-talk]

18 COUNCIL MEMBER CHIN: Wanted to make sure
19 you, you got that message... [cross-talk]

20 MELANIE HARTZOG: Understood.

21 COUNCIL MEMBER CHIN: And we want to
22 build on that progress, it was a historic baseline
23 and its not even a lot of money, you know almost 23
24 million to the DFTA's budget but DFTA's budget is
25 still less than half a percent of the city's budget,

1
2 alright, so I was very excited to hear finally we're
3 going to have a meeting about the model budget for
4 the senior center and last year the Mayor baselined
5 ten million for this work and I hope that through the
6 meeting we're going to look at that ten million is
7 only a beginning so I hope to see an increase in
8 terms of that baseline because realistically ten
9 million doesn't cover the model budget, right, so
10 that's one question I wanted to ask you going
11 forward. The other thing is that seniors is a growing
12 population and the majority of the seniors, I think
13 most of the seniors want to be able to age with
14 dignity in the community that helped to build, they
15 don't want to go to nursing homes, right and so
16 providing the supportive services is critical and
17 last year it was great and we really appreciate the
18 baseline funding of four million for caregivers and I
19 was very happy to hear that those contracts has been
20 modified and that money is getting out the door which
21 is critical in terms of with OMB getting that money
22 to the community to the provider but one of the
23 questions that we always have year after year is
24 waiting lists for the supportive services like home
25 care and case management. Last year the

1
2 administration baselined a small amount of money, but
3 the need keeps increasing so I wanted to get it out
4 there that we don't want seniors waiting for home
5 care services or case management because they need
6 that support. So, as the Director of OMB what is your
7 perspective on that, are you going to promise me
8 there's going to be no waiting lists?

9 MELANIE HARTZOG: Well let me say that
10 you, you mentioned quite a few things including
11 acknowledging the investments that we've made both
12 last year and in the preliminary budget moving
13 forward. On the model budgets I think the... there is a
14 meeting coming up, I think you'll be very pleasantly
15 surprised and happy with how we're moving forward. As
16 you know we've consulted with the Department for the
17 Aging but with all of a broad, I think group of
18 providers and advocacy that our team here at OMB has
19 been leading those conversations so moving forward
20 you're going to hear about the strategy for
21 implementation and the plan there. I haven't had a
22 conversation yet with DFTA about where we are with
23 home care, happy to have that conversation about the
24 wait list for home care and case management and
25

1
2 follow up with you on that front and I'm very clear
3 that the year of aging is continuing, understood.

4 COUNCIL MEMBER CHIN: The year of the
5 senior is every single year, thank you, thank you
6 Chair.

7 CHAIRPERSON DROMM: Thank you, Council
8 Member Rose.

9 COUNCIL MEMBER ROSE: Thank you Chair and
10 Council Member Chin I agree. I was... but it was going
11 to say it was the year of the youth so, we, we might
12 have to have a little online... offline conversation.
13 Welcome and you know I'm the Youth Chair now and like
14 you I'm new to this but I'm not new to the fact that
15 there's been some disparities in terms of how monies
16 are allocated to, to youth programming and so in
17 Fiscal Year '17 the SONYC Program served over 67,000
18 youth which indicates to me that there is a need
19 however at the preliminary budget the administration
20 said that this program is no longer a priority and,
21 and it would not be funded for this summer so could
22 you tell me the thinking that went into deciding that
23 this would no longer be a funded summer program?

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2 MELANIE HARTZOG: Sure, I'm happy to
3 provide background and, and congratulations on your
4 new role... [cross-talk]

5 COUNCIL MEMBER ROSE: Thank you... [cross-
6 talk]

7 MELANIE HARTZOG: ...and if there's any
8 information that we can provide, you know we have a
9 great relationship with Latonia and her team but
10 moving forward we're happy to provide information to
11 you and the committee. The first thing I want to say
12 about just to clarify on the SONYC is that there are
13 70,000 slots school year-round and that is funded. In
14 terms of the summer program I think, you know it
15 really goes back to the many challenges that we're
16 facing. There are the various challenges that we've
17 talked about at Washington, the very significant
18 immediate challenges that are at the state level, I
19 think those challenges are real and very much on the
20 forefront... [cross-talk]

21 COUNCIL MEMBER ROSE: Yes, they are...
22 [cross-talk]

23 MELANIE HARTZOG: ...of that and... [cross-
24 talk]

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2 COUNCIL MEMBER ROSE: ...but to, to totally
3 eliminate... [cross-talk]

4 MELANIE HARTZOG: ...if I could just finish
5 the... [cross-talk]

6 COUNCIL MEMBER ROSE: ...funding for the
7 summer... [cross-talk]

8 MELANIE HARTZOG: ...point... if I can
9 finish, that in the preliminary budget I think there
10 were tough choices to make around where we had to be
11 prudent with our spending and this was an area where
12 we felt that many, many different priorities and
13 competing challenges and this was one where, you know
14 its... we had other priorities that we need to fund
15 along with, you know being mindful to the fact that...
16 [cross-talk]

17 COUNCIL MEMBER ROSE: Okay... [cross-talk]

18 MELANIE HARTZOG: ...we've got... [cross-
19 talk]

20 COUNCIL MEMBER ROSE: Alright... [cross-
21 talk]

22 MELANIE HARTZOG: ...state and... [cross-
23 talk]

24 COUNCIL MEMBER ROSE: Okay... [cross-talk]

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2 MELANIE HARTZOG: ...federal cuts... [cross-
3 talk]

4 COUNCIL MEMBER ROSE: Thank you. I, I, I
5 just... I have another question and I just want to get
6 to it... [cross-talk]

7 MELANIE HARTZOG: Sure.

8 COUNCIL MEMBER ROSE: Will DYCD increase
9 their contracts with the providers and SYEP jobs to,
10 to adjust for the new minimum wage?

11 MELANIE HARTZOG: Speaking of many
12 different challenges and priorities, that is one
13 where we have the minimum wage increase moving
14 forward between now and the executive budget we will
15 definitely be assessing what that need is for the
16 summer. We understand that that is part of the
17 providers being able to ramp up for the summer
18 programs.

19 COUNCIL MEMBER ROSE: Well I look forward
20 to having quite a vigorous conversation with you
21 about those two issues, thank you... [cross-talk]

22 MELANIE HARTZOG: Understood.

23 CHAIRPERSON DROMM: Council Member
24 Deutsch.

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COUNCIL MEMBER DEUTSCH: Sorry, I was talking to the Majority Leader here. Good afternoon, I, I have a few questions. Number one, in regards to Mitchell Lama, so I know the... this... the Mayor has a 250 million dollar reinvestment program so that is if a Mitchell Lama development qualifies for that refinancing so what is... do you have any plans on increasing the funding from the capital, capital money, capital funding to Mitchell Lamas throughout the city in order to preserve that affordability?

MELANIE HARTZOG: Council Member I know that this is part of Housing 2.0, I don't have the particular details as it relates to your district, I think the Commissioner of HPD is in the best position to answer that question, I'm happy to follow up and speak with her directly about it.

COUNCIL MEMBER DEUTSCH: Thank you. Second question is regarding sanitation, so now we have community board districts throughout the city that has now the new organics, organics pick-up so... which means that the equipment for sanitation now is, is... decreases because many of those double trucks are now picking up organics which is preventing them from picking up the recycling, the regular recycling which

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2 it currently used to pick up and secondly when people
3 have a Monday that they have trash pick up and
4 recycling then the trash usually they're told to
5 place it out Tuesday evening after the holiday but it
6 doesn't get picked up till several days after that
7 and in addition to recycling it doesn't get picked up
8 till the following week and if there's a holiday two
9 Mondays in a row which just happened not too long ago
10 then your recycling gets picked up a week and a half
11 later so is there any... in the budget is there any
12 funding, increased funding for sanitation for
13 equipment, for personnel? And I just wanted to
14 mention that trash pickups are the bread and butter
15 of our quality of life throughout the city and this
16 is something very important.

17 MELANIE HARTZOG: We, we do have
18 investments in the capital budget as well as in
19 sanitation's expense budget, you've mentioned a number
20 of different aspects of what the challenges are
21 particular to organics in your district. Again, I'm,
22 I'm not particularly familiar with what the specifics
23 are for your district but I'm happy to follow up with
24 the Commissioner to understand what that is, what the
25

1
2 different aspects are and what, what are we doing to
3 address that.

4 COUNCIL MEMBER DEUTSCH: So... okay, so in,
5 in parts of this phase hearing is there any like
6 funding, increased funding for sanitation as a whole
7 without going into particulars?

8 MELANIE HARTZOG: There's no new funding
9 within the preliminary budget but what I was
10 referring to is funding that we added in prior
11 budgets to address the organics program both capital
12 and expense that's what I was referring to.

13 COUNCIL MEMBER DEUTSCH: Uh-huh, okay.
14 So, I have to ask... when... I guess tomorrow... this week
15 I think is the sanitation hearing, so we'll have to
16 direct those questions to sanitation. So, finally I
17 just want to say one more thing that many of the
18 questions that Council Members asked today regarding
19 the breakdown of budgets of, you know particular
20 spending and whether it's the, the shelter program so
21 we didn't get the... those exact numbers, those exact
22 figures so moving forward dealing with those agencies
23 should we expect to get the break downs of how the
24 money was spent?

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2 MELANIE HARTZOG: There's been a number
3 of different requests that have been made throughout
4 the hearing for different aspects of and different
5 ways of looking at the homeless shelter budget, my
6 staff is taking down all of the requests and I'm most
7 certain as I look at Latonia that I will be getting
8 the follow up questions on that to make sure that we
9 get you the answers.

10 COUNCIL MEMBER DEUTSCH: No, my question
11 was that during the budget process when we direct out
12 questions directly to those agencies will those
13 agencies have those numbers without going through
14 Latonia or without just through the budget process
15 otherwise we're wasting our time sitting here and
16 going back and forth so will we be getting those
17 answers on those break downs from those agencies or
18 are we going to get the response that oh we'll talk
19 offline, we'll, we'll get it to Latonia or, or
20 anything else, I mean will we be getting those
21 answers?

22 MELANIE HARTZOG: I'm not going to... I
23 can't opine on what the agencies... your questions
24 you're going to ask them in particular what I'm
25 saying is I'm committed to getting you the answers to

1
2 the questions that you've asked me in a... in a timely
3 and expedient way as possible.

4 COUNCIL MEMBER DEUTSCH: Aren't you the
5 Director of the agency that oversees everything?

6 MELANIE HARTZOG: I'm the Budget Director
7 who's been asked a number of questions around various
8 aspects in ways of looking at the homeless shelter
9 budget, I'm going to follow up and get the answers to
10 you that you've asked me as budget director to give
11 you.

12 COUNCIL MEMBER DEUTSCH: Do the agencies...
13 [cross-talk]

14 CHAIRPERSON DROMM: Council, Council
15 Member Deutsch we'll get you those questions.. the
16 answers moving forward and as we go into the agencies
17 we'll get those questions for you as well.

18 COUNCIL MEMBER DEUTSCH: Thank you.

19 CHAIRPERSON DROMM: Okay, thank you,
20 Council Member Cumbo followed by Powers, Perkins and
21 Levine.

22 COUNCIL MEMBER CUMBO: Thank you. I want
23 to jump right in to Council Member Debi Rose's
24 question about the SONYC Program because we were here
25 at this exact same place last year as well as the

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2 year before that, is there another plan in regards to
3 the 68,000 young people, middle aged... excuse me,
4 middle school students that are going to be without a
5 summer youth program or an activity or a summer camp,
6 is there a plan yes or no for those children?

7 MELANIE HARTZOG: DYCD would have to
8 speak to the plan, I actually just want to confirm
9 the number that you're giving around what the summer
10 school impact is. I'm going to have to get back to
11 you on that, there's a little bit of back and forth
12 we're having on the summer school side but as to the
13 plan, as to what DYCD is doing in terms of working
14 with the providers and working with families on
15 alternative options I don't have the answer that's a
16 question for the agency.

17 COUNCIL MEMBER CUMBO: That's a serious
18 problem because in the Mayor's discussion with us and
19 you were also at that meeting we discussed at that
20 time that he was not going to be renewing the SONYC
21 Program so I find it hard to believe that from that
22 meeting where that was addressed and brought out that
23 at this time we would still have no answer or
24 understanding of what we're going to do with 67,000
25 children or if its 28,000 children or its ten

1
2 children we want to know what's the plan going to be
3 for middle school aged children who are not going to
4 have a summer opportunity because as we know idle
5 hands are the devils workshop, this is going to be a
6 recruiting ground for young people to find themselves
7 in gangs, teenage pregnancy, all types of areas that
8 we've done so much work in the city to prevent that
9 and then to have them with no opportunity over the
10 summer is quite dangerous for the city and quite
11 dangerous for those young people and their futures.

12 MELANIE HARTZOG: I didn't say that there
13 wasn't a plan what I said is that as it relates to
14 plans and working with providers and working with
15 parents around what other options are available for
16 the summer and that is really a DYCD question, that
17 is a operational question... [cross-talk]

18 COUNCIL MEMBER CUMBO: Has there been
19 money allocated towards a plan, would you know that?

20 MELANIE HARTZOG: There's no money
21 allocated for a plan... [cross-talk]

22 COUNCIL MEMBER CUMBO: So, then there's
23 no plan.

24 MELANIE HARTZOG: That's not true, I
25 don't know how we could say that there's not a plan

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to work with providers, as you well know DYCD is in constant communication with their providers around what they're doing, how are they monitoring their programs, how are they communicating with parents, how many children are served, where are the children served, what are the plans moving forward.. [cross-talk]

COUNCIL MEMBER CUMBO: It would be nice to know.. [cross-talk]

MELANIE HARTZOG: ...how would you have transition.. [cross-talk]

COUNCIL MEMBER CUMBO: ...it would be nice to know if there's been money.. [cross-talk]

MELANIE HARTZOG: Absolutely.. [cross-talk]

COUNCIL MEMBER CUMBO: ...allocated and resources for those young people because if not the challenge with that program is that that program is launched in March so if parents are going to participate in this program they have to be participating in it in March to sign up their children so that they can be prepared to have the experience in July and August and if we're still discussing it and unaware of it then we're going to

1
2 have no understanding of what our children are going
3 to do during that time. There's been a lot of
4 discussion here so I'm going to continue with my time
5 on that for my next question. On MWBEs where are you
6 right now in terms of the goals as far as MWBEs where
7 are we, what are the goals and what are we doing to
8 achieve the goals that we want to have in the city of
9 New York as it relates to MWBEs?

10 MELANIE HARTZOG: You're going to give us
11 a minute on that, this is an area definitely that I
12 am getting up to speed on and the work that's
13 happening here.

14 COUNCIL MEMBER CUMBO: Okay, but there is
15 someone who's up to speed on it, correct?

16 MELANIE HARTZOG: Yes, you... I just said
17 you have to give me a minute.

18 COUNCIL MEMBER CUMBO: Okay..

19 MELANIE HARTZOG: She's getting her
20 information together.

21 COUNCIL MEMBER CUMBO: Thank you.

22 MELANIE HARTZOG: So, my understanding is
23 that the goal is to have 30 percent of our MWBEs
24 certified by 2021 and right now we're almost at 12
25 percent.

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2 COUNCIL MEMBER CUMBO: So, the goal is to
3 have 30 percent certified and we're almost at where?

4 MELANIE HARTZOG: Sorry, its 30 percent
5 of the dollar amount of our city contracts towards
6 MWBEs by 2021 and right now we're at 19.. at 12
7 percent.

8 COUNCIL MEMBER CUMBO: We're at 19 or
9 we're at 12?

10 MELANIE HARTZOG: We're at 12.

11 COUNCIL MEMBER CUMBO: So, what has been
12 the increase from when Mayor De Blasio came into
13 office to now because to my understanding when we
14 came into office the number was at I believe roughly
15 4.9 percent so has it risen from approximately 4.9
16 percent to the 12 percent and what are we doing to
17 get to the 30 percent which is very aggressive where
18 you're at right now and the other question that goes
19 with that is how much money has the city allocated in
20 order to ramp up MWBEs to be able to qualify in order
21 to achieve that goal?

22 MELANIE HARTZOG: You've asked a series
23 of questions, I, I think... what I'd like to do is get
24 back to you and answer all of your questions, it
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would... yeah, let me get back to you and answer your questions.

COUNCIL MEMBER CUMBO: Okay, I... in the interest of time I'm going to respect the Chair's request, the challenge that we have is that while I understand that you're getting up to speed because you were just here for the next... last two months we can't then go back into our communities and our districts and holding the office of city council member and it just being okay when the budget closes because we didn't have the answers to these questions because you've been here for months so we need to actually have the answers to the questions that we've asked, it may appear funny but it's something that's very... [cross-talk]

MELANIE HARTZOG: No, it's not... [cross-talk]

COUNCIL MEMBER CUMBO: ...serious to us... [cross-talk]

MELANIE HARTZOG: ...funny, I'm just... I... [cross-talk]

COUNCIL MEMBER CUMBO: I hear you, thank you.

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2 MELANIE HARTZOG: I... we'll get you
3 answers to your questions.

4 CHAIRPERSON DROMM: Okay, thank you,
5 Council Member Powers, Perkins and then Levine.

6 COUNCIL MEMBER POWERS: Thank you and I'm
7 going to try to move fast because I have a few
8 different topics so I'm just going to do Pre-K, TLC,
9 criminal justice and procurement just, just that
10 said. I think that, you know sharing Council Member
11 Cumbo's concern around the SONYC Program I think that
12 was done at the same time as the Pre-K for All
13 Program which I think everybody would agree is a
14 landmark achievement of the administration. In my
15 district we've had concerns ongoing around and other
16 districts too around finding new space for programs
17 and having the appropriate funding to make sure we
18 can expand where its needed now and in the future so,
19 first question on, on UPK and then it's a Three K for
20 All, are we budgeted to meet the exact demand right
21 now, are we planning long term in terms of finding
22 space for and funding for programs where we need to
23 expand and if not how much more money do we need to
24 maintain the integrity of that program in the coming
25 years?

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2 MELANIE HARTZOG: So, I'm... I just got an
3 update here that we have three new sites in the Upper
4 East side... [cross-talk]

5 COUNCIL MEMBER POWERS: Yep... [cross-talk]

6 MELANIE HARTZOG: ...and we are continuing
7 to look for additional space.

8 COUNCIL MEMBER POWERS: But I'm talking
9 about beyond my district although I do appreciate
10 that and that was... that was wonderful is how are we
11 meeting the demand for UPK because we all, I think
12 everybody here agrees with the Mayor on that the
13 importance of that program but how are we meeting the
14 funding needs of that for the long term?

15 MELANIE HARTZOG: The, the program is
16 meeting the needs at this current time, it is fully
17 funded with both city and state resources within...
18 [cross-talk]

19 COUNCIL MEMBER POWERS: Okay, on Three K
20 for All are we... do we anticipate state support for
21 Three K for All for expansion?

22 MELANIE HARTZOG: In the out years we do
23 anticipate, at the... in the current year we are
24 funding expansion, we're going above and beyond what
25 we said we would do using our existing resources.

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2 COUNCIL MEMBER POWERS: Okay and so... but
3 we will be relying on state support for the expansion
4 of Three K for All in the... [cross-talk]

5 MELANIE HARTZOG: That is the goal...
6 [cross-talk]

7 COUNCIL MEMBER POWERS: ...years coming up...
8 okay, great. Second is just moving topics real quick,
9 I, I know and I remember working on this some years
10 ago when the Mayor did his expansion of the outer
11 borough taxi program that came with a revenue stream
12 anticipated for yellow taxi medallions, we still have
13 that budgeted in there, I believe its 107 million if
14 I'm correct, when do you think we're achieving those
15 107 million dollars in medallion sales?

16 MELANIE HARTZOG: All part of our ongoing
17 conversations as we move into the executive budget.
18 We've done a number of different initiatives as
19 recent as March of 2017, we relaxed medallion
20 ownership restrictions and we reduced the transfer
21 tax from five percent to .5 percent, so we think
22 those are going to have an effect on the market, so
23 we continue to monitor it and we'll reflect any
24 changes that we see are needed come the executive
25 budget.

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2 COUNCIL MEMBER POWERS: Got it and, and
3 you've changed the conditions you, you, you noted but
4 is there an anticipated sale... I'm sorry for going
5 over my time, is there an anticipated sale of
6 medallions in the near future?

7 MELANIE HARTZOG: There are ongoing
8 conversations that we're having internally and if
9 there are any changes to that you would see it
10 reflected in future budgets.

11 COUNCIL MEMBER POWERS: And the 107
12 million dollars is, is not the original estimate that
13 was pegged to it in 20... whatever year it was, 2012,
14 what was the initial amount and how much are we
15 budgeting for now?

16 MELANIE HARTZOG: I'm, I'm going to have
17 to get back to you on what the original... you're
18 asking me what the original... [cross-talk]

19 COUNCIL MEMBER POWERS: Yeah... [cross-
20 talk]

21 MELANIE HARTZOG: ...plan was in terms of
22 sales and the revised plan, correct?

23 COUNCIL MEMBER POWERS: Probably in the
24 billions I anticipate based on... [cross-talk]

25 MELANIE HARTZOG: Yeah, I... [cross-talk]

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COUNCIL MEMBER POWERS: ...what... [cross-talk]

MELANIE HARTZOG: ...I would have to get back to you on that...

COUNCIL MEMBER POWERS: Okay, so... but we are forecasting a medallion sale of 107 million dollars that in my estimate probably will never occur, that was a value statement, we are budgeting for 107 million dollars for medallions sales... [cross-talk]

MELANIE HARTZOG: As I said... [cross-talk]

COUNCIL MEMBER POWERS: ...this year... [cross-talk]

MELANIE HARTZOG: ...we are... its currently budgeted... [cross-talk]

COUNCIL MEMBER POWERS: Okay... [cross-talk]

MELANIE HARTZOG: ...and we're having ongoing conversations about that.

COUNCIL MEMBER POWERS: Okay, just one... just one and a half... two more questions and then... okay, one more question. You, you have Danny's the Boss, I listen to Danny, you, you guys have money in here I think of, of new savings or, or estimates

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2 around the Rikers Island and cost of facilities
3 particularly around the closing of the... of a facility
4 on the island, I think you re-estimated for ten
5 million dollars and this... the last fiscal... the
6 current fiscal year and then 50 million dollars in...
7 can you just give me a sense of how you got to those
8 estimates and, and the other adjustments being made
9 around the closure of Rikers Island and cost?

10 MELANIE HARTZOG: I actually appreciate
11 the question, it was one of the efficiencies that was
12 part of our savings plan, it is yielding about 55
13 million dollars in '19 and now... and in savings. It is
14 essentially based on the closure of a facility, so we
15 save on fixed costs for operating that facility and
16 the staffing, it is not... its actually essentially
17 taking down vacancies...

18 COUNCIL MEMBER POWERS: And, and I just
19 want to know its 50... about 50 million dollars each
20 year saved in the closure, closure of it?

21 MELANIE HARTZOG: Its 55 million...

22 COUNCIL MEMBER POWERS: And then ten in
23 the fiscal...

24 MELANIE HARTZOG: Ten in the current
25 year, 55... [cross-talk]

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2 COUNCIL MEMBER POWERS: 50... got it, thank
3 you. Thank you to the Chair, I just too also say
4 thank you to the finance staff as well who have, have
5 done a wonderful job preparing everybody here for
6 the... for the hearing and thank you for, for being
7 part of this, thanks.

8 CHAIRPERSON DROMM: Thank you Council
9 Member, we're going to go to Council Member Perkins
10 followed by Levine and then two follow up questions,
11 we'll not be doing a round two in the interest of
12 time. I want to thank you for sticking with this over
13 the time that you were allotted and that you had
14 agreed to be here, we appreciate that very much and I
15 know the Department of Finance is waiting as well so
16 we will not be going to round two, we will follow up
17 with these two and then I have a couple and that will
18 be it for this panel.

19 COUNCIL MEMBER PERKINS: Well thank you
20 Mr. Chair. I'm going to be brief, I just have a
21 concern or an interest in, in the New York City
22 Housing Authority and its recent reports about lead
23 paint poison... lead and, and wanted to know is that in
24 your jurisdiction?
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2 MELANIE HARTZOG: Yes, we've been having
3 ongoing conversations with NYCHA, I've had
4 conversations directly with the Chair around where we
5 are with our implementation of... moving forward with
6 lead paint both in testing and abatement, yes.

7 COUNCIL MEMBER PERKINS: So, you're
8 having conversations you said, or do we have a plan...
9 [cross-talk]

10 MELANIE HARTZOG: They're ongoing...
11 [cross-talk]

12 COUNCIL MEMBER PERKINS: To... how do... how
13 do... is there a plan to remediate or somehow or other
14 to prevent the potential poisoning that, that, that
15 paint might in, involve?

16 MELANIE HARTZOG: Absolutely, we're
17 moving forward with testing, we're moving forward
18 with plans for continuing that testing to move to
19 remediation and abatement, yes.

20 COUNCIL MEMBER PERKINS: So, the testing
21 that you're doing is with regards to the paint in the
22 particular buildings have... and have you looked at the
23 buildings where that type of paint may have been used
24 at some point in history, I guess it was considered
25 the best in the world and then it was discovered that

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it had this potential for lead paint poisoning so I just was wondering, I know we've discovered it and wanted to know how we're moving to see whether or not it's a threat to the children and the families or if there's some remediation necessary or, or what, what, what is the status of your analysis and the determination as to what to do if anything?

MELANIE HARTZOG: Sure, so I, I think the... you will be... the Chair will be coming in front of you in a couple of weeks and can speak in far more detail and expertise than I can around what has been done and what she's doing but NYCHA's completed visual assessments of about 8,896 units where we have children under six have been inspected to date that is the work that has been done.

COUNCIL MEMBER PERKINS: So, you said children have been inspected or buildings or...

MELANIE HARTZOG: So, they've been visually inspected, and they've been repainted so that there is no threat from that perspective.

COUNCIL MEMBER PERKINS: And so, has there been any indication of anybody being infected by it or any...

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MELANIE HARTZOG: Not that I can attest to, again I, I really think these are questions better answered by the Chair than by me. What I can say is we've been having ongoing conversations about overall resource needs as it relates to NYCHA not just on this aspect but as it relates to heating, heating upgrades, any work that's being done in the broader capital sense around facades work as well...
[cross-talk]

COUNCIL MEMBER PERKINS: So, in regard to this aspect what is being done about the, the, the discovery of lead paint in the... in the buildings? Is that... is that paint being painted over, how is that being addressed?

MELANIE HARTZOG: So, its, its exactly what I had just said, when in fact there is and you see peeling paint and you repaint it that work then encapsulates the lead so that is the, the work that is being done and I think beyond that Council Member I really do defer to the Chair to be able to answer more questions as it relates to operationally what NYCHA's doing on that front.

COUNCIL MEMBER PERKINS: I'm a little concerned about just painting it over because I'm not

1
2 sure if that stops the peeling and the other
3 potential so... but whatever you can do to, to, to
4 share with us what's happening to deal with that I
5 would appreciate it.

6 MELANIE HARTZOG: Understood.

7 CHAIRPERSON DROMM: Okay, thank you,
8 Council Member Levine.

9 COUNCIL MEMBER LEVINE: Alright, sorry
10 about that. Hello, Madame Director, very nice to see
11 you. I want to ask you about health insurance and
12 I'll explain why I'm asking the OMB director that. We
13 have about 650,000 people in this city who had no
14 health insurance so even in the era of Obamacare
15 where that numbers gone down its still an incredibly
16 large number, over half a million, these are adults
17 and it turns out that most of them are actually
18 eligible for insurance, some Medicaid and most of the
19 rest a subsidized policy on the exchange and so this
20 is an important matter for them, everyone needs
21 health insurance but it's also at the very heart of
22 the fiscal crisis in our public hospitals. We heard
23 testimony last week from the great new director, Dr.
24 Katz under the hearing chaired by our great new Chair
25 of Hospitals, Carlina Rivera in, in which he really

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2 identified the lack of health insurance as one of the
3 main drivers of the deficit there. So, that raises
4 the obvious solution, let's just get people covered,
5 people who are eligible for insurance, so we can
6 start billing, get money coming in from state and
7 federal sources. It turns out that we're actually not
8 investing it as much as we should be in that very
9 simple project of getting people covered. The
10 Department of Health has I think maybe... I could have
11 these numbers wrong so correct me or you can get back
12 to us but maybe 30 people who are working on getting
13 people insurance, we have people at HRA who are
14 working on this and obviously there are people at H
15 and H but there are still hundreds of thousands of
16 people coming into our public hospitals with no
17 insurance, people who then we're not getting a penny
18 for so do you know what is the scale of our effort to
19 get people covered, what are we spending, what is it
20 yielding?

21 MELANIE HARTZOG: Sure, it, it is
22 absolutely all the aspects that you just said; HRA,
23 Health and Hospitals and I'm not sure if you're
24 familiar with when we launched the transformation
25 plan for Health and Hospitals we also included and

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2 launched an initiative called Get Covered and
3 dedicated additional resources to essentially boost
4 coverage and it was also directly linked to the point
5 that you're bringing up around Health and Hospitals
6 which is the more that we can get individuals
7 covered, right there's more cost coverage there, more
8 revenues coming into Health and Hospitals. I know
9 that the... Mitch is great, we've had many
10 conversations as he's just come on board around other
11 areas and efforts that he wants to do and so I'm
12 happy to have more conversations... [cross-talk]

13 COUNCIL MEMBER LEVINE: Because, because
14 my time is short just to interrupt, do you know how
15 much we're spending on enrollment and how many FTE's
16 that would be and how many enrollments that's
17 yielding?

18 MELANIE HARTZOG: We do, and we can get
19 back to you with those details and we'll break it out
20 by agency for you.

21 COUNCIL MEMBER LEVINE: And what about
22 outside of government offices, are we investing in
23 community-based organizations to do this work?

24 MELANIE HARTZOG: Well you have all the
25 certified applicants that are part of ACA funded so..

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2 which is outside of our area but... and then you have
3 the navigators that are at the state level that are
4 also helping there as well.

5 COUNCIL MEMBER LEVINE: Look obviously if
6 someone is coming to a city agency like HRA let's
7 take advantage of that moment and get them enrolled
8 but also, we need to be honest about the fact that
9 some people are not going to be comfortable coming
10 into a government office... [cross-talk]

11 MELANIE HARTZOG: Uh-huh... [cross-talk]

12 COUNCIL MEMBER LEVINE: ...so if we can be
13 in the communities with CBOs they trust doing that
14 work that's the parallel strategy we have to pursue
15 so if you can get back to us on the numbers here on
16 what we're spending, the FTEs both in the government
17 and community contacts and what its yielding that's
18 really important.

19 MELANIE HARTZOG: We will do that, yes.

20 COUNCIL MEMBER LEVINE: Thank you.

21 CHAIRPERSON DROMM: Okay, Director
22 Hartzog just a couple more questions. The citywide
23 savings program includes several citywide initiatives
24 expected to produce savings by changing agency
25 practices and procedures, we know that those targets

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2 are there, but have you tracked how effective they
3 have been and what the results are?

4 MELANIE HARTZOG: We know that the... we
5 are well on track to receive... to actually recognize
6 141 million dollars in citywide savings, in the out
7 years we're in the process as you may know this is a
8 relatively new initiative under OMB in developing
9 clear indicators to track the progress and we're
10 happy to have conversations with the council moving
11 forward as it develops what those indicators should
12 be and, and include it in our ongoing savings
13 monitoring with you.

14 CHAIRPERSON DROMM: So, will you include
15 performance measures in the MMR related to actual
16 savings realized by agencies and which agencies?

17 MELANIE HARTZOG: You know Chair I think
18 it's a little too early for us to be able to say
19 definitively that we can do that because we're still
20 in the process of actually developing those
21 indicators and tracking of them but I'm happy to
22 continue to have conversations about it.

23 CHAIRPERSON DROMM: Something we
24 definitely want to look at... [cross-talk]

25 MELANIE HARTZOG: Yep... [cross-talk]

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CHAIRPERSON DROMM: ...moving forward...

[cross-talk]

MELANIE HARTZOG: Understood.

CHAIRPERSON DROMM: ...as well. Last question on education although I have a million and one but, in the sake... for the sake of time, data on... I'm going to talk a little bit about teacher positions, so data shows that since 2015 the DOE has added over 10,000 positions yet the percentage of teachers compared to head... total head count is steadily decreasing another words the number of people employed is increasing but the number of teachers by percentage is decreasing, can you explain why that's happening and where its happening in the Department of Education?

MELANIE HARTZOG: You know I'm just seeing this chart for the first time so I think we need to actually take a look at it and.. to understand it a little better but we can speak generally to where there's been head count increases in the DOE, I'm going to turn it to Ken to give you an overview.

CHAIRPERSON DROMM: And by the way it's not just the head count increases because I think you've gone up over the last couple of years from

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2 about 75,000 teachers to about 77,000 teachers if I'm
3 not mistaken it's actually the percentage of teachers
4 in terms of the increased spending for personnel and
5 then this other than... other than teaching personnel
6 where we see the largest increase in terms of the
7 numbers of people that have been hired.

8 KEN GODINER: So, we've added about
9 10,000 pedagogical employees teaching in our schools
10 and classrooms, you know there are a host of, of
11 different positions included in that not only do we
12 have classroom teachers but we also have literacy
13 coaches, special ed support staff, social workers and
14 we've been expanding of course Pre-K and, and Three
15 K, those also, you know encompass additional support
16 staff, I don't know that I'm... you know be able to
17 respond exactly to this percentage change chart but
18 there's no question that the vast bulk of, of the
19 additional head count added at DOE is for direct
20 service providers, you know classroom teachers,
21 principals, social workers, psychologists, para-
22 professionals, etcetera.

23 CHAIRPERSON DROMM: Well I, I wouldn't... I
24 wouldn't say that we're absolutely certain about that
25 we want to look at that definitely moving forward

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2 because according to the numbers that we have that
3 may not necessarily be exactly what we see happening
4 and certainly I know this is a new chart for you but
5 its that percentage that we see decreasing in terms
6 of the direct service providers particularly the
7 teachers in the Department of Education.

8 MELANIE HARTZOG: Understood.

9 CHAIRPERSON DROMM: Okay. So, maybe
10 moving forward in terms of when we do get to DOE
11 oversight and budget hearings we can get those exact
12 numbers from you as well.

13 MELANIE HARTZOG: Yes.

14 CHAIRPERSON DROMM: Okay. Alright, thank
15 you I, I do want to thank you Director Hartzog for
16 coming in and congratulations on your first hearing
17 and for the... [cross-talk]

18 MELANIE HARTZOG: Thank you sir... [cross-
19 talk]

20 CHAIRPERSON DROMM: ...testimony that
21 you've given, we look forward to continuing to work
22 with you as we move into the future.

23 MELANIE HARTZOG: Appreciate it, thank
24 you very much.

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2 CHAIRPERSON DROMM: Thank you. Okay,
3 we're going to take a ten-minute break and then we
4 will start with the Department of Finance after that.
5 Good afternoon and welcome to the first day of the
6 council's preliminary budget hearings. My name is
7 Daniel Dromm and I Chair the Finance Committee. We
8 just heard from the OMB Director Melanie Hartzog, we
9 will now hear testimony from Commissioner Jacques
10 Jiha of the Department of Finance. DOF's fiscal 2019
11 preliminary budget totals 306.4 million dollars, a
12 3.8 million dollar increase over fiscal 2018 adopted...
13 over 20, 20... over fiscal 2018 adopted budget. Today I
14 look forward to hearing from the Department about the
15 agency's new needs such as those related to the
16 enhancement and maintenance of the new business tax
17 system, the hiring of more auditors and investments
18 in technology for property tax assessments. I also
19 hope to learn more about ongoing work and initiatives
20 such as efforts toward property tax reform,
21 collecting outstanding debt using outside collection
22 agencies and the new property tax system. We will now
23 begin this portion of the hearing with testimony from
24 Commissioner Jiha once he is sworn in by Counsel.

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2 COMMITTEE CLERK: Do you affirm that your
3 testimony will be truthful to the best of your
4 knowledge, information and belief?

5 JACQUES JIHA: Yes.

6 CHAIRPERSON DROMM: Okay, please begin,
7 thank you, welcome.

8 JACQUES JIHA: Good afternoon. Thank you
9 Chair Dromm and members of the Finance Committee for
10 the opportunity to testify today. My name is Jacques
11 Jiha and I'm the Commissioner of the New York City
12 Department of Finance. I am joined today by First
13 Deputy Commissioner Michael Hyman and my Senior DOF
14 staff. Since this is my first opportunity to testify
15 before many of the new committee members, I will
16 begin with a brief overview of the agency. We tend to
17 go about our business quietly, but we play an
18 incredibly important role in city government. Among
19 other things, the Department of Finance administers
20 the tax and revenue laws of the city including
21 property and business taxes and parking summonses. We
22 value close to 1.1 million properties worth a
23 combined market value of 1.3 trillion dollars and we
24 are responsible for recording deeds and other
25 documents associated with those properties. We

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2 administer 26 exemption and abatement programs that
3 provide about 3.8 billion dollars in tax relief to
4 property owners and renters. We manage the city's
5 banking relations and treasury with operating cash
6 balances of more than 14 billion dollars. We advise
7 the Mayor on the city's five pension systems, and
8 through the Sheriff's Office, enforce the orders of
9 the city and state court systems. And one of our most
10 important responsibilities is to keep you informed of
11 the city's financial position. Through February, New
12 York City's revenue totaled about 46 billion dollars,
13 an increase of 11 percent over last year. This
14 increase is partly the result of taxpayers prepaying
15 their taxes in December because of the new federal
16 tax law limiting the deductibility of state and local
17 taxes. While our overall financial position is
18 relatively strong, there are several areas of
19 concern. The corporation tax continues to
20 underperform, declining by about four percent so far,
21 this fiscal year. The real property transfer and the
22 mortgage recording tax, which are as indicators of
23 the health of the real estate market, have declined
24 by about six percent and five percent respectively.
25 There are also economic uncertainties which when

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2 combined with recent stock market volatility and
3 concerns over the still evolving national economic
4 policies of the Trump administration, give us a
5 reason to approach the fiscal '19 budget cycle with
6 caution. As such, we will continue to closely monitor
7 tax collections and will brief the council as
8 warranted. While revenue collection is an important
9 part of our job, I would also like to give you a
10 sense of the principles and priorities that guide our
11 work. At the Department of Finance, we believe that
12 like any business, cities that do not provide
13 efficient, friendly services at reasonable prices
14 will not attract or retain customers, in our case,
15 the residents, visitors, and businesses that support
16 our robust and diversified tax revenue base. And so,
17 we treat all New Yorkers with fairness and respect.
18 We try to give our customers the benefit of the
19 doubt. We strive to collect the right amount of
20 taxes; not one penny more, not one penny less. This
21 means if you overpay your taxes, we will come looking
22 for you to give you a refund. In fact, the number of
23 refunds issued by the city since my appointment as
24 Commissioner has increased more than 60 percent over
25 the previous four years. Our business model is built

1
2 on four foundational pillars; fairness, efficiency,
3 transparency, and customer service. These pillars are
4 at the heart of an annual strategic planning process
5 that has united the Department of Finance around a
6 suite of more than 100 projects designed to modernize
7 the agency, improve our processes and ensure a better
8 experience for our customers. Many successful
9 initiatives have emerged from this process, including
10 several that have made it easier for customers to pay
11 what they owe, or challenge us when they think we
12 have made a mistake. For example, you can now pay or
13 dispute a parking ticket from the palm of your hand
14 with our award-winning Pay or Dispute app. Since its
15 launch in April of last year, the app has been
16 downloaded 265,000 times and more than 400,000
17 tickets were disputed or settled using its simple,
18 customer friendly interface. Pay or Dispute is truly
19 a win-win, making the parking ticket resolution
20 process easier for both the customer and the agency.
21 The next big... the next best thing to paying a parking
22 ticket from your phone is being able to pay it in
23 your own neighborhood, even if you do not have a
24 credit card or a debit card. Thanks to a new
25 partnership with a company called Pay Near Me, New

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2 Yorkers can now settle their parking violations in
3 cash at over 100 7-Eleven stores in the city and
4 thousands more locations nationwide, in fact, 15
5 percent of all of our, our Pay Near Me transactions
6 have been conducted out of state. The Pay Near Me
7 partnership and the Pay or Dispute app were designed
8 to provide our customers in this case, parking ticket
9 recipients with the most convenient experience
10 possible. We are also making it easier for New
11 Yorkers to apply for and receive the benefits
12 administered by the Department of Finance with online
13 platforms that allow landlords, coop boards, condo
14 management companies and Rent Freeze... Rent Freeze
15 program participants to renew their benefits and
16 upload their documentation electronically, no more
17 mailing us a packet of information or making a
18 special trip to one of our business centers. At the
19 same time, we are speeding up the determination
20 process for the Rent Freeze program by automatically
21 uploading data from the IRS and Social Security
22 Administration. This will make the determination
23 process faster and less burdensome for seniors and
24 people with disabilities. We have also launched a new
25 business tax system which has made life much easier

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2 for tax practitioners, a key Department of Finance
3 constituency. Accountants and lawyers now have direct
4 access to their clients' records online and can
5 perform many transactions from a single, secure
6 portal. Our experiences with this system will help
7 guide the launch of a new online property tax system
8 that will allow property owners to access important
9 information and apply for tax benefits, benefits in a
10 single place. In addition to providing customers with
11 helpful and user-friendly resources, we are also
12 resolute in our effort to address their complaints.
13 That is why we have created two units whose purpose
14 is to make the agency more accountable to the public.
15 The first is the Office of the Taxpayer Advocate,
16 which assists taxpayers who feel that they have not
17 received an adequate response through normal
18 Department of Finance channels. Since its creation,
19 the Office of the Taxpayer Advocate has helped New
20 Yorkers receive almost two and a half million dollars
21 in refunds and more than five million dollars in tax
22 abatements and credits. The second is a Parking
23 Summons Advocate, whose office will focus on
24 identifying and resolving systemic issues regarding
25 parking infractions. Once this position is filled, we

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2 will be one of only two major cities in the country
3 with an office devoted to advocating on behalf of
4 parking ticket recipients. We are also committed to
5 keep... to keeping New Yorkers in their homes. Last
6 year we supported state and local legislation that
7 increased the income ceiling for the senior citizens
8 and disabled homeowners' property tax exemptions.
9 More than 45... 44,500 households receive these
10 benefits, and we continue to reach out to homeowners
11 who may be eligible under the new income guidelines.
12 We also continue to push for state legislation that
13 will allow us to build on our successful efforts to
14 fight deed fraud, which remains a serious concern for
15 property owners in New York City. And we are very
16 grateful to have worked with the city council on
17 other initiatives designed to help New Yorkers,
18 including the Rent Freeze program, our lien sale
19 outreach and the very successful ECB amnesty program.
20 Of course, our work is far from finished. We have
21 many goals for the new term, and I would like to
22 share just a few of them with you today. The first is
23 what we are calling the One Account model. Today, if
24 you have multiple relationships with the Department
25 of Finance, you are required to visit different

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2 websites and create different accounts in order to
3 conduct your business. With the One Account model,
4 all of your relationship and transactional data will
5 be housed in a single user-friendly web portal. You
6 will be able to access everything with a single
7 account, every property you own, every tax break you
8 receive, every fine or business taxes... business tax
9 you must pay. This will be very helpful to customers
10 who are trying to keep multiple accounts in good
11 standing. We are also exploring the creation of a
12 Department of Finance call center which would give
13 customers a direct line for questions about all
14 business tax services and personal benefits,
15 including the Rent Freeze program and the senior
16 citizen, disability and veteran tax exemptions. Right
17 now, we rely on 3-1-1 and their agents do a great job
18 helping New Yorkers, our customers but when you have
19 a question about net operating losses or you don't
20 understand the legal definition of income when you
21 are applying for a senior exemption program, you
22 don't 3-1-1, you need a tax expert or an exemption
23 expert to assist you with your application. With the
24 Department of Finance call center, customers will get
25 an answer right away, or, if a question requires

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2 further research, within seven days. Another priority
3 of this administration is an issue that has perplexed
4 several previous state and city administrations for
5 decades, namely property tax reform. Now, how we
6 assess and collect property taxes is largely a matter
7 of state law, but in the last three years, the
8 Department of Finance has been building the
9 infrastructure to improve our valuation methods. We
10 have dramatically improved our data collection,
11 econometric modeling and valuation process by hiring
12 more assessors and making a major investment in
13 street level imagery with GIS accuracy to complement
14 our on-site inspections. This technology has been a
15 game changer for the agency, allowing us to
16 reengineer our valuation process to review more
17 properties with fewer errors. For example, our
18 assessors visited approximately 15,000 parcels in a
19 three-month period in 2016. For the same period in
20 2017, they reviewed about 52,600 parcels; 43,000 of
21 them via desktop review and the rest through field
22 visits. As a result, we made close to 8,600 data
23 corrections in those three months alone. This has
24 resulted in property tax values that are more
25 accurate and more transparent than they were four

1
2 years ago. This is a prime example of how technology
3 and governmental innovation can help us do our jobs
4 better, serve our clients better, and carry out our
5 core mission better. We will continue to explore new
6 methods to improve the property tax system. But,
7 frankly, we cannot do it on our own. State
8 legislation will be necessary to overcome the legal
9 constraints imposed by Albany. Mayor De Blasio has
10 stated on many occasions that reforming our property
11 tax system in a revenue neutral manner is a second
12 term priority. He is of the fundamental belief that
13 we should strive for a more straightforward, more
14 transparent and a more consistent system. He is also
15 clear eyed, as I am, that this will be a massive
16 undertaking. And reform has become even more
17 difficult now that the federal government has limited
18 the deductibility of state and local taxes for
19 individual taxpayers. To put it simply, federal tax
20 reform was not designed to reward cities like New
21 York. It has real consequences for the people who
22 live, work and pay taxes here and this administration
23 is committed to working with you and the state to
24 help reduce the negative impacts of the law where
25 possible. In this and in all other matters, our goal

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2 in working with you will always be to provide timely
3 responses and accurate information so that you can
4 make informed decisions and provide first rate
5 service to your constituents. We are proud and eager
6 to be your partners and we know that we cannot
7 achieve our goals without your support. As we go
8 forward together, please know that we are as
9 committed to our customers as you are to your
10 constituents and if you have ideas for how we can do
11 a better job serving the public, we would love to
12 hear them. Thank you and I'm happy to take any
13 questions.

14 CHAIRPERSON DROMM: Thank you very much
15 Commissioner. I want to go first to your testimony
16 and then I have some other questions as well. On page
17 three of your testimony you mentioned that we've seen
18 an 11 percent increase in the revenue over the last
19 year, when did most of that money come in, was that
20 in the last quarter?

21 JACQUES JIHA: Yeah, a lot... a lot of it
22 was in the last quarter and as I indicated in my
23 testimony a big part of it as a result of the
24 prepayments of property and income taxes... [cross-
25 talk]

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2 CHAIRPERSON DROMM: Right, so we're not
3 sure exactly why that's been increased that... has
4 increased that much?

5 JACQUES JIHA: The underlying economy has
6 been also being strong.

7 CHAIRPERSON DROMM: Okay. In your
8 testimony you mentioned the Pay Near Me transactions
9 which is very interesting, I did not know that that
10 existed before, I think that you have a partnership,
11 is that the one with Seven-11, yes, with the Seven-11
12 stores, how does that actually work, so you go into a
13 Seven-11 and is there like a ATM machine or something
14 there?

15 JACQUES JIHA: You go to a Seven-11 and
16 you go to any cashier and you have on your I-phone
17 and they... I mean Jeff could provide you a much better
18 example of how it works but on your... you bring your
19 phone at a Seven-11 there's a picture of the... of the
20 ticket and they scan it and you pay it right there
21 and it cost you like three dollars as a service fee
22 to pay at Seven-11, you could pay on a weekend, after
23 five when our centers are closed on weekends when
24 other centers are closed and also you could be out of
25 state and walk into any Seven-11 and make payments.

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CHAIRPERSON DROMM: Is... you pay with

cash?

JACQUES JIHA: With, with cash, that is

how mostly... [cross-talk]

CHAIRPERSON DROMM: Cash only?

JACQUES JIHA: Yeah, that's mostly for

people who don't have any banking relations that's

what... that was our target.

CHAIRPERSON DROMM: And how long has that

been in effect?

JACQUES JIHA: About six months now, yeah

about six months now.

CHAIRPERSON DROMM: Okay, another

question in terms of the One Account model. How long

has that been in effect?

JACQUES JIHA: No, we have not done that...

[cross-talk]

CHAIRPERSON DROMM: You haven't done it

yet, okay. So, what will that exactly show?

JACQUES JIHA: Well we would basically

aggregate all your business relationships under one

account so right now when you come to us and let's

say you have a car, you own a car, you own a

property, you own different properties, we have to go

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2 different places to get all your information, okay,
3 so you could make a transaction so under the new
4 model you would have one account so everything would
5 be folded under that account so if you need to know
6 anything about your, your... if you have a parking
7 ticket, if you have property taxes, you receive
8 benefits from us, all the information will be under
9 one account.

10 CHAIRPERSON DROMM: Did you say payment
11 plans would be on there also?

12 JACQUES JIHA: Yes.

13 CHAIRPERSON DROMM: Yeah, so if somebody
14 being able to log on there and see their payment
15 plan.

16 JACQUES JIHA: Yes.

17 CHAIRPERSON DROMM: Okay, this was very
18 interesting too, something that the council has been
19 advocating for in the past which is the call center
20 and it would give a direct line for questions about
21 business tax services and personal benefits. Now how
22 far down the road are you on that in exploring that?

23 JACQUES JIHA: Which one?

24 CHAIRPERSON DROMM: The call center.
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2 JACQUES JIHA: Oh the call center, we are
3 currently working with exploring, you know all... you
4 know we're putting in place, we're doing all the kind
5 of... that we need to do to... we... to come up with an
6 estimate in how best we're going to... or when we're
7 going roll it out so we'll have to come back to the
8 council to request resources, you know to do so
9 because currently its very challenging for people to
10 provide their personal information to 3-1-1 to any 3-
11 1-1 operator so it's a... it's a... an area of major
12 concern... complaints that we receive a lot of
13 complaints from the public.

14 CHAIRPERSON DROMM: Seems interesting and
15 we look forward to further discussing that with you,
16 something that we've been interested in for a long
17 time as well.

18 JACQUES JIHA: Okay.

19 CHAIRPERSON DROMM: So, in your testimony
20 you also say on page 12, we will continue to explore
21 new methods to improve the property tax system, can
22 you outline any of those new methods that you have or
23 that you're considering?

24 JACQUES JIHA: As I indicated in my
25 testimony one of the last... I mean we, we have made

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2 some significant investments in our data collection.
3 The... we, we improve considerably our econometric
4 model, we hired a lot of assessors in the last two
5 and half years so... and as I indicated one of the big
6 investments we just made is in streetscape technology
7 which is basically taking a picture, street level
8 pictures of all the properties and that has been a
9 game changer in terms of the we value, it has
10 provided us some really, really good information,
11 good data and as a result of all these things we are
12 improving our valuation methods and as I said as new
13 technologies, as new processes evolve we will
14 continue to use them but as I said all these are good
15 steps to take but we still have some serious
16 constraints that are imposed on us by Albany and
17 until we address them we're not going to have really
18 true reform.

19 CHAIRPERSON DROMM: Let me go to a
20 question about head count... [cross-talk]

21 JACQUES JIHA: Uh-huh... [cross-talk]

22 CHAIRPERSON DROMM: For Fiscal 2018 the
23 authorized head count for your agency was 2,230
24 positions while the total active head count is 1961,
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2 what if any impact has the partial hiring freeze had
3 on your on, on boarding process?

4 JACQUES JIHA: Well as you know we are a
5 revenue generating agency and because of that many of
6 our critical positions are not included in the
7 partial freeze but for other positions there has been
8 some modular increase in terms of the time it takes
9 to hire our own employees, but we have been working
10 with OMB to expedite that process.

11 CHAIRPERSON DROMM: Are there any
12 positions you'd like to focus on to fast track?

13 JACQUES JIHA: So far all... you know we've
14 been working with OMB and any position that we deem
15 critical we've been working with them and they've
16 been moving the process very fast for us.

17 CHAIRPERSON DROMM: Does that include tax
18 auditors or... [cross-talk]

19 JACQUES JIHA: Tax auditors on the part
20 of... they are revenue generating composition, so they
21 are not part of the partial freeze.

22 CHAIRPERSON DROMM: Do they have to get a
23 waiver to be hired?

24 JACQUES JIHA: No, they're not included,
25 I mean one of... [cross-talk]

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CHAIRPERSON DROMM: They're not included...

[cross-talk]

JACQUES JIHA: ...the... they're not included, the revenue generating agencies are not included in the partial hiring freeze in general.

CHAIRPERSON DROMM: Okay, something that I also have a particular interest in is the basement apartment initiative, the preliminary... the preliminary plan includes 5.7 million to start a basement apartment pilot program in East New York, the money will assist homeowners who opt into the program to retrofit their basements to provide safe, legal and rentable basement dwellings, how will the program impact assessments?

JACQUES JIHA: One should expect value to increase because a finished basement is one of the valuables that included... that we use in class one models. As you can imagine the, the increase will be subject to the evaluator of six percent but not to the cap on the area increases.

CHAIRPERSON DROMM: Do you fear that that increase might discourage people from wanting to legalize quote, unquote their basement apartments?

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2 JACQUES JIHA: I don't know what each
3 individual would do based on... you know it depends on
4 their circumstances, you know what they would do
5 based, based on the economic, economics, the owner
6 can make an analysis of whether or not it makes sense
7 for them to do so.

8 CHAIRPERSON DROMM: Do you envision
9 instances where legalizing a basement apartment will
10 change a property tax class?

11 JACQUES JIHA: As far as I would know
12 its... the program will be limited to single home and
13 two, two family homes so they would not change tax
14 class because you know we're talking about class...
15 single home, two family and three family so... but if
16 they were to expand it to a three family home
17 obviously it... they would move into a, a class two and
18 categorize as class A.

19 CHAIRPERSON DROMM: So, how will you
20 handle that?

21 JACQUES JIHA: As, as... at, at this point...
22 at this point in time from what we understand the
23 power is only limited to single home and to two
24 family home.

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2 CHAIRPERSON DROMM: So, if somebody has a
3 three-apartment building it goes to four... [cross-
4 talk]

5 JACQUES JIHA: I don't... they're not
6 included as part of the pilot as far as I understand.

7 CHAIRPERSON DROMM: Okay. Okay, is DOF
8 working with the pilot program to work proactively
9 with homeowners on these issues?

10 JACQUES JIHA: We are not... been involved
11 in the implementation of the program although we've
12 been in constant communications with DOB to discuss
13 issues and questions... to answer questions that they
14 have.

15 CHAIRPERSON DROMM: So, while the
16 programs only a pilot at this point do you expect to
17 have discernable impact on the overall assessed value
18 in the city?

19 JACQUES JIHA: Not really, again as I
20 said it's a finished basement and its going to be
21 included at a six percent of the total wall so I'm
22 not expecting it to have a discernable impact.

23 CHAIRPERSON DROMM: On January 8th, '18
24 the Department rolled out new business tax system,
25 the estimated total cost of the project year to date

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2 is 34.5 million dollars in capital expense funding.
3 The fiscal 2019 preliminary plan includes 1.52
4 million in fiscal 2018, three million in fiscal '19
5 and 1.5 million in fiscal '20 to produce a consultant
6 for operational support of the system, what changes
7 do you plan to implement to the system?

8 JACQUES JIHA: We, we implemented about
9 200 changes so far to the financial collections and a
10 number of, of the project so far. Its... PT... BTS,
11 Business Tax System has been a relatively good
12 experience for us. In the last two years I believe we
13 roll out... we had about three roll outs for different
14 taxes. The resources that we included in the budget
15 is basically to tackle certain services for
16 operational sport.

17 CHAIRPERSON DROMM: So, since its launch
18 how has this system performed?

19 JACQUES JIHA: This system has performed
20 relatively very well, I mean there have not been any
21 major setbacks or any major defects with the project.

22 CHAIRPERSON DROMM: Do consultants work
23 with the end users to gain feedback and incorporate
24 system changes?

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2 JACQUES JIHA: Yeah, they work side by
3 side with our staff basically to prioritize and
4 implement that changes based on user system
5 indications. Its been a good working relationship
6 with the... with FAS which is a company that, that we
7 hired to do the work.

8 CHAIRPERSON DROMM: Let's talk a little
9 bit about debt collection. The preliminary... the
10 preliminary plan includes 7.3 million for outside
11 collection agencies, how many collection agencies do
12 you currently contract with to collect ECB and
13 parking violation debts?

14 JACQUES JIHA: I believe we have three,
15 we have three now.

16 CHAIRPERSON DROMM: what is the average
17 length of time an outside collection agency spends on
18 a particular portfolio?

19 JACQUES JIHA: Going through their work
20 is once a judgement is docket... docketed we work on it
21 in the house for about 60 days and if the case not
22 resolved we refer the case to the outside collection
23 agency for six months, a primary... the first... you know
24 one collection agency for six months, we let them
25 work on it for six months and if they're not

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2 successful we recall the debt and reassign it to a
3 secondary company, a collection company for six
4 months and if they're not successful thereafter we
5 bring it back in house and it stays on our book for
6 about seven additional years until the statute of
7 limitation expires.

8 CHAIRPERSON DROMM: So, there's no next
9 step after that?

10 JACQUES JIHA: Its... very often what we...
11 what we realize is a lot of the businesses, you know
12 they go under... they went under, they out... they out of
13 business so therefor some of these things cannot be
14 collected so we've been working with the Comptrollers
15 Office to clean out the write off some of the, the,
16 the debt but again we... that's a write off policy that
17 we have but we still keep the thing on... you know on,
18 on a book, we still keep the debt on a book just in
19 case that in the future if we have collect we could
20 always go back and collect.

21 CHAIRPERSON DROMM: So, with the one
22 account do you think that you'll be able to better
23 track people?

24 JACQUES JIHA: Yeah, yeah, with... as I
25 said this would be... it was much better tool, when

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2 you're on a computer and you're doing your search and
3 you see something just pop up on you, our ultimate
4 goal is to make sure somebody before you buy next
5 pair of shoes, we send you some information telling
6 you on your website about you, you owe a ticket so,
7 so it's, its... that would, would provide us a lot of
8 opportunities to track, to, to basically fine tune
9 the way we message... we send messages to our
10 customers, to talk... to communicate with our customers
11 and to try to collect as much as we can.

12 CHAIRPERSON DROMM: Will you share data
13 with, with other agencies?

14 JACQUES JIHA: Yeah.

15 CHAIRPERSON DROMM: Okay. What's the
16 projected revenues for the outside collection?

17 JACQUES JIHA: I believe this year we're
18 looking at about 66 million dollars about 43 I
19 believe for parking and 23 for ECB debt.

20 CHAIRPERSON DROMM: Now recently you had
21 an ECB debt and the state program called for giving
22 fines that led to significantly increased debt
23 collection in fiscal 2017, are you considering doing
24 another such program?

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2 JACQUES JIHA: Well there's, there's a
3 lot of interest to be quite honest with you and this
4 is something that we also have to review and see also
5 even in the area of business taxes to see whether or
6 not there are oportunties so we will... we will leave
7 you and discuss with the... with the staff of the
8 Finance Committee to see in the future but I know for
9 sure there are a lot of... There are a lot of
10 interests on the part of the public because we're
11 getting a lot of calls, people who didn't take
12 advantage of the window when it was offered asking us
13 to reopen so again we will come back to you.

14 CHAIRPERSON DROMM: And will the council...
15 excuse me, will the council have access to the One
16 Account Data?

17 JACQUES JIHA: I'm sorry, say that again?

18 CHAIRPERSON DROMM: Will the council have
19 access to the One Account Data?

20 JACQUES JIHA: Unless they receive some
21 kind of permission from the individual owners, the
22 individuals, you know because we don't provide
23 information to accountants or lawyers unless you have
24 permission from the individual taxpayers.

25

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2 CHAIRPERSON DROMM: Okay. So, will we
3 have access to property tax data once you pull that
4 out?

5 JACQUES JIHA: Yes.

6 CHAIRPERSON DROMM: Council will still
7 have access to that information?

8 JACQUES JIHA: If they have... if they have
9 permission. I mean... I mean currently you have to
10 file... [cross-talk]

11 CHAIRPERSON DROMM: But I think you
12 already post that property tax information correct?

13 JACQUES JIHA: That's... property
14 information is public information now.

15 CHAIRPERSON DROMM: Yeah...

16 JACQUES JIHA: Okay but... [cross-talk]

17 CHAIRPERSON DROMM: So, we'll still have
18 access to that... [cross-talk]

19 JACQUES JIHA: Yeah but information about
20 the tax bills and... you know it is...

21 CHAIRPERSON DROMM: Okay.

22 JACQUES JIHA: You know...

23 CHAIRPERSON DROMM: Alright, good and
24 we're going to go to Council Member Grodenchik.
25

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2 COUNCIL MEMBER GRODENCHIK: Thank you Mr.
3 Chairman. Thank you, Commissioner, its good to see
4 you.

5 JACQUES JIHA: Its good to see you too.

6 COUNCIL MEMBER GRODENCHIK: Glad to hear
7 you're talking about property taxes, my.. one of my
8 favorite topics, most people talk about other things
9 but Danny and I and some other people talk about
10 property taxes.

11 JACQUES JIHA: It's a fun topic.

12 COUNCIL MEMBER GRODENCHIK: Its an
13 important topic, it's a fun topic, you don't have to
14 pay too many of them, it's not so much fun in, in
15 some of the coops in Eastern Queens but I, I know you
16 meant that in a good nature.

17 JACQUES JIHA: Sure.

18 COUNCIL MEMBER GRODENCHIK: We had heard
19 from the Mayor and I'm heard from him personally and
20 we've heard from him at his budget briefing that we
21 could expect an announcement in a couple of weeks its
22 now been about a month and I know that he's been
23 thinking about this for a while, can you tell us when
24 we might see this announcement, the... your colleagues,
25 the head of OMB Miss Hartzog wasn't really ready to

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2 give us an answer but I hope you could give us some
3 more information?

4 JACQUES JIHA: As the Mayor indicated
5 there will be assisted effort in this term to address
6 reform, as far as timing is concerned I cannot tell
7 you exactly when and I believe when it's the
8 appropriate time you will hear from the
9 administration in terms of when the Mayor will make
10 an announcement.

11 COUNCIL MEMBER GRODENCHIK: So, you
12 really can't tell us what shape or form or any, any
13 of the details, any ideas?

14 JACQUES JIHA: At this... [cross-talk]

15 COUNCIL MEMBER GRODENCHIK: Too
16 premature... [cross-talk]

17 JACQUES JIHA: ...point in time there are
18 discussions, premature... [cross-talk]

19 COUNCIL MEMBER GRODENCHIK: Okay... [cross-
20 talk]

21 JACQUES JIHA: ...discussions in the
22 administration and you know it's just two months
23 inside he was elected... I mean since he was... is start
24 the second term.

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2 COUNCIL MEMBER GRODENCHIK: The last
3 major attempt at tax reform was in 1993, I wasn't
4 here, I was at Queensboro Hall with Danny Dromm and
5 you weren't here and the Mayor wasn't here but it was
6 a joint effort by the council and the Mayor, can you
7 commit that we will be full partners in this process
8 because as the Director of OMB stated this morning we
9 are going to need a full court effort and we're going
10 to need to... this is... a lot of this has to be done in
11 the state level?

12 JACQUES JIHA: Yes, it has to be done at
13 the state level and again as I said this is... you know
14 we're having preliminary discussions, I cannot tell
15 you at this point in time what shape or form any
16 commission, what... you know I don't know exactly at
17 this point in time, I can't tell you at this point in
18 time the kind of outcome so we're going to have to
19 wait to see after... you know when the Mayor makes his...
20 the announcement... [cross-talk]

21 COUNCIL MEMBER GRODENCHIK: Are you
22 working on this with the... with OMB, is... [cross-talk]

23 JACQUES JIHA: We, we're having
24 discussions in the administration.

25

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2 COUNCIL MEMBER GRODENCHIK: In your mind
3 what do you think is the number one issue, is it
4 fairness on property taxes?

5 JACQUES JIHA: There are number of
6 issues; fairness, efficiency, you know transparency,
7 you know consistency, there are a number of issues
8 but at the same time you also have to remember that
9 the city has to provide critical services so whatever
10 reform we, we make has to revenue neutral.

11 COUNCIL MEMBER GRODENCHIK: I am keenly
12 aware of that and I have been working with several
13 members of the finance staff for a while now on that
14 and I, I just want to end by saying I hope that
15 whatever plan we come up with we recognize the
16 inherent fairness to the coops and condos that are
17 not only in my district, the, the affordable coops
18 and condos, they are also in Council... Chair, Chair
19 Dromm's district and many districts across this city
20 and not only are they unfair but also I've heard from
21 many of the coops that they cannot... no... they, they
22 get surprised quite often and I know you've tried to
23 address that and I hope that will be a big part of
24 whatever we do and I look forward... maybe you and I'll
25 drive to Albany together to press it home.

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2 JACQUES JIHA: Thank you, looking forward
3 to... [cross-talk]

4 COUNCIL MEMBER GRODENCHIK: Thank you Mr.
5 Chairman, thank you Commissioner.

6 CHAIRPERSON DROMM: Thank you. In terms
7 of the business tax collection system that was in
8 source or... that was outsourced, right?

9 JACQUES JIHA: That was outsourced.

10 CHAIRPERSON DROMM: So, you know I used
11 to be Chair of the Education Committee in the city
12 council and I was told quite often that we were using
13 insourcing rather than outsourcing to do these
14 systems, was there any reason or how did you not use
15 insourcing to create that system?

16 JACQUES JIHA: The expertise is a... it's a
17 very complicated system as you can imagine and, and...
18 you know its... there are only a very few companies
19 around the country that basically deal with this kind
20 of... it's a lot of coding, it's a lot of things and
21 it's a... its very involved and by the time you hire
22 and bring in all the experts and to have them go up
23 the learning curve it's, its... it could be a very
24 significant interim of cost so it, it was at the
25 time, you know the decision was made to hire because

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2 it was a... it was more efficient to do so than, you
3 know trying to do it in house.

4 CHAIRPERSON DROMM: So, does this, this
5 firm that worked with this guarantee that they'll be
6 there when there are glitches?

7 JACQUES JIHA: No, they been working with
8 us, I mean so far, we have had three roll outs, okay,
9 to... for different taxes and so they've been around,
10 they're going to be around working with us, I mean it
11 is in their best interest because, you know managing
12 the system over time they're going to make money out
13 of it so they be a...

14 CHAIRPERSON DROMM: Okay, I see you have
15 the Sheriff's Office here and I have a question on
16 tobacco enforcement...

17 JACQUES JIHA: Sure...

18 CHAIRPERSON DROMM: In regard to tobacco
19 enforcement how many individuals at the Sheriff's
20 Office work on identifying, identifying cigarette tax
21 fraud specifically?

22 JOE FUCITO: The current number of
23 employ... or at least... swear myself in.

24 CHAIRPERSON DROMM: Yep, lets swear him
25 in.

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2 COMMITTEE CLERK: Do you affirm that your
3 testimony will be truthful to the best of your
4 knowledge, information and belief?

5 JOE FUCITO: Yes, I will.

6 COMMITTEE CLERK: Thank you.

7 JOE FUCITO: And let me introduce myself,
8 I'm Joe Fucito, I'm the city Sheriff. So, right now
9 we have 26 employees lined, dedicated for tobacco but
10 they're not fully... they're not filled at this moment
11 in time, what we're waiting for is a Deputy Sheriff
12 Exam which was administered last year and has finally
13 been certified for us to use to hire Deputy Sheriffs.
14 So, right now we are short 30 Deputy Sheriffs and
15 around 12 investigators however we do have a full
16 compliment of auditors on staff and what we've been
17 doing is developing a strategy to address tobacco and
18 the legislation that was passed last year, OTP. So,
19 our first step in this process was to start audits of
20 our wholesalers that's an important step because we
21 need our wholesalers to be on board with the program
22 and if they're legitimate then that makes our life a
23 little easier when we start doing enforcement on the
24 retail level.

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2 CHAIRPERSON DROMM: So, you said that you
3 are waiting on the Deputy Sheriff position, am I
4 right on that and then you had 30, 30 sheriffs that
5 you need... that you wanted to hire?

6 JOE FUCITO: Yes, we have 30 lines
7 allocated for the... [cross-talk]

8 CHAIRPERSON DROMM: Okay... [cross-talk]

9 JOE FUCITO: ...for the agency.

10 CHAIRPERSON DROMM: And 12 investigators?

11 JOE FUCITO: And 12 investigators.

12 CHAIRPERSON DROMM: And then I'm sorry
13 you said you had the full complement of what?

14 JOE FUCITO: Of auditors.

15 CHAIRPERSON DROMM: Of auditors... [cross-
16 talk]

17 JOE FUCITO: So, so... [cross-talk]

18 CHAIRPERSON DROMM: Okay... [cross-talk]

19 JOE FUCITO: ...an investigative model is
20 Deputy Sheriffs... [cross-talk]

21 CHAIRPERSON DROMM: Uh-huh... [cross-talk]

22 JOE FUCITO: ...which are the multipurpose
23 law enforcement, they can do pretty much every step
24 and we have investigators which hone in on some of
25 the investigative portion and then we have an auditor

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2 staff that pulls this data together and, and feeds
3 the information to the law enforcement staff.

4 CHAIRPERSON DROMM: And what's that full
5 compliment when you say the full complement?

6 JOE FUCITO: 26 is the full... [cross-talk]

7 CHAIRPERSON DROMM: Oh, that's the 26...
8 [cross-talk]

9 JOE FUCITO: ...compliment when we're at...
10 [cross-talk]

11 CHAIRPERSON DROMM: Okay... [cross-talk]

12 JOE FUCITO: ...full, full capacity...
13 [cross-talk]

14 CHAIRPERSON DROMM: Alright, alright,
15 good. Now in Fiscal '18 how many smuggled cartons
16 have you recovered?

17 JOE FUCITO: Oh, hang on I had that data
18 for you...

19 CHAIRPERSON DROMM: Okay.

20 JOE FUCITO: So, for Fiscal 2018 we have
21 two components, we have regulatory inspections which
22 involve us going to businesses and discovering
23 untaxed cigarettes and also other tobacco products
24 which the council has banned and then we have cartons
25 that are discovered on criminal investigations like a

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2 search warrant. We investigate tobacco enforcement
3 very similar to narcotics for 2018 we seized 7,492
4 cartons of untaxed cigarettes, that was part of our
5 investigative process and... as part of our inspection
6 process. We had one large scale criminal
7 investigation involving the trafficking of duty free
8 cigarettes at JFK airport, we executed three search
9 warrants which resulted in 13,000 cartons of
10 cigarettes and approximately 7,000 dollars in US
11 currency, two individuals were arrested during that
12 operation. We also seized 152 packages of K2, 4,359
13 packages of illegally packaged other tobacco
14 products, OTP that was banned by the city council
15 about four years ago and 11,521 packages of illegal
16 flavored tobacco so flavored tobacco was banned by
17 the council and that's one of the items that we look
18 for during our regulatory inspections.

19 CHAIRPERSON DROMM: What would you
20 estimate the cost to the city to be if... in terms of
21 the lost revenue because of the sale of those illegal
22 cartons of cigarettes?

23 JOE FUCITO: That's a question that the
24 Commissioner and I talk about often, its very
25 difficult to track the underground economy because

1
2 its underground, we, we, we don't have a sense of how
3 much is being lost. We can look at past numbers, but
4 we don't know a true figure because a lot of people
5 have quit smoking, but we don't think the amount of
6 people that have quit smoking meets the criteria of
7 how many people are not buying taxed cigarettes these
8 days.

9 CHAIRPERSON DROMM: Do you have certain
10 neighborhoods where you see a high percentage of
11 untaxed cigarettes?

12 JOE FUCITO: I can honestly say that we
13 see it in all neighborhoods. We, we... our regulatory
14 function is to go to each of the businesses and we
15 test the waters in different neighborhoods and we
16 find in all neighborhoods we're finding untaxed
17 cigarettes. Last year we did a project in Staten
18 Island alone and we found untaxed cigarettes in each
19 of those neighborhood businesses.

20 CHAIRPERSON DROMM: Very interesting,
21 okay, good, thank you on that and let me go to deed
22 fraud. In regard to deed fraud which staff at DOF
23 receive training on how to spot suspected deed fraud
24 and what does the training consist of?
25

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2 JACQUES JIHA: There, there... it's the
3 city Registrar's Office.

4 CHAIRPERSON DROMM: I'm sorry?

5 JACQUES JIHA: The city Registrars
6 Office. Deed fraud is a very serious crime and then
7 we take it very seriously as an agency. We, we took a
8 number of steps and... including training our staff but
9 more importantly from our perspective what has made a
10 huge... what has... what has made a huge difference is
11 the insertion of the Sheriff Office within the legal
12 process, okay, that has made a huge difference.

13 CHAIRPERSON DROMM: Do you... does your
14 staff receive any training from the District
15 Attorney... District Attorney's Offices?

16 JACQUES JIHA: They work the District
17 Attorney's Office, they work with them, but we also
18 train them in terms to spot fraud or fraudulent
19 documents.

20 CHAIRPERSON DROMM: Can you provide us
21 with the number of cases of deed fraud investigations
22 year to date?

23 JOE FUCITO: Alright, so our
24 investigations are always flowing, they're kind of
25 like a, a cycle and they take many, many months to,

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2 to accomplish so... I'm going to give you some end
3 results and then I'm going to talk about active
4 results. So, so far, we have made 40 arrests related
5 to deed fraud since we started at maybe the end of
6 June of 2014, those 40 arrests involved 58 properties
7 that were valued at over 41 million dollars. Now
8 those investigations were cases where we could prove
9 beyond a reasonable doubt that these individuals were
10 involved in deed fraud, it's very... deed fraud
11 investigations are very difficult, there's a lot of
12 fraud but some of it the individual brought upon it
13 themselves and we're not able to bring a criminal
14 case that's the greatest difficulty that we're
15 facing. We believe many of the people are victims of
16 fraud, but we may not be able to prove that the, the
17 probable cause to have the District Attorney
18 interested in prosecuting the case. So... but we do
19 collect the data because we find a lot of the
20 subjects that are complaints today and we can't prove
21 criminal intent turn up in an investigation several
22 months later. And on the investigation figures, let's
23 see... we have it here... the total number of complaints
24 that we have received from 2014 was 2,125 complaints,
25 we closed out 1,246 the combination of there was no

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2 criminal activity, the statute of limitations has run
3 so some individuals have come to us and they had a
4 case of deed fraud but the statute has run and we are
5 not... unable to, to have a successful criminal
6 prosecution. We currently had 110 cases accepted by
7 the DA's Office so that's... those are like the active
8 stock of cases where we're trying to build evidence
9 against... evidence against individuals and we're
10 looking at 231 cases in our office right now that we
11 think we can bring to the District Attorney and about
12 538 cases where there are complaints and we've looked
13 at it and we're, we're, we're still in the process of
14 figuring out if they even reach the level of criminal
15 activity. So, we have... we have a very, very vibrant
16 program to look at this material, speak with our
17 partners in the DA and a lot of people think once an
18 arrest is completed then we're out of the picture,
19 we're not so if the DA needs more witnesses, if the
20 DA needs to have more evidence uncovered we do that
21 and in, in certain instances we've had witness
22 intimidation and we've gone out and looked at the,
23 the matter and referred those individuals for
24 criminal charges.

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2 CHAIRPERSON DROMM: Which boroughs has
3 seen the largest spike in deed fraud cases?

4 JOE FUCITO: Kings County.

5 CHAIRPERSON DROMM: Alright. Okay,
6 Council Member Rosenthal wants to ask some questions.

7 COUNCIL MEMBER ROSENTHAL: Thank you.

8 Thank you Chair Dromm. Thank you, Commissioner, its

9 always great to see you and your team. I have a

10 couple of questions with the Chairs permission, I'm

11 going to start with SCHE, the Senior Citizen

12 Homeowners' Exemption program. According to the City

13 Comptroller in his audit for 2017 he found that

14 people are getting exemptions that shouldn't be,

15 usually I'm up here talking about lets get more

16 people exemptions but this time he's saying that

17 there's possibly 50... roughly 50, 55 million dollars'

18 worth of exemptions that we're giving that we

19 shouldn't be because the individuals may no longer be

20 living or may have moved and the new owners do not

21 qualify. What's your... what, what kind of work are you

22 guys doing to really recoup money from prior years,

23 of course to fix going forward and then recoup,

24 recoup from past years where we've been giving away

25 money needlessly?

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2 JACQUES JIHA: As... this is... this was an
3 issue of concern to us and we actually we talked to
4 the Comptroller before the audit came out to tell him
5 exactly what our, our branch because the city did not
6 do any renewal for ten years... [cross-talk]

7 COUNCIL MEMBER ROSENTHAL: Sure... [cross-
8 talk]

9 JACQUES JIHA: ...okay, so for the longest...
10 for whatever reason the city did not do any renewal
11 and as a result we're giving benefits to folks...
12 [cross-talk]

13 COUNCIL MEMBER ROSENTHAL: Sure... [cross-
14 talk]

15 JACQUES JIHA: ...so we reached out to the
16 Comptroller we told him exactly our plan, we work
17 with OMB and the city council, we receive resources
18 and we started a renewal process... [cross-talk]

19 COUNCIL MEMBER ROSENTHAL: Great... [cross-
20 talk]

21 JACQUES JIHA: ...and last year we started
22 and we, we took benefits from a number of people who
23 weren't qualified, okay, we made the policy decisions
24 to basically revoke the benefits going forward not
25 backward...

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COUNCIL MEMBER ROSENTHAL: Why?

JACQUES JIHA: Because a lot of times this... what you call... a lot of people didn't know, okay, they didn't know simply that they had the benefits, okay and so therefor... [cross-talk]

COUNCIL MEMBER ROSENTHAL: You're like... you know my former OMB... [cross-talk]

JACQUES JIHA: No... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...person is like... [cross-talk]

JACQUES JIHA: No, no, no, we, we understand... we understand but it, it was a policy because for ten years, okay we failed in our job as a city, I mean it was a policy that we made as a city... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Okay, we can go on. I, I would really... [cross-talk]

JACQUES JIHA: Okay... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...urge you... [cross-talk]

JACQUES JIHA: It was a policy decision... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...even now... [cross-talk]

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JACQUES JIHA: Okay... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...to reverse
that policy... [cross-talk]

JACQUES JIHA: No, no but... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...decision...
[cross-talk]

JACQUES JIHA: ...but follow me for a
minute... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...I wouldn't... I
mean, and I would start... [cross-talk]

JACQUES JIHA: I, I understand... [cross-
talk]

COUNCIL MEMBER ROSENTHAL: ...by asking how
much money we've left on the table... [cross-talk]

JACQUES JIHA: I, I understand your
concern but at the same time you also have to be fair
to the taxpayers because the city made a policy
decision not to do renewals, okay and as a result
taxpayers were granted benefits, okay, that they did
not deserve so... [cross-talk]

COUNCIL MEMBER ROSENTHAL: No, no, I
understand... [cross-talk]

JACQUES JIHA: ...it was our policy, so we
have to blame ourselves to begin with, okay...

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COUNCIL MEMBER ROSENTHAL: Okay, could I just ask that if it's possible to go back and see how money we've left on the table, I would just be curious to know?

JACQUES JIHA: We, we know how much...
[cross-talk]

COUNCIL MEMBER ROSENTHAL: How much...
[cross-talk]

JACQUES JIHA: ...how many benefits... I, I don't recall from the top of my head, I could provide you the information.

COUNCIL MEMBER ROSENTHAL: I mean are we talking about over 100 million dollars?

JACQUES JIHA: I, I don't know from the top of my... [cross-talk]

COUNCIL MEMBER ROSENTHAL: It has to be because... [cross-talk]

JACQUES JIHA: I don't... I don't know...
[cross-talk]

COUNCIL MEMBER ROSENTHAL: ...in a single year its 50.

JACQUES JIHA: Yeah, I don't know from the top of my... and a, a lot of these things, you know

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I don't if you could go back ten years either to recoup money from ten years ago.

COUNCIL MEMBER ROSENTHAL: To the best of your ability... [cross-talk]

JACQUES JIHA: I mean it's a... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...if its back one year, two years, three years let's move on, but I mean I, I really think the council should know... [cross-talk]

JACQUES JIHA: No but that was... yeah... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...how much money we've left on the table with... [cross-talk]

JACQUES JIHA: But we, we, we... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...this policy decision and then... [cross-talk]

JACQUES JIHA: ...discussed... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...just have a conversation about it.

JACQUES JIHA: Yeah, but we discussed it with the council.

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COUNCIL MEMBER ROSENTHAL: Fine, fine..

[cross-talk]

JACQUES JIHA: We, we discussed it back then with the council.

COUNCIL MEMBER ROSENTHAL: That's fine, I'm about to.. [cross-talk]

JACQUES JIHA: It was.. it was.. [cross-talk]

COUNCIL MEMBER ROSENTHAL: ..ask you about my district which has been totally.. [cross-talk]

JACQUES JIHA: Okay.. [cross-talk]

COUNCIL MEMBER ROSENTHAL: ..over assessed so.. actually let's go there now.

JACQUES JIHA: Okay.

COUNCIL MEMBER ROSENTHAL: So, the coop condo valuations, so you're required to by state law to value them as rentals so your agency uses something called comparable rentals to determine the value of a coop or condo, your website lists.. we can find online the one to three comparable renters.. rentals that are used for each coop and condo in the city, property owners do not understand this at all and what's mystifying is not the policy of doing that, what's mystifying is that the actual comparable

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2 may change, change quite frequently and, and that's
3 not understandable, comparable and there's a building
4 in my district that I'm trying to help out, there..
5 its an upper West Side building obviously, the comp
6 is on the Upper East Side, you know you need a
7 passport to cross the park, that's the first time
8 I've used that joke actually in this job, but how
9 could it be comparable and for... and this building
10 and, and many others it's not even three buildings,
11 its like one or two so I don't understand how the
12 assessors feels confident that the comparable are
13 working.

14 JACQUES JIHA: As you know it... we are
15 required by law to use that methodology..

16 COUNCIL MEMBER ROSENTHAL: Yeah.

17 JACQUES JIHA: Okay, this is... this is not
18 something that we do and very often we cannot find
19 comps, okay.. [cross-talk]

20 COUNCIL MEMBER ROSENTHAL: You can come
21 to my... [cross-talk]

22 JACQUES JIHA: ...within, within the..
23 [cross-talk]

24 COUNCIL MEMBER ROSENTHAL: ...office and
25 I'll go through with you, I know every single

1
2 building in the district, I'm happy to help you find..

3 [cross-talk]

4 JACQUES JIHA: Yeah but sometimes..

5 [cross-talk]

6 COUNCIL MEMBER ROSENTHAL: ..comps..

7 [cross-talk]

8 JACQUES JIHA: ...you cannot.. sometimes you
9 have.. you cannot find comps within the neighborhoods
10 to, to use to value the properties.

11 COUNCIL MEMBER ROSENTHAL: Okay, so just..

12 [cross-talk]

13 JACQUES JIHA: And then on the.. [cross-
14 talk]

15 COUNCIL MEMBER ROSENTHAL: ...not true
16 about this property in particular.. [cross-talk]

17 JACQUES JIHA: You mean.. [cross-talk]

18 COUNCIL MEMBER ROSENTHAL: ...which by the
19 way.. [cross-talk]

20 JACQUES JIHA: I don't know about..

21 [cross-talk]

22 COUNCIL MEMBER ROSENTHAL: ...has tried to
23 appeal.. [cross-talk]

24 JACQUES JIHA: ...this particular property..

25 [cross-talk]

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COUNCIL MEMBER ROSENTHAL: ...and got

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nowhere.

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JACQUES JIHA: I don't know about this

5

particular property.

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COUNCIL MEMBER ROSENTHAL: I know, I'm

7

sorry.

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JACQUES JIHA: They should take it to the

9

tax commission, make a case with the... [cross-talk]

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COUNCIL MEMBER ROSENTHAL: He has, and

11

they lost and now they're... [cross-talk]

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JACQUES JIHA: Okay... [cross-talk]

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COUNCIL MEMBER ROSENTHAL: ...appealing and

14

they're appealing the appeal because... [cross-talk]

15

JACQUES JIHA: Okay, so you can imagine...

16

so there's a second... a third party basically review

17

our decision and decided that... you know I don't know

18

the, the particular case but to me the best avenue is

19

to go to the tax commission if that was... if that's

20

the outcome of the tax commission, you know its not

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much. As I said to you we are required by law...

22

[cross-talk]

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COUNCIL MEMBER ROSENTHAL: So, okay, its...

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what I'm hearing is that the challenge is finding a

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comparable in the near, nearby area, that's the

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challenge, what would help with that need... do you
need more assessors?

JACQUES JIHA: No, we, we have... [cross-
talk]

COUNCIL MEMBER ROSENTHAL: Should we...
[cross-talk]

JACQUES JIHA: ...we have models to pick up
comps for us, we, we have all... a lot of tools again
it's just a question of... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Well actually
on the assessors how many budgeted and how many
vacancies are there?

JACQUES JIHA: I don't think we have...

COUNCIL MEMBER ROSENTHAL: No vacancies,
that's good or just a very few, okay...

JACQUES JIHA: Tim is a Deputy
commissioner for Property tax... Property.

COUNCIL MEMBER ROSENTHAL: If I'm really
nice to you will you help me on the Upper West Side?
I, I started snarky I meant to be just so kind.

TIMOTHY SHEARES: What's your question,
I'm sorry?

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2 COUNCIL MEMBER ROSENTHAL: It was just
3 the number of assessors whether or not you have... how
4 many you're budgeted and how many vacancies you have?

5 TIMOTHY SHEARES: We have about 20
6 vacancies...

7 COUNCIL MEMBER ROSENTHAL: And what's the
8 total that you're budgeted for?

9 TIMOTHY SHEARES: Well we're requesting
10 20 positions for the new fiscal year, if all those
11 vacancies... [cross-talk]

12 COUNCIL MEMBER ROSENTHAL: How many do
13 you currently have?

14 TIMOTHY SHEARES: 89.

15 COUNCIL MEMBER ROSENTHAL: You currently
16 have 89.

17 TIMOTHY SHEARES: In the field, yes.

18 COUNCIL MEMBER ROSENTHAL: In the field
19 and there are 20 vacancies currently or... [cross-talk]

20 JACQUES JIHA: He's seeking... he's seeking
21 for 20 additional... [cross-talk]

22 COUNCIL MEMBER ROSENTHAL: Seeking 20
23 more, got you and it wasn't in the prelim... it wasn't
24 in the preliminary budget.

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2 JACQUES JIHA: No, I don't think its in
3 the... its going to be in the exec... its going to be in
4 the executive budget, its not in the preliminary
5 budget.

6 COUNCIL MEMBER ROSENTHAL: Oh okay, good,
7 are you confident it'll be in the executive budget? I
8 heard that yes, I'm, I'm going with that yes. Great,
9 alright and you feel... how, how are those assessors
10 divvied out and then I'll move on, I mean is it by
11 borough?

12 JACQUES JIHA: Yes, there are... there are
13 assessors assigned to each borough.

14 COUNCIL MEMBER ROSENTHAL: Do you ever do
15 pilot projects to focus on an area to see whether or
16 not... could I ask you to do a pilot project on the
17 Upper West Side, the assessments are going up so
18 quickly, it's one of the number one complaints that I
19 hear in my office, higher than... what is it, six
20 percent a year or six percent over three years...
21 [cross-talk]

22 JACQUES JIHA: Well the six... [cross-talk]

23 COUNCIL MEMBER ROSENTHAL: ...its like 10
24 and 20 percent.

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JACQUES JIHA: I understand the, the
issue... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Mines gone up
300 percent not that I... [cross-talk]

JACQUES JIHA: 300 percent in one year?

COUNCIL MEMBER ROSENTHAL: No, no, no, 20
years.

JACQUES JIHA: Okay, I understand the
challenge of affordability... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Even my salary
has not gone up... well maybe it has... [cross-talk]

JACQUES JIHA: We... [cross-talk]

COUNCIL MEMBER ROSENTHAL: But its not,
its gone... its double, okay.

JACQUES JIHA: We understand the
challenge of affordability, affordability that you
wish, okay... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Oh, everyone's
moving out... [cross-talk]

JACQUES JIHA: ...and... but as you know we
have not... [cross-talk]

COUNCIL MEMBER ROSENTHAL: I am... [cross-
talk]

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2 JACQUES JIHA: ...we as a city have not
3 ways overall, over... [cross-talk]

4 COUNCIL MEMBER ROSENTHAL: No, no, no,
5 the whole problem is the assessments, I, I mean I
6 understand these things... [cross-talk]

7 JACQUES JIHA: The assessment is a
8 reflection, okay, of what's taking place in the
9 economy, I mean everybody knows at least if the
10 market in New York has been booming... [cross-talk]

11 COUNCIL MEMBER ROSENTHAL: Not if the
12 comparable are inaccurate.

13 JACQUES JIHA: The, the recent market in
14 New York City has boomed in the last 15 years, okay,
15 there's a huge increase in value, the property tax is
16 a tax on the value of property as value increases,
17 okay, you expect property value and property tax to
18 also increase even keeping the... [cross-talk]

19 COUNCIL MEMBER ROSENTHAL: Sure... [cross-
20 talk]

21 JACQUES JIHA: ...rate constant, okay...
22 [cross-talk]

23 COUNCIL MEMBER ROSENTHAL: Sure... [cross-
24 talk]

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JACQUES JIHA: ...so we are... we are very...
as concerned as you are and that's the reason why we
have a major outreach, okay with all elected
officials, everyone to make sure that New Yorkers
take advantage of all the exemption and abatement
programs that we offer, okay, because we understand...
[cross-talk]

COUNCIL MEMBER ROSENTHAL: I believe you...
[cross-talk]

JACQUES JIHA: ...the challenge... [cross-
talk]

COUNCIL MEMBER ROSENTHAL: ...because I got
a letter about that.

JACQUES JIHA: Okay... [cross-talk]

COUNCIL MEMBER ROSENTHAL: So...

JACQUES JIHA: We want people to... [cross-
talk]

COUNCIL MEMBER ROSENTHAL: I'm getting my
building to pay attention... [cross-talk]

JACQUES JIHA: ...register to get... to... you
know to get all the exemptions, all the abatements
because we are concerned about it but, but... [cross-
talk]

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COUNCIL MEMBER ROSENTHAL: How many...

[cross-talk]

JACQUES JIHA: ...the property tax is a tax on the value of the property as value increases you would expect tax... [cross-talk]

COUNCIL MEMBER ROSENTHAL: But the... yeah, okay... [cross-talk]

JACQUES JIHA: ...to increase.

COUNCIL MEMBER ROSENTHAL: The value... [cross-talk]

CHAIRPERSON DROMM: Council, council member we're going to... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...increase... okay, I'm going to wrap this up. How many buildings have only one comparable building from last year, condos and coops?

TIMOTHY SHEARES: I don't have that number. I can... [cross-talk]

COUNCIL MEMBER ROSENTHAL: What... [cross-talk]

TIMOTHY SHEARES: ...get that number to you... [cross-talk]

COUNCIL MEMBER ROSENTHAL: You can get me that, I'd like to know how many have one and how many

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2 have two so... and then the remainder would be all
3 three which would be amazing and... [cross-talk]

4 CHAIRPERSON DROMM: Council Member I'm
5 sorry, Commissioner would you introduce your
6 colleague I don't believe we have his name on record.

7 JACQUES JIHA: This is Timothy Sheares...
8 [cross-talk]

9 TIMOTHY SHEARES: My name is Timothy
10 Sheares.

11 CHAIRPERSON DROMM: Okay, thank you.

12 COUNCIL MEMBER ROSENTHAL: Thank you
13 Timothy Sheares... [cross-talk]

14 JACQUES JIHA: He's Deputy Commissioner
15 for Property Value.

16 COUNCIL MEMBER ROSENTHAL: So, I guess...
17 [cross-talk]

18 JACQUES JIHA: Property... [cross-talk]

19 COUNCIL MEMBER ROSENTHAL: ...just
20 fundamentally overall how do you know that your
21 comparable are accurate, do you spot check?

22 TIMOTHY SHEARES: We look at the number
23 of characteristics, the vintage year built, size,
24 location, those are some of the number of variables
25 that we look at. As the Commissioner has been trying

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2 to express is that and as you may find in your area
3 that all buildings aren't exactly comparable, one
4 thing that you must consider that even though the
5 building may be the same size and vintage the
6 allocation of unit counts can be different in a
7 building that can impact, you know our ultimate
8 valuation so the numbers that you see in terms of the
9 comparable that you see on the website those are
10 static numbers, we have to make adjustments based on
11 those other variables to arrive at the value of the..
12 of the subject property.

13 JACQUES JIHA: But, but I also want to
14 add that we have a very good quality assurance, good,
15 within the property division, okay, they work with
16 the assessment review group and they work with senior
17 management teams assessors basically to review the
18 screened properties based on different factors such
19 as a big swing from year to year in the value of the
20 properties so we have a good group of people, good
21 group of professional assessors working, okay, to
22 make sure, okay, to, to make sure that the property
23 values... again as I said there will be issues and the
24 best venue to challenge... to challenge us is through
25 the tax commission. Unfortunately, in this case, you

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2 know they lost the case, okay, but this is the best
3 venue from our perspective.

4 COUNCIL MEMBER ROSENTHAL: What are the
5 other variables... [cross-talk]

6 CHAIRPERSON DROMM: Council Member we're
7 going to have to move along here so make this... if you
8 can please just make this the last question.

9 COUNCIL MEMBER ROSENTHAL: Okay, this is
10 going to be a really long last question. What are the
11 variables that you use in addition to the comparable
12 buildings you just mentioned you take into account a
13 few other things so how can a tax payer know what
14 those variables are, is it formulaic and is that
15 public information and I'm also wondering if you're
16 suggesting that people go to the tax payer advocate
17 which of course I love, you know according to the,
18 the Mayor's Management Report for Fiscal Year '18 the
19 wait time both for answers from DOF and from the tax
20 payer advocate increased significantly so that's
21 going to lead to frustration and yeah?

22 TIMOTHY SHEARES: What's your question?

23 COUNCIL MEMBER ROSENTHAL: Variables...

24 JACQUES JIHA: The variables that you
25 use.

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2 TIMOTHY SHEARES: The variables that we
3 use; square footage, year built...

4 COUNCIL MEMBER ROSENTHAL: What's the
5 second one, square... [cross-talk]

6 TIMOTHY SHEARES: Year built.

7 JACQUES JIHA: The year...

8 COUNCIL MEMBER ROSENTHAL: Year built.

9 TIMOTHY SHEARES: Square footage, number
10 of units, location, those are the primary variables.

11 COUNCIL MEMBER ROSENTHAL: But that would
12 be in the comparable, that's part of what makes a
13 comparable building.

14 TIMOTHY SHEARES: Yes, and those are the
15 variables.

16 COUNCIL MEMBER ROSENTHAL: I see, I
17 thought you said that there were other variations
18 other tweaks to the something, something in addition
19 to what the comparable buildings are so I may have
20 misheard... [cross-talk]

21 TIMOTHY SHEARES: No, I was... I was
22 expressing the difficulty in deriving at, at
23 comparable buildings. So, for example... [cross-talk]

24 COUNCIL MEMBER ROSENTHAL: I got you...
25 [cross-talk]

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2 TIMOTHY SHEARES: ...we, we both can have a
3 60 unit building but the comparable... but the
4 composition of the units may vary.

5 COUNCIL MEMBER ROSENTHAL: I got you and
6 the second question about wait times Commissioner?

7 JACQUES JIHA: Its, it's been trending
8 down for the public... [cross-talk]

9 COUNCIL MEMBER ROSENTHAL: In the first
10 four months of 2018 the average time to address
11 inquiries increased to 14 days from 8.71 compared to
12 the same four-month period in Fiscal Year 2017 that's
13 for the Office of the Taxpayer advocate and in the
14 first four months of 2018 the percentage of all
15 emails responded to in 14 days or less decreased to
16 67 percent but the target... your target is 85 percent
17 so I'm wondering how you're going to get there and
18 the decreases, if you're sending us to the public...
19 [cross-talk]

20 JACQUES JIHA: Eunkyong, Eunkyong is a
21 taxpayer advocate, I mean it's more or less an
22 independent office, Eunkyong can, can you come up and
23 try an answer some of these questions?

24 EUNKYONG CHOI: Hi...
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2 COUNCIL MEMBER ROSENTHAL: Hi, welcome,
3 I'm so happy to see you.

4 EUNKYONG CHOI: Well thank you, thank...
5 [cross-talk]

6 COUNCIL MEMBER ROSENTHAL: The Upper West
7 Side loves you.

8 EUNKYONG CHOI: Okay, thank you. The
9 variable that you were looking at the 14 days for
10 addressing inquiries is due to increase in inquiries
11 into our office.

12 COUNCIL MEMBER ROSENTHAL: Okay.

13 EUNKYONG CHOI: There's been a
14 significant increase at least by three times more
15 than what we were used to so that's one variable and
16 second is we had a couple of inquiries with two out
17 layers that they, they should have been categorized
18 as cases but they remained as inquiries so there's
19 been a... two cases, well two inquiries that was open
20 for about close to 100 days... [cross-talk]

21 COUNCIL MEMBER ROSENTHAL: Sure, sure...

22 [cross-talk]

23 EUNKYONG CHOI: ...that's the only variable
24 that caused 14 days.

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COUNCIL MEMBER ROSENTHAL: Oh okay, so given... I mean it's a new... you're fairly new position, new office, do you feel you need more staff if you have three times as many inquiries?

EUNKYONG CHOI: We do but I mean... [cross-talk]

COUNCIL MEMBER ROSENTHAL: How much staff do you have now?

EUNKYONG CHOI: Since we opened we have two case advocates... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Okay... [cross-talk]

EUNKYONG CHOI: ...we have admin assistant and we also have tax analyst...

COUNCIL MEMBER ROSENTHAL: How many?

EUNKYONG CHOI: Just one and we have an attorney advisor and me and we also have SCRIE injury and bus persons and house and OTA.

COUNCIL MEMBER ROSENTHAL: So, it sounds like you have six people.

EUNKYONG CHOI: Addressing regular cases, yes.

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2 COUNCIL MEMBER ROSENTHAL: And you feel
3 that's plenty or is there additional staffing coming
4 in the executive budget for your office as well?

5 EUNKYONG CHOI: No, not... [cross-talk]

6 COUNCIL MEMBER ROSENTHAL: Have you
7 asked...

8 EUNKYONG CHOI: I, I, I asked, and I
9 think there's a hiring freeze right now, right?

10 COUNCIL MEMBER ROSENTHAL: Not for line
11 positions, no, I was just assured that by OMB a
12 minute ago.

13 EUNKYONG CHOI: Okay. Something I guess
14 we could address but there has been an increase in
15 our caseloads that's coming in as well as inquiries
16 that's coming in.

17 COUNCIL MEMBER ROSENTHAL: Thank you so
18 much for your time.

19 EUNKYONG CHOI: Okay, thank you.

20 CHAIRPERSON DROMM: Okay, thank you
21 Council Member and because we have to have the
22 Comptroller come in next I will not ask my questions
23 but we will follow up with you at... in a letter with
24 the ones that did not get answered and with that I
25 want to thank you for coming in and we will call the

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2 next panel shortly in about ten minutes, when we get
3 a ten minute break.

4 JACQUES JIHA: Thank you.

5 CHAIRPERSON DROMM: Thank you. Okay, good
6 afternoon and welcome to the first day of the
7 council's preliminary budget hearings, my name is
8 Daniel Dromm and I Chair the Finance Committee. So
9 far, we've heard from OMB and the Department of
10 Finance, we will now hear testimony from New York
11 City Comptroller Scott Stringer once he is sworn in
12 by Counsel. In the interest of time I'll forego an
13 opening statement.

14 COMMITTEE CLERK: Do you affirm that your
15 testimony will be truthful to the best of your
16 knowledge, information, and belief?

17 SCOTT STRINGER: Absolutely. Well thank
18 you Chairman Dromm and I want to wish you my best
19 wishes as the newly appointed member.. Chairman of the
20 Finance Committee and I know how hard you worked as
21 the Education Committee Chair and I just want to
22 thank all the members of the Finance Committee for
23 coming out in droves to hear our testimony so thank
24 you for those who came. So, of course I welcome the
25 opportunity to discuss the Comptroller's analysis of

1
2 the FY 2019 Preliminary Budget. Joining me today is
3 our Deputy Comptroller for Budget, Preston Niblack.
4 We also have with us Alaina Gilligo, the First Deputy
5 Comptroller. So, let me start by saying that Mayor De
6 Blasio's FY 2019 Preliminary Budget and Financial
7 Plan made several new proposals that I support,
8 including the first jail closure on Rikers Island,
9 capital funding to begin the critical replacement of
10 NYCHA heating systems and the future expansion of
11 Three K for All. These are all important priorities.
12 But as I will discuss in more detail, I am concerned
13 that we are beginning to see warning signs of a
14 slowing economy. As I have said in the past, and I'll
15 repeat with more urgency today, we need to do more to
16 prepare for the possibility of challenging times
17 ahead. More than ever, our spending decisions must be
18 data driven and evidence based. We must ensure that
19 no dollar is going to waste. now I want to share a
20 brief review of the Mayor's financial plan and our
21 evaluation of its review and expenditure assumptions.
22 Spending in fiscal year 2019, adjusted for prepayment
23 is set to rise 1.4 percent. Over the financial plan
24 period, the city projects that total expenditures
25 will accelerate to grow by 2.6 percent per year on

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2 average, reaching 97 billion dollars by FY 2022.
3 Total revenues, however, are projected to grow more
4 slowly, at 2.2 percent average annual rate. The
5 Mayor's Office expects total tax revenues to grow by
6 3.5 percent per year on average to 65.6 billion
7 dollars in FY 2022. My office expects tax revenue
8 growth will rise at a slightly faster rate of 3.8
9 percent, reaching 67.1 billion by 2022, largely on
10 the strength of higher property tax revenues. There
11 are two assumptions in the Mayor's revenue plan that
12 we believe present risks. First, the budget for 2019
13 continues to assume that the state will not recapture
14 all savings from the STAR-C bond refunding's. Thus
15 far, they have intercepted city sales tax revenues in
16 each of the last three years and we... and we therefore
17 assume a 150-million-dollar risk in next year's
18 budget. Second, we believe the city is unlikely to
19 realize the taxi medallion sales revenues assumed in
20 the financial plan. I think I say this every year,
21 given the disruption in the yellow taxi industry from
22 for-hire car services, these sales worth 929 million
23 dollars over the plan period, are unlikely. On the
24 expenditure side, my office has identified budgetary
25 risks from overtime spending and federal Medicaid

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2 reimbursements for special education services. We
3 also anticipate that the city will continue to waive
4 H and H payments for medical malpractice claims and
5 fringe benefits which have been made only once in the
6 last four years. All of this comes precisely at a
7 time when we're seeing warning signs for our fiscal
8 future. For the last three years, I've talked about
9 the strength of our economy. In terms of job growth,
10 the current expansion will go on record as the
11 longest and strongest in recent history. The city has
12 created 702,000 private sector jobs since 20... 2009
13 reaching an historic high of 4.4 million total jobs
14 in 2016. Unemployment rates have fallen across all
15 boroughs but for the first time in eight years, we
16 saw a significant loss of jobs in the fourth quarter
17 of 2017. That is a warning sign. So is the decline in
18 our cash balances, which went from a low of 5.4
19 billion during Fiscal Year 2017 to a low of one
20 billion in the current fiscal year. That's a
21 significant drop, resulting largely from the slowdown
22 in growth of non-property tax revenues. So, while the
23 economy appears strong now, my office expects the
24 rate of growth to slow sharply in the next two or
25 three years. The rate of job creation could fall to

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2 less than one third of the recent rate. Together our
3 revenue and expense re-estimates result in a modest
4 addition to the surplus for the current year. But we
5 have... we are projecting a larger gap than the
6 administration in fiscal years 2020 and 2021, fail..
7 falling slightly below the Mayor's gap projection in
8 FY 2022. Now I want to turn to how we can address
9 these challenges. Now the Mayor took significant
10 steps in both the November and, and January with the
11 Citywide Savings Plan which totals a combined 2.1
12 billion in FY 2018 and 2019. Last year, agency
13 efficiencies by our reckoning, made up only seven
14 percent of total savings in the first two years of
15 the plan while this year they will make up a full 15
16 percent of savings, I applaud this progress. But
17 agency savings still represent just a little more
18 than one percent of total agency spending. A more
19 robust savings plan is critical to building up our
20 reserves and reducing the likelihood of cutting city
21 services down the line. But it is not enough to find
22 a few efficiencies here and there. Its time to start
23 applying a much more rigorous test to our spending,
24 are we getting real results for our investments. This
25 year I introduced the Comptroller's watch list; the

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2 three city agencies I'll be watching closely this,
3 this year when it comes to budgeting and spending.
4 So, I want to identify them, first is Department of
5 Homeless Services. Spending for homeless services
6 across all agencies has risen to 2.6 billion dollars,
7 more than double what we were spending in 2014. But
8 still, 60,000 New Yorkers will sleep in homeless
9 shelters tonight including 23,000 children. I support
10 taking every measure we can to reduce homelessness.
11 We were the office that did the original audits
12 highlighting the crisis and the problems within the
13 shelter system. But if we're really going to solve
14 this problem we have to know which programs are
15 getting results and which are not. The Department of
16 Homeless Services created a Data Dashboard in 2014 in
17 order to track progress in reducing homelessness, the
18 tool hasn't been updated in over two years. How are
19 we or you, the city council supposed to know how
20 effectively our tax dollars are being used in the
21 absence of hard data? A second example is the
22 Department of Education. Since 2012, DOE has added
23 over 400 new positions in Central Administration, a
24 24 percent increase. Over the same period, however,
25 new teaching staff has only grown at half that rate

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2 and that includes the addition of an entire new
3 class, Pre-K. I'm glad to see that DOE is proposing
4 cuts to Central Administrative spending in this
5 budget, it's a step in the right direction but it
6 really is not enough, we have to do more because
7 there remains rampant waste and lack of
8 accountability at the Department of Education. So, in
9 my... in an audit my office did in 2014, for example,
10 DOE was unable to account for one third of its
11 computer monitors, laptops, and tablets at sites our
12 auditors visited. And DOE continues to spend hundreds
13 of millions of dollars annually on contracts without
14 competition. I know that, as the previous Chair of
15 the Education Committee, Chair Dromm, you shared my
16 goal of getting every penny into the classroom to
17 educate our children to help them graduate, by
18 reducing class sizes, training teachers and hiring
19 guidance counselors not spending money on overhead
20 and I really hope that through the budget process and
21 the hearings we can at least shine some light on some
22 of these issues. And finally, I want to talk about
23 the Department of Correction, you know that's an
24 agency my office has audited extensively. As we have
25 documented for four years now, in the last decade,

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2 the number of inmates in city jails has been steadily
3 falling, from an average daily population of nearly
4 14,000 in 2008, to 9,500 in 2017. Yet over the same
5 period, the average annual cost of housing an inmate
6 on Rikers Island has spiked from 117,000 dollars a
7 year to 270,000. Sadly, we are only seeing more
8 violence against both inmates and correctional
9 officers, we witnessed the brutal, vicious attack
10 last month against correctional officer Jean
11 Souffrant. And while the Mayor is taking important
12 steps to reduce these incidents, we cannot lose sight
13 of the urgency of this problem. And I want to be very
14 clear, I wholly agree with, and share the Mayor's
15 goal of reducing homelessness, improving our public
16 schools and closing Rikers Island but we must ensure
17 that we are working towards these goals as
18 efficiently and effectively as possible because as
19 things stand now, I'm concerned that we are in a
20 weaker position than we should be. So, at the
21 beginning of FY 2009, we had built up a budget
22 cushion, our savings for a rainy-day fund equivalent
23 to over 17 percent of spending. As of the preliminary
24 budget, however, we would start 2019 with a projected
25 cushion of just nine percent of spending or 8.5

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2 billion dollars, that's largely because our surplus
3 roll is nearly 1.6 billion less than our surplus from
4 FY 2017. So, to reach even the bottom of the optimal
5 range between 12 and 18 percent of adjusted
6 expenditures, we would need to add 2.3 billion
7 dollars to our cushion. So, my message to you today
8 is that the robust economic growth we've seen is... for
9 the last near decade is slowing and the warning signs
10 for the future are increasingly apparent. We cannot
11 stop investing in our city. But we can only afford to
12 do so if we're getting real, measurable results for
13 our spending. We must meet the need... meet the needs
14 of every New Yorker while also ensuring we are ready
15 for a rainy day. And we can do so and prevent the
16 possibility of cuts to vital services if we put in
17 the hard work now. I look forward to working with you
18 Chairman and the Finance Committee so that we can
19 continue to collaborate working through your
20 hearings, our audits and our economic projections and
21 I'd be happy to take any questions you may have.

22 CHAIRPERSON DROMM: Thank you very much
23 Comptroller Stringer and I'm glad to see that we
24 share an interest with you in terms of the number or
25 percentage increase in new positions at the Central

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2 Administration Department of Education and it was an
3 issue that I was questioning the Budget Director
4 about previously.. early, earlier this morning I
5 should say.

6 SCOTT STRINGER: Alright... [cross-talk]

7 CHAIRPERSON DROMM: So, its an issue that
8 we're deeply concerned about as well. I want to just
9 go to the issue of cash balances, in your
10 presentation on the preliminary budget you identified
11 the city's declining cash balances as an early
12 warning sign noting that they currently sit more than
13 two billion dollars below last years level and had
14 fallen to only one billion dollars in December, what
15 is this an early warning signal for?

16 SCOTT STRINGER: Well I, I think it's,
17 it's sort of a hint of what could come, I mean we are
18 down 2.2 billion dollars where we were just a year
19 ago today. It was very interesting when you see the
20 chart you sort of see us hit that one billion dollar
21 money in the bank, you see it actually.. so that was
22 sort of mid-December.. maybe the beginning of December
23 it goes down to 1.1 billion dollars and then you see
24 it goes up again but that was a lot of people
25 prepaying their taxes.. [cross-talk]

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CHAIRPERSON DROMM: Uh-huh... [cross-talk]

SCOTT STRINGER: ...because of the Trump tax cut so you saw it spike a little bit again and then after the taxes were paid its going on the way down, so we take this as sort of a... you know an early warning sign that we need to really take a hard look at agency spending and just build up our reserves. I think that's something that makes sense, its one of the reasons why we're... you know we're concerned about future job growth, future having money in the bank and I think you know this as a long time council member, you... as much as you put away reserves in this city its almost never enough, right, after 9/11, after Sandy, it just seems that the more we put away the more we don't know and in light of what's going on in Washington which I felt we all kind of know so well, I didn't want to go through the Trump tax cut in the testimony, I mean there's a lot of uncertainty coming out of Washington and without having some reserves we're really beholden to whatever comes our way.

CHAIRPERSON DROMM: Who manages this... manages the city's cash and how is it done?

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2 PRESTON NIBLACK: So, the city's cash
3 balances in the central treasury are invested by the
4 trading desks that's part of the Comptrollers Bureau
5 of Asset Management in cooperation with the
6 Department of Finance Treasury Unit.

7 CHAIRPERSON DROMM: So, how is that
8 organized, how are the cash balances organized and is
9 it like one big account or its dedicated to certain
10 things?

11 PRESTON NIBLACK: There, there are... there
12 are a lot of city bank accounts but in the... in theory
13 almost all of them overnight are swept into a single
14 main account that allows us to then, you know take
15 the entire balance or close to the entire balance and
16 invest it daily based on a projection that, you know
17 we provide along with Treasury of sort of what our
18 needs are going to be going forward.

19 CHAIRPERSON DROMM: Can you give me an
20 example of what would be considered a low cash
21 balance or a high case balance?

22 SCOTT STRINGER: Well... so, so a high cash
23 balance is 5.4 billion dollars then I think another
24 high point was 4.5 billion and a low point is

1
2 obviously... we have not been at one billion dollars in
3 a very long time.

4 CHAIRPERSON DROMM: Uh-huh. What causes
5 those city balances to fluctuate?

6 PRESTON NIBLACK: Its really timing of
7 receipts, we have... especially the payment of property
8 taxes in late June or early July and late December,
9 early January, have a big infusion of cash and then
10 it's really just a matter of sort of sort of, you
11 know how, how they proceed, in March we usually get,
12 towards the end of the March a big infusion of state
13 education aid so there's sort of... its, its definitely
14 lumpy, you know it gets high and then it gets low.
15 Just to add onto the Comptroller's point the billion-
16 dollar cash balance is the lowest we've seen in ten
17 years so... they've been extraordinarily high in the
18 last couple of years and its been quite a precipitous
19 decline in the last year.

20 SCOTT STRINGER: But, but listen I, I
21 would be the first... we've talked about this in...
22 within our office talking with Preston, you know this
23 cash balance in and of itself we would obviously look
24 at closely but there's a number of indicators to just
25 suggest a slowing economy so when you factor it all

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2 in we are not here to predict that the sky is falling
3 and I don't want to give you that sense, in fact I
4 want to commend the Mayor and the council for, you
5 know creating budgets that I certify as balanced,
6 I've gone to the rating agency... I've... rating
7 agencies, I've gone to the state with the Mayor every
8 year to testify about the, the effectiveness of the
9 four year financial plan but part of what I want to
10 say this year is in light of what's happening in
11 Washington other indicators, cash balance, slower job
12 growth I think its prudent now to take a very serious
13 view of how to put away money without sacrificing
14 service, services so part of what I would say to you
15 is that we have not had an agency PED program in a
16 number of fiscal years so the good news is there's
17 probably a lot of efficiencies that we could find in
18 an agency scrub exercise, its not like we did it last
19 year or even the year before, its been many years so
20 this may be an opportune time to go through this not
21 just as an exercise but as a way of putting away some
22 savings, we may... we may surprise ourselves. Usually
23 when you do an exercise like this, Preston will hold
24 me accountable to this but usually you could look at
25 2.7 percent savings from the agencies, he's nodding

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2 so I'm... I've got it but now we're at one percent so
3 when you think about the amount of money we would
4 save we may surprise ourselves and all of this by the
5 way is through the lens of continuing to fund the
6 important work that highlights the priorities of the
7 council, our priorities and the Mayor's priorities.

8 CHAIRPERSON DROMM: How does the
9 fluctuation of the fluctuating cash flow interact
10 with the city's borrowing?

11 SCOTT STRINGER: Well as of now I don't
12 think we're going to do seasonal borrowing next year
13 but we're going to continue to monitor our cash
14 position closely throughout the year.

15 CHAIRPERSON DROMM: Okay, so let me draw
16 on your accounting expertise... [cross-talk]

17 SCOTT STRINGER: Uh-huh... [cross-talk]

18 CHAIRPERSON DROMM: ...conservative group
19 called truth in accounting looked at the city's
20 fiscal 2016 balance sheet and claim New York City
21 needs 179.3 billion dollars to pay its bills, the
22 city may have avoided bankruptcy in the 70's but it
23 may not be so lucky in the next few years, quote
24 unquote, their analysis appears to be an adjusted
25 version of the city's net position on June 30th, 2016

1
2 from the comprehensive annual financial statements.
3 What do the net... the net position statements tell us
4 and is there any truth in truth and accounting's
5 conclusion?

6 SCOTT STRINGER: So, the statement of net
7 position was intended by the... by Gatsby to provide a
8 broad long-term overview of the city's finances in a
9 manner similar to a private sector business and it
10 now requires the recording of long term assets and
11 liabilities. Recent Gatsby implementations have
12 focused on pension and OPEB liabilities so the city
13 is now required to show the actuary future
14 projections of the obligations owed to all current
15 and future retirees. Nothing has really changed
16 fundamentally in our financial situation but as
17 required by Gatsby our liabilities were restated to
18 conform with the Gatsby requirements so I think that
19 our fiscal condition is fundamentally sound, the
20 markets and rating agencies clearly think so as well,
21 there are many factors to be taken into account in
22 assessing our financial well being and that's not
23 just the one that we prepare in the CAFR, long term
24 liabilities are due next year, I, I think we are in a

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2 very... as we've said in a very strong, sound financial
3 position.

4 CHAIRPERSON DROMM: Two pieces of the
5 city's financial plan that display a trend towards
6 overbudgeting are one, the estimates for how much the
7 city expects to borrow to pay for capital projects
8 and two, how much will it cost to service the city's
9 debt? We can look at the preliminary financial plan
10 for fiscal 2014 which is the most recent plan year
11 for which we have actuals as an example of this
12 phenomenon. Since the city routinely fails to commit
13 all of the projects in the capital plan it follows
14 that it may not need to issue as much in bonds as it...
15 as is planned..

16 SCOTT STRINGER: So, you're asking why is
17 it consistently over estimated?

18 CHAIRPERSON DROMM: Yes.

19 SCOTT STRINGER: Well the projection of
20 our borrowing needs is based on a cash flow model
21 that begins with the plan capital commitments. I've
22 noted several times in the last few years that we
23 consistently come in well below the plan in terms of
24 commitments and so ultimately that means less cash
25 expenditures and less need for borrowing. I think

1
2 that we should make our capital planning process more
3 transparent, I think we did an analysis... I did an
4 analysis last week that speaks to 56 percent of all
5 capital projects actually having money and, and
6 having spending and I think that we should take a
7 look at that and I would hope the council would take
8 a look at it. Now as to why the debt service
9 projections generally are overstated... I'm sorry,
10 that... why its consistently overstated, the Mayor's
11 debt service projections are a function of the
12 borrowing projections so... to the extent that those
13 are overstated and frontloaded, the debt service
14 projections are also... will be too.

15 CHAIRPERSON DROMM: How does the city
16 decide when to issue new bonds?

17 SCOTT STRINGER: Excuse me?

18 CHAIRPERSON DROMM: What... how does the
19 city decide when to issue new bonds?

20 SCOTT STRINGER: Well that's a decision
21 between the Mayor's... the Office of OMB and, and the
22 Comptroller's Office.

23 CHAIRPERSON DROMM: So, what's... do you
24 know what the proper... the, the process is?

25

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2 SCOTT STRINGER: Yeah, we do it all... we
3 do it... we do it all the time, we come together, we
4 issue very... you know GEO and you know TFA bonding
5 depending on the market, the interest, you know of
6 prospective buyers, we also do as you know a lot of
7 dept refinance because we've taken advantage of our
8 position because interest rates have been lower so
9 we've actually saved a couple of billion dollars
10 since I've been Comptroller and De Blasio's... the
11 Mayor De Blasio's been in office and I think that's
12 part of a strategic plan working with OMB.

13 CHAIRPERSON DROMM: One of the driver of
14 the overestimation of this service... of the debt
15 service budget has been OMB's assumptions of interest
16 rates the city will pay on the variable rate debt,
17 the council has been critical of OMB about this in
18 the past and it has seemed to serve primarily as a
19 convenient source of savings for OMB to recognize
20 over the course of a fiscal year, do you think OMB's
21 interest rate assumptions are accurate and if not do
22 you think there's a legitimate reason for OMB to
23 habitually overestimate these rates?

24 SCOTT STRINGER: Well they are... they
25 typically make conservative assumptions about

1
2 interest rates, it's not just variable but it's also
3 the fixed, fixed rates as well. I think it's
4 important that the council drill down on these issues
5 and I'm glad you're asking those questions.

6 CHAIRPERSON DROMM: Do you have a, a
7 recommendation for improving the accuracy of the debt
8 service plan, has your office looked at that.

9 SCOTT STRINGER: I mean I haven't
10 specifically, but I do think there's a lot of room
11 for this discussion. Look, if, if I would suggest
12 where to zero in on I think these are legitimate
13 issues because it effects your priority spending and
14 saving money, I also think and I've asked that we do
15 take a look at our capital budget how we could create
16 a more consistent capital budget with real
17 expenditures, you know part of consistency in the
18 capital budget spending is what is the long term
19 priorities of the Mayor and the council in terms of
20 spending. When you have a capital budget where its
21 okay, let me fund something that is.. that will
22 actually get passed and, and in.. and into being a
23 project that kind of funding is not always in the
24 best interest of the city. Sometimes you want to have
25 a longer term vision and then move your capital

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2 budget to align with that vision as opposed to well
3 you know what this agency's good at getting capital
4 projects out the door so I will put our money there
5 because I know its going to get spent during my
6 tenure in government as opposed to sort of changing
7 this process so that we're not just... we're not just
8 putting proposals in that have no chance of capital
9 spending in the future nor is it a priority.

10 CHAIRPERSON DROMM: So, let me ask this
11 question in honor of the previous and very missed
12 Finance Chair Julissa Ferreras-Copeland, I can't go
13 through today without asking it about the pension
14 system and your reforms at the Bureau of Asset
15 Management, how are we doing and is there any update
16 that you'd like to share with us regarding the
17 investment process and your internal controls?

18 SCOTT STRINGER: Well you know... you know
19 I... when the form... when the former Chair would ask me
20 this we started in year one talking about the need to
21 fix the back office. When I became Comptroller we
22 really didn't have a risk management team in place,
23 we didn't prioritize compliance, we still allowed for
24 middlemen to intervene with the pension fund, we
25 eliminated that, we passed the strongest ethics

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2 policy in this office in a generation and we began to
3 really look at those issues. We went a step further
4 and we hired an outside consultant Funston to take us
5 through what we would have to do to be in a best
6 practice situation so rather than trail the rest of
7 public pension funds in the country we decided to
8 lead on this issue. So, we've taken steps on numerous
9 fronts to address issues in the Funston report, we've
10 restructured the Bureau of Asset Management team to
11 improve risk and compliance as I mentioned, we've
12 also created tracking tools to ensure progress and
13 where risks are identified and we have an enhanced
14 risk management framework, we've increased the amount
15 invested and significantly reduced the funds held in
16 cash and we are now investing in new technology
17 solutions to improve data and reporting across all
18 asset classes. Funston gave us a mandate in this
19 report, they identified 200 issues, 200, that had to
20 be dealt with to bring our pension system to a point
21 of being in a safe place but they said to me that
22 there were 14 that must be dealt with immediately,
23 not in ten years, not in 20 years but in the here and
24 now and I'm proud to tell you that we have hit all of
25 those 14 items, we've corrected them, we've repaired

1
2 them, we've, we've dealt with that it's a great
3 credit to the Bureau of Asset Management, our CIO and
4 our entire management team in the Comptrollers
5 Office. The one thing I would say is that we have to
6 continually be mindful that the back office sometimes
7 is important as anything you do in the front office
8 and I think sometimes we in government figure we
9 don't have to invest in the back office but as you
10 see it from subways and buses, in so much of our
11 capital needs, bridges, when we don't invest we pay a
12 price later. I'm pleased to be able to tell you as I
13 did last year that the pension system is the
14 strongest its ever been, we just had a 12 percent
15 return last year that doesn't mean that we're going
16 to see those returns, I don't want to jinx myself but
17 it does mean that we are hitting our actuary target,
18 we're now at 7.4 percent which is over the last four
19 years I've been Comptroller which means we are
20 hitting our target.

21 CHAIRPERSON DROMM: Okay, thank you,
22 Council Member Rosenthal.

23 COUNCIL MEMBER ROSENTHAL: Thank you.
24 Thank you Chair Dromm, good to see you Comptroller.

25 SCOTT STRINGER: Council Member.

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COUNCIL MEMBER ROSENTHAL: I was

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reading through, I'm probably the only person on the

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planet besides the people who work at your office of

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course but I was reading through your riveting 2017

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audit and I thought so many of the audits.. [cross-

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talk]

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SCOTT STRINGER: Which one.. [cross-talk]

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COUNCIL MEMBER ROSENTHAL: ..were spot on..

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the summary, the year end summary and the one that I..

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that really caught my eye and I asked the

12

Commissioner about it, the Commissioner of Finance

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today was the.. an over, over exemptions for SCHE..

14

[cross-talk]

15

SCOTT STRINGER: Uh-huh.. [cross-talk]

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COUNCIL MEMBER ROSENTHAL: ..50 billion

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dollars and that's great.. million, I said million,

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right?

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SCOTT STRINGER: Yeah, yeah, yeah..

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[cross-talk]

21

COUNCIL MEMBER ROSENTHAL: Million

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dollars and that is wonderful whoever did that

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analysis, I think it's so important. I asked.. [cross-

24

talk]

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SCOTT STRINGER: It, it was my idea.

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COUNCIL MEMBER ROSENTHAL: It was your idea, of course and, and you... but it was great because we're basically giving exemptions to people who don't deserve them and at the same time not giving exemptions to the people who need them desperately, you know the Upper West Side, we have oddly both the greatest number of SCRIE, different... [cross-talk]

SCOTT STRINGER: Uh-huh... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...SCRIE exemptions and we're among the greatest number that don't get the exemptions they should get so, so this 50 million could be better spent I'm sure elsewhere and I'm wondering... I asked him for... he, he said that the policy... a policy decision was made that going forward they're fixing it and you know they appreciated the audit, they took your recommendations, they're, they're fixing it but they're not going to do anything retroactively and you know I... look in some cases I would understand that but there are certainly cases where we absolutely should be going retroactively, I mean if someone is living in an apartment and taking advantage of a SCHE tax abatement and they just

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2 bought the apartment for example and they're not a
3 senior, don't have a senior living with them, I don't
4 think they should... I think we should examine the
5 possibilities that they should go back and forfeit,
6 you know we could add it to their tax for... possibly.
7 He claimed he was going to go back and do an
8 assessment of how much is out there that we could
9 possibly put our hands on, I was wondering if you
10 could peruse that question as well and sort of
11 whoever did the analysis in the first place if they
12 could start to look at what money might be out there
13 that the city is owed.

14 SCOTT STRINGER: Well I'm very impressed
15 that you take the time to read our audit cover to
16 cover...

17 COUNCIL MEMBER ROSENTHAL: Every member
18 does, I'm just the one that talks about it.

19 SCOTT STRINGER: There's no way every
20 member... no, I'm just... no, but, but I'm, I'm glad you
21 picked this audit because, you know part of the
22 mandate that we have in this office is to root out
23 waste and when you see a situation where we're giving
24 out exemptions to people who are deceased or people
25 who don't... are not qualified for them it does raise

1
2 the flag and we were able to look at this throughout
3 the city through multiple boroughs... [cross-talk]

4 COUNCIL MEMBER ROSENTHAL: Exactly...
5 [cross-talk]

6 SCOTT STRINGER: ...obviously from the West
7 to parts of the Bronx, no community was really
8 exempt. In terms of going back I think you're right,
9 I think there's... that we have... you have to look at
10 what the, the expenditure to go after people would be
11 but I do think again in keeping with our theme today
12 scrubbing this could probably realize some more
13 dollars and its appropriate for the Commissioner to
14 at least, you know maybe do a trial or do some
15 analysis of where you could... [cross-talk]

16 COUNCIL MEMBER ROSENTHAL: Exactly...
17 [cross-talk]

18 SCOTT STRINGER: ...get it because that
19 will also help... [cross-talk]

20 COUNCIL MEMBER ROSENTHAL: Appreciate it...
21 [cross-talk]

22 SCOTT STRINGER: ...in the future, its
23 critical that this doesn't happen again. In the audit
24 I... you know I am really glad that you're looking at
25 it because, you know this is one of those situations

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2 where, you know we weren't trying to play gotcha we
3 just found this, and it shouldn't be.

4 COUNCIL MEMBER ROSENTHAL: I mean its
5 really impressive, he totally agreed so that was
6 great, I actually just so you know I also am going to
7 be asking the NYCHA Chair, you did a great audit on
8 their capital façade work and I'm going to be using
9 that information as well so thank you very much for
10 that.

11 SCOTT STRINGER: You know in the.. in the
12 audit world when the city council member says I'm
13 going to be asking these questions you give us great
14 hope and you reaffirm the balance of power in the
15 city and we all have checks and balances and I do
16 want to say that I'm looking forward to working with
17 this council, you know we're watching your hearings
18 and your questions as well because part of what comes
19 out of your hearings also give us audit ideas for the
20 next hearing too so we really do work... even if we're
21 not talking about it we really... our work really goes
22 hand in hand.

23 COUNCIL MEMBER ROSENTHAL: Okay, I have
24 five issues for you for NYCHA, you know the new
25

1
2 lighting fixtures that they're putting in in order to
3 save energy to put LED lights... [cross-talk]

4 SCOTT STRINGER: Uh-huh... [cross-talk]

5 COUNCIL MEMBER ROSENTHAL: ...in there that
6 apparently no resident is, is... its... no possibility
7 for a resident to change the lightbulb anymore, that
8 could be one thing for example, its outrageous a lot
9 of their contracts, I thought that I didn't say it
10 out loud. Thank you so much Comptroller.

11 SCOTT STRINGER: Well thank you... [cross-
12 talk]

13 COUNCIL MEMBER ROSENTHAL: Stringer.

14 SCOTT STRINGER: Thank you Council
15 Member.

16 CHAIRPERSON DROMM: Okay, thank you very
17 much Council Member Rosenthal. Just a couple of last
18 questions on judgements and claims.

19 SCOTT STRINGER: Do you have any
20 compliments for us the way the Council Member did?

21 CHAIRPERSON DROMM: Sorry. Judgement and
22 claims payouts were 750.3 million in Fiscal 2017, the
23 highest annual amount on record, what trends have you
24 found concerning which types of cases are leading to
25 the most lawsuits against the city and which types of

1
2 lawsuits are resulting in the, the highest judgments
3 in claims?

4 SCOTT STRINGER: Well Chairman I'm glad
5 you raised this, this comes out of our claims stat
6 report that we've been issuing for a number of years,
7 you know the billion dollar secret here is that
8 we're... we were paying out or we continue to pay out
9 billion... a billion dollars a year in claims or close
10 to a billion dollars a year, the city gets sued 100
11 times a day and we get sued for the same thing over
12 and over again and part of what we've done with claim
13 stats is to do an analysis as to why we get sued time
14 and time again and we've now created partnerships
15 with various city agencies most notably the NYPD for
16 example where we are giving them their... the claims in
17 real time so they could look at a precinct or even
18 down to an individual officer, they can anticipate
19 problems within the department that could lead to a
20 lawsuit or a claim. I'm proud to tell you that while
21 claim status is the only reason for this but we do
22 play a role, claims filed against the NYPD declined
23 for the third consecutive year they've fallen 30
24 percent since we started claim stat in 2014. We've
25 also extended real time claim stat data sharing to

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2 other city agencies and again this has never happened
3 between the Comptroller's Office and the city agency
4 ever in the history of the city but now we're working
5 with the Department of Correction, we're working with
6 the Department of Sanitation and look at these other
7 agencies; DEP, DCAS and Department of Transportation,
8 they are now working with us because at the end of
9 the day we're trying to reduce those claims. Now
10 total claims filed against the city as to your
11 question, declined by seven percent in 2017. So,
12 we're starting to see the reverse happen and again I
13 want to stress, I think that is also good management
14 by these agencies, I think they get a lot of credit
15 because, you know if an agency tackles claims against
16 the agency the agency doesn't benefit per se because
17 the money is in the general... gets paid out in the
18 general fund. So, there's always been what's the
19 incentive when I have so many priorities, why would I
20 want to focus on claims I've got to focus on paving
21 roads or, you know providing sanitation services,
22 with this collaboration we're sort of all in this
23 together now and, and I think... and I think that's
24 very significant. And we project, you know payouts
25 led claims, so the payouts should start to fall in

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2 the next year or two once the legacy payouts are
3 done.

4 CHAIRPERSON DROMM: So, the 750 million
5 in judgement and claims payouts in 2017 how much was
6 settled by your office on the basis of notice of
7 claim and how much was settled on the basis of
8 approval of a request from authorization to settle
9 from the law department?

10 SCOTT STRINGER: I would have to get you
11 that data.

12 CHAIRPERSON DROMM: Okay...

13 SCOTT STRINGER: But you know I, I can
14 tell you that we... you know we're, we're trying to do
15 as much as we can pre-litigation as is our authority.

16 CHAIRPERSON DROMM: How do you decide
17 that Comptroller?

18 SCOTT STRINGER: You know people don't...
19 may not always realize but do... people think of the
20 Comptrollers Office of, you know hundreds of auditors
21 running around town we actually renditioned to have
22 it... a robust audit department, we actually have a
23 very strong legal team and we settle claims pre-
24 litigation, we have many lawyers working on this
25 every day, they're professional, they, they look at,

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2 you know how, how to navigate, what's in the best
3 interest of settling a claim pre-litigation or
4 forward, forwarding it to the law department, we
5 review the work of the law department and so I'd like
6 to think that through claim stat and through taking a
7 look at some of these issues we've begun to make this
8 a priority. When I first gave... when I gave my first
9 budget presentation years ago the claims paid out was
10 sort of the cost of doing business with the city, no
11 one particularly cared maybe once a year there'd be a
12 story about it, we've really tried to make this a
13 priority so all I can tell you is I think you're
14 going to see a reduction in finances over the next
15 two years, we're down seven percent overall citywide,
16 30 percent from the NYPD.

17 CHAIRPERSON DROMM: Thank you very much,
18 we appreciate you coming in and we look forward to
19 continuing to work with you.

20 SCOTT STRINGER: Thank you and I look
21 forward to working with you Danny, congratulations,
22 you're off to a great... [cross-talk]

23 CHAIRPERSON DROMM: Same here... [cross-
24 talk]

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SCOTT STRINGER: ...start, thank you...

[cross-talk]

CHAIRPERSON DROMM: Thank you

Comptroller.

SCOTT STRINGER: Thank you.

CHAIRPERSON DROMM: Okay. Just give everybody an opportunity to use the facilities and then we will call our next panel. You can come up though. Good afternoon and welcome to the first day of the council's preliminary budget hearing. My name is Daniel Dromm and I Chair the Finance Committee. We just heard from the Comptroller and prior to that we heard from OMB and DOF. We will now hear testimony from Ronnie Lowenstein and George Sweeting of the New York City Independent Budget Office. And in the interest of time I will forego an opening statement but I'm asking Counsel to swear you in.

COMMITTEE CLERK: Do you affirm that your testimony will be truthful to the best of your knowledge, information and belief?

RONNIE LOWENSTEIN: Yes.

GEORGE SWEETING: Yes.

COMMITTEE CLERK: Thank you.

CHAIRPERSON DROMM: Okay, please begin.

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2 RONNIE LOWENSTEIN: Okay, first of all
3 thank you very much for this opportunity to testify.
4 We just released our report on the Mayor's
5 Preliminary Budget a few hours ago instead of
6 dragging through a lot of testimony I'm just going to
7 give you a few of the highlights and over the course
8 of the next few weeks we'll be releasing a very
9 short, roughly two page, we call them budget briefs
10 that speak to specific issues in the preliminary
11 budget in more detail. The first of them is already
12 out and it was on the fire department ambulance
13 questions. Okay, so the preliminary budget, this one
14 is in many ways unlike the budgets from the Mayor's
15 first term. Notably it doesn't contain any costly new
16 initiatives but rather builds on and strengthens the
17 bigger ticket initiatives from his first term
18 particularly in affordable housing and early
19 childhood education. based upon our economic forecast
20 and our re-estimates of revenues and spending under
21 the preliminary budget, we're expecting a somewhat
22 larger surplus for this year than OMB, we're
23 expecting a little over 700 million more than OMB
24 expects for a total surplus of 3.3 billion dollars. I
25 think the composition of that surplus is really

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2 interesting and if you'd like we can go into it in
3 more detail but unlike all those boom years in which
4 tax revenues year in and year out were much larger
5 than anticipated, that was not the case last year and
6 we're getting more tax revenues than expected this
7 year but not by a lot. There are... tied in with these
8 questions or how much the city is depending upon the
9 savings program and how much the city is depending
10 upon drawing down reserves and all of those are
11 hugely important questions. But for now, we're
12 getting a little bit more surplus than OMB expects
13 and for next year rather than forecasting a balanced
14 budget as OMB does we're projecting a modest surplus
15 of a little more than... well nearly 300 million
16 dollars. Assuming that these additional funds are
17 used to balance the budget going forward, the gaps
18 for '20 and '21 are extraordinarily small. In fact,
19 they're less than one percent of city funded
20 revenues. And rather than a gap for 2022, there's
21 actually a surplus of about a billion dollars. I
22 can't believe I am sitting here saying that because
23 in the whole time that IBO has been here, and we
24 started up in '96 there's never been a financial plan
25 that looked like that, never been in this... a

1
2 financial that is essentially in balance. Moreover,
3 its in balance maintaining significant levels of
4 reserves and not drawing down the retiree health
5 benefits trust fund. So, putting it all together the
6 lack of costly new initiatives and a financial plan
7 that is roughly in balance I think we can
8 characterize this budget as cautious. The bad news...
9 that's the good news, the bad news, the bad news is
10 there are way too many reasons to be cautious at this
11 moment. I'm going to list out some of them, but we
12 could go on at length. The first is labor contracts,
13 roughly one third of city employees who are already
14 working under contracts that have expired. Although
15 the Mayor contends that any increases above the one
16 percent raises that are already in the labor reserve
17 will be paid for through some combination of
18 increases in productivity or efficiency or give
19 backs, that could be a hard line to maintain. Perhaps
20 the biggest set of questions surrounds the federal
21 government, although an agreement was made to waive
22 federal spending caps in the near term, budget
23 proposals from both the president and congressional
24 leadership would make major cuts in programs such as
25 section 8 housing, food stamps and Medicaid which,

1
2 you know are all programs that serve the most
3 vulnerable New York residents. And as George Sweeting
4 testified at the Finance Committee just a week ago on
5 the newly adopted cuts in federal taxes, the
6 elimination of the deduction... the deduction for state
7 and local taxes will over time make New York City a
8 far less competitive location for businesses and for
9 residents. While the cap on deductions for mortgage
10 interest will have the effect of depressing property
11 values and all of that taken together is bad news for
12 city revenues. We could stay with the feds but let's
13 move on to New York State. The state itself is facing
14 a budget gap of over four billion dollars for the
15 fiscal year that begins in several weeks. Not
16 surprisingly the Governor has already proposed
17 measures that would shift some of the fiscal burden
18 onto the city including a reduction in state aid for
19 schools, reduction of state aid for child welfare,
20 demands that New York City bear more the burden for
21 Charter schools in the MTA. Its not surprising not
22 just given the antagonism between the Mayor and the
23 Governor but also to the fact that the city is doing
24 far better in terms of economics and fiscal condition
25 than the rest of the state and that we are sitting on

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2 considerable reserves that I'm sure even from Albany
3 look very tempting. NYCHA, another huge risk, there
4 have been years of disinvestment and underfunding by
5 both the federal and state governments. At the same
6 time there is need for critical repairs of things
7 like heating and hot water unless something changes
8 the city may well find itself moving in to do
9 critical repairs and that could be a great deal of
10 money. Looking at Health and Hospitals or H plus H,
11 sorry, taking into account the funding from all
12 sources the city of New York is already providing H
13 plus H about two billion dollars a year to keep them
14 afloat. The recent extension of the child health
15 insurance program and delays and cuts for payments
16 that hospitals get for treating the uninsured have
17 given us some temporary respite, but longer-term H
18 plus H's fiscal condition depends heavily on, on the
19 Affordable Care Act and everything surrounding the
20 ACA looks even more uncertain than ever. MTA, another
21 huge area of risk, the Governor has proposed that the
22 city take over the funding for New York City
23 transit's capital program. Had that been in effect
24 when the last five-year capital program was adopted
25 the city would have been responsible for at least 16

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2 billion dollars rather than the two plus billion
3 dollars that we've agreed to contribute, all of which
4 is basically laughable given the size of our capital
5 budget. The Governors also insisting that the city
6 fund half of the MTA's 836-million-dollar short term
7 emergency plan. We'll see how all of this falls out
8 and... very quickly. To sum it all up I'd like to step
9 back for just a moment, I mean normally when we put
10 out a forecast I think that... I feel that the risks to
11 the forecast are equally balanced that is to say
12 there's some up-side potential that things will be
13 better than we expected and some down side risks that
14 things will be worse, and they sort of even out. I
15 think there's upside potential, particularly I think
16 its possible that local employment growth will be
17 stronger over the next couple of years than it has
18 been at least temporarily reversing some of the
19 downward trend we've seen but other than that
20 virtually all of the risks are on the down side and
21 that's truly troubling. Thank you, I'll be glad to
22 take any questions you might have.

23 CHAIRPERSON DROMM: Thank you very much,
24 its good to see you. Let me just talk a little bit or
25 ask some questions about the cuts to federal

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2 programs, I'm not sure if you have numbers at this
3 point but how much funding would you estimate the
4 city would lose from cuts to food stamps,
5 supplemental income, cash assistance programs?

6 GEORGE SWEETING: The... is this on, yeah.

7 We took a look back in the summer of 2017 at what had
8 been proposed by the, the Trump administration at
9 that time and there weren't... there weren't a lot of
10 specifics but there were... there were things that
11 certainly made it troubling looking at it. Now I
12 should say we don't know exactly how much of that is
13 going to even be on the table for the next federal
14 budget cycle which is just getting underway but there
15 was... there was a cut to... there was a proposal to cut
16 food stamps over ten years by about 200 billion
17 dollars, some portion of that would, would effect New
18 York City residents, it wouldn't affect the New York
19 City budget directly because food stamps is at least
20 up until now has been a fully federal program. One of
21 the things that this... the... one of the, the ways that
22 the Trump administration proposed to cut food stamps
23 funding was to gradually shift responsibility at
24 least part way towards the states, you know it was
25 supposed to get a... it was proposed to have the states

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2 bearing 25 percent of the burden in about eight or
3 nine years. If you look at the current numbers or
4 what were then the current numbers, New York State
5 had about 1.2 billion dollars of food stamps that,
6 that flowed into the... into the state and I'm... no, I'm
7 sorry, New York... New York City was going to get about
8 a 1.2 billion dollar cut out of that program... out,
9 out of that proposal. There were similar proposals to
10 shift... to, to cut back on the disability part of
11 social security, SSI that was... the proposal there was
12 really to, to just be tougher on allowing new cases
13 on and so they, they thought that they could get four
14 or five percent out of their spending there and then
15 there, there was also a proposal to cut TANF which is
16 the temporary assistance for needy families, it's the
17 welfare... main source of cash assistance. In this
18 year's budget they've talked about... they've continued
19 to talk about reducing the, the CDBG program, the
20 section 8 program which the city uses both in, in
21 NYCHA and also for their, there housing programs,
22 CDBG pays a large portion of HPD's enforcement budget
23 so those, those things would more directly fall on
24 the city budget. There's also, you know proposals not
25 in the governor... in, in the Presidents budget but in

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2 the proposals that are coming from the congressional
3 leadership to make really significant cuts to
4 Medicaid including block granting, the, the program
5 and also changing the, the way the, the inflation
6 adjustments are done. Again those, those would be
7 things that if, if they took place the city would be
8 faced with either choosing to have fewer people
9 served or, or receive a much less type of.. much less
10 generous type of benefit or else paying for it
11 through its own resources which would be a, a real
12 drag on the city budget.

13 CHAIRPERSON DROMM: Do you know the
14 number of people that might be affected by these
15 cuts?

16 GEORGE SWEETING: It's a little hard to
17 say that on some of these where, you know for example
18 where they're saying they're going to restrict
19 eligibility on the.. you know in food stamps its at
20 least what was proposed last year and is the most
21 fleshed out proposal they weren't talking about fewer
22 people but shifting the, the, the financial burden.
23 So.. no, I don't.. I don't have specific numbers on
24 that, we.. you know we, we, we can go back and look at
25 how many people are currently on those programs in

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2 the city. In fact, let's see... food stamps as of last
3 summer there were about 1.7 million people receiving
4 food stamps, there were about 420,000 people on SSI
5 and there were about 365,000 people on, on TANF cash
6 assistance.

7 CHAIRPERSON DROMM: So, a large number of
8 people?

9 GEORGE SWEETING: Right.

10 CHAIRPERSON DROMM: The Senator had
11 announced a two-year budget agreement in February,
12 has your office had an opportunity to look at that or
13 review it and see how that would impact the, the
14 city?

15 GEORGE SWEETING: Well what, what they
16 did was raise their caps, their... the, the amount of
17 budget capacity that is allocated, they've yet to go
18 back and actually pencil that out into which
19 particular programs will get cut... you know maybe
20 smaller cuts or, or, or larger increases. So, no, I
21 mean we, we, we don't have that info... you know that
22 information doesn't exist as far as I know I guess...
23 suppose its inside the committee staffs but what we
24 have done is... you know our... the economic forecast
25 that lies behind our, our revenue forecast, you know

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2 we did increase at least over the next four to six
3 quarters I think it's, its... a year or so maybe a
4 little bit more... [cross-talk]

5 RONNIE LOWENSTEIN: It was more... [cross-
6 talk]

7 GEORGE SWEETING: ...the... you know a, a
8 positive effect to growth, economic growth from the
9 combination of that spending agreement which is a...
10 its... because... particularly because they're doing it
11 with deficit financing, its... it, it will be a
12 stimulus and also the tax cut which at least in the
13 near term, you know is, is expected to be a stimulus
14 to, to growth and so the... those two effects are in
15 our projections of the economic outlook and the, the
16 revenue forecast.

17 RONNIE LOWENSTEIN: And let me say that's
18 for the near term, doing fiscal stimulus at a point
19 when the US economy is at or near full employment is
20 a recipe for higher inflation, could well cause as I
21 said to act more rapidly raising rates faster than
22 they would have otherwise and that's problematic
23 looking forward in terms of whether the expansion
24 continues.

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2 CHAIRPERSON DROMM: So... thank you. On, on
3 personal income taxes and unincorporated business
4 taxes the year to date collections for the personal
5 and, and the incorporated business taxes are way
6 above what they were over the same period last time..
7 last year, its 31 percent above as of January for the
8 personal income tax and 23 percent for the
9 unincorporated business tax above 2017 in December,
10 to what can you attribute that?

11 GEORGE SWEETING: There are number of
12 factors. First of all let me take a relatively simple
13 one, on the personal income tax there was a change to
14 the state STAR program that took affect in calendar
15 year 2017 and the, the STAR program... most of the
16 state receives its STAR benefit against the... their
17 property tax, here in New York City because our
18 property taxes for homeowners are relatively low
19 there was an argument... and also we have a lot of
20 renters, there was an argument that we need to, to
21 have an additional way of delivering the STAR benefit
22 and that was through the personal income tax. As of
23 last... as of calendar year 2017 the... they're no
24 longer... the state is no longer using the personal
25 income tax to deliver the STAR benefit and there... tax

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2 payers will get the same benefit but will be against
3 the state income tax not the city income tax and
4 therefor they canceled the lower rates that have been
5 built into the, the city personal income tax and that
6 translates into what appear to be higher PIT revenues
7 in 2017... for calendar year 2017, and actually because
8 the, the withholding tables weren't adjusted until
9 July 1st all of that change occurred in the second
10 half of 2017 so that's had an effective boosting but
11 then there are the changes from the... you know what's
12 going on with federal tax policy. Some of them date
13 back actually all the way back to 2008 and when there
14 was a change in the law that requires some asset
15 managers with... if they're managing foreign assets had
16 to be... bring that money back and that money had to
17 come back be... by December 31st, 2017. So, that,
18 that's presumably spurred some of the increase in, in
19 estimated payments against the personal income tax
20 that we see in December and, and early January but
21 then the other big thing is, is the, the current
22 effort tax changes in, in Washington. I think
23 beginning in the fall of 2016, people were
24 anticipating that there would be a tax cut in... that
25 would take effect in 2017 and so they held off

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2 realizing capital gains because they, they, they
3 anticipated that that would... that they would be
4 available in 2017 then it took all of 2017 basically
5 to, to sort it out and, and the actual whatever the
6 changes are don't take effect until 2018. At some
7 point people, we think, got tired of waiting and, and
8 also in addition the, the, the idea of doing... one...
9 early in the... early in the process there had been a
10 lot of talk about lowering the capital gains tax
11 rate, the final... the final bill did not lower the
12 capital... the capital gains rate so there was no
13 reason not to take your money in '17 but then finally
14 the biggest piece is the, the SALT, the, the change
15 in the state and local tax deduction which would make
16 people... you know all else equal would raise people's
17 taxes if they realized the gain in 2017... 2018 so they
18 had a reason to take it in 2017 when they realized
19 the gain they had to pay estimated taxes and that's
20 one of the... that's, that's contributing to this run
21 up in, in revenue. I'll give you one more part of the
22 answer and that's not, not on estimating payments but
23 on withholding we also see a boost in December and
24 January and we, we are attributing that to a better
25 than anticipated bonus season particularly in, in

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2 Wall Street. Wall Street had a very strong fourth
3 quarter so that their, their revenue... their profits
4 for the year are about 24 and a half billion dollars.
5 We have... you know a few months ago we had been
6 predicting something closer to 20 billion, that's in...
7 we think that increased the bonus pool and that, that
8 also, you know spurred, spurred some run up in
9 December.

10 RONNIE LOWENSTEIN: Because of course
11 there's a big premium on getting the money before
12 December 31st so you can continue to deduct it.

13 CHAIRPERSON DROMM: So, conversely, we've
14 seen a year to date collections for the general
15 corporation tax of fall and about 9.2 percent and how
16 much of that decline in collections can be attributed
17 to the federal tax change incentivizing a delay in
18 tax payments until 20... year '18... tax year 2018?

19 GEORGE SWEETING: I guess... we've, we've
20 not looked at, at GCT sort of from that perspective,
21 for us... a, a long... an ongoing question we've been
22 trying to untangle for over a year is there's a long
23 downward trend in the general corporation tax and in
24 corporate tax state and there aren't too many other
25 local corporate taxes around the country, they're

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2 generally down over the last few years. One of the
3 questions we've been trying to answer is, you know
4 are we... are we down more than other people, are we
5 down maybe less than other people and, and I think
6 we're still sorting that out. One of the concerns in
7 the background is, you know the city and the state
8 undertook significant changes to their corporate
9 taxes, the city's version was supposed to be roughly
10 revenue neutral, the question is, you know did, did
11 we... you know are... were there changes that were made
12 that are turning out to have a bigger effect than
13 were anticipated, you know that's, that's open
14 research at this point but its, it's something we're,
15 we're, we're trying to sort out so we're, we're
16 thinking about the, the corporate tax current
17 revenues more from that perspective than from the
18 impact of the federal government.

19 CHAIRPERSON DROMM: Let me just talk a
20 little bit now about taxi medallions and consider...
21 you know consider, considering the general weakness
22 in the medallion market, does it make any sense to
23 have these revenues included in the financial plan?

24 RONNIE LOWENSTEIN: No, it does not.

25

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2 CHAIRPERSON DROMM: Thank you and does it
3 seem likely that the city will realize significant
4 revenues from the sale of medallions any time in the
5 near future?

6 RONNIE LOWENSTEIN: The, the value of the
7 medallions is down so much it's an industry that's
8 fundamentally restructuring. If you've got an asset
9 why should you sell it at what appears to be the
10 bottom so it... yeah, it, it wouldn't make sense for
11 the city to start selling taxi medallions any time
12 soon.

13 CHAIRPERSON DROMM: Okay, I'm being told
14 I need to be out of the room by four and I have
15 public to testify as well so let me ask one last
16 question on the homeless shelter costs. What is your
17 understanding of why the federal share for family
18 shelters has not risen with the rising expenses of
19 running the shelters, can this be explained by the
20 formula used by the federal government or how DSS...
21 DHS claims reimbursements from the federal government
22 for these shelters?

23 GEORGE SWEETING: You know we've, we've
24 recently done some work on the shifting in, in the
25 funding and the, the distribution between the state,

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2 the city and the federal government and we noticed,
3 you know that there's, there's... its actually not a
4 consistent trend, there's some variability year to
5 year but the... you know long term the, the federal
6 share is down a bit. One of the explanations we've
7 received in, in talking to the administration is that
8 a lot of it has to do with whose eligible... you know
9 of the individuals who are in the shelter on a
10 particular night if you qualify for TANF the entire
11 cost is billed to TANF for, for that night, TANF
12 being the, the federal welfare program and TANF has
13 certain limitations, you... there are some work or
14 training requirements and more importantly there's a
15 five year limit on how long you can be on TANF. Now
16 if you think about... we know that the length of stay
17 in shelters has been going up because its hard... its...
18 for people who are in the shelter the options for
19 finding affordable housing is... are... you know are
20 challenging in, in the city's housing market and, and
21 many of them need, you know some, some support
22 services that there are housing programs that deliver
23 those services but they're... you know they're, they're
24 in limited supply so there are people that are sort
25 of backed up in the shelter that have not... and

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2 they've been there, you know in some cases well more
3 than a year so if you come into the shelters on TANF
4 and then you sit there for, for a year or longer you
5 can... you know its, it's easy to... it's not easy, its,
6 its possible to see how you would wind up exhausting
7 your five year limit when that happens you then go
8 off of federal TANF and you go onto the, the safety
9 net program which is split between the city and the
10 state, you know some would argue unfairly between the
11 city and the state so you know we... you know the... it...
12 that seems like a plausible explanation that it, it,
13 its around... it revolves around this, this
14 eligibility... whether you're eligible for the federal
15 program. TANF is the only federal dollars really
16 available in the shelter system, it doesn't reach
17 single adults and it doesn't reach adult couples
18 without minor children and those are a significant
19 share of the population and the city is not... you
20 know... you know TANF was never going to give you
21 support for those people.

22 CHAIRPERSON DROMM: How is the state
23 contribution for shelter expenses determined?

24 GEORGE SWEETING: I, I don't know the
25 exact details, there's a, a formula that has some

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2 caps built in so that at some point it stops... it
3 stops increasing even if the, the, the shelter
4 enrollment is increasing.

5 CHAIRPERSON DROMM: So, its remained at
6 about nine percent annually?

7 GEORGE SWEETING: The share has... the
8 share has, yep and we.. I can get back to you with
9 more details on that.

10 CHAIRPERSON DROMM: Alright, well thank
11 you very much, we appreciate you coming in and
12 sharing the information with us, I look forward to
13 continuing to work with you.

14 GEORGE SWEETING: You're welcome.

15 RONNIE LOWENSTEIN: Thank you.

16 CHAIRPERSON DROMM: Okay, I'd like to
17 call this panel up to the witnesses table. Fran
18 Schloss, President of Local 1757, DC 37; Ralph
19 Palladino, 2nd Vice President from Local 1549, DC 37;
20 Miss Mary... Miss Jo-Ann Yoo, Asian American
21 Federation, and.. okay. I just wanted to let you know
22 this panel will be limited to three minutes each so
23 Sergeant's I'm going to need your help with that.
24 Okay, we'll now begin the public portion of our
25 hearing. As a reminder for members of the public who

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2 wish to testify please fill out a witness slip with
3 the Sergeant at Arms. Additionally, the witness
4 panels will be arranged by topic so please indicate
5 the topic of your testimony on the witness slip, if
6 you have written testimony please be sure to give the
7 testimony to the Sergeant at Arms when your name is
8 called to testify, and we now have our first panel,
9 and would you like to start over here?

10 RALPH PALLADINO: Thank you and good day,
11 my name is Ralph Palladino, 2nd Vice President of
12 Clerical Administrative Employees Local 1549 New York
13 City representing 16,000 employees and taxpayers of
14 the city of New York working in virtually all city
15 agencies, hospitals and NYPD. By the way
16 congratulations on your becoming the new Chair and we
17 hope to work with you as well as we worked with
18 Julissa Ferreras and we know your work at Elmhurst
19 Hospital and other places so thank you very much and
20 welcome. We are urging the city to enhance critical
21 services in the city specifically at the NYPD, 9-1-1
22 and DOT 3-1-1 call centers. We call on the city to
23 ensure that our wonderful public hospital system, the
24 New York City Health and Hospitals survives and
25 expands its roll in delivering of health care to

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2 those who need it the most. We also say that the city
3 of New York needs to stop wasting tax dollars by
4 accelerating, by... excuse me and by... what they should
5 be doing is accelerating civilianization in the NYPD.
6 Civilianization is where you have traffic enforcement
7 agents, police officers and school safety agents
8 uniforms sitting in desks where PAA's, Police
9 Administrative Aids sit wasting city money and not
10 enhancing the services to the city's safety.
11 Civilianization saves tax dollars, we estimate about
12 30 million dollars a year and others have estimated
13 from 17 to 127 million dollars whether you're the IBO
14 or the city Comptrollers Office. So, that is an
15 important thing to do and we have been at this now
16 for so many years and we thought that we would have
17 some relief in this, but we have not gotten what we
18 need to get and more needs to be done. The other
19 thing is, is that in order to save money city
20 employees should be doing the work for which they
21 were hired for, you have higher paid, non-
22 competitive, non-civil service job... titles being...
23 replacing civil service clerical administrative
24 titles in the city and in Health and Hospitals to the
25 tune of almost 2.3 million dollars a year now that,

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2 that may not sound like a lot but in ten years its 20
3 something million dollars that does not include the
4 30 million dollars of the civilianization in the
5 NYPD. In the 3-1-1 center we need additional staffing
6 because 3-1-1 set a record last year in the number of
7 people that were serviced yet our numbers of call
8 reps remain stagnant or is less than it was. So, we
9 call on you and the city council to please try to
10 work on that, so we can enhance services. The... most
11 of my testimony is about 23 pages with addendums so
12 you can go through it but the last thing I'd like to
13 say is that in terms of the state, 9-1-1 we can help
14 pay for the 9-1-1 enhancement by getting the state to
15 stop using the money for the surcharges that they
16 have on bills for the telephones and stop putting in
17 it to the... to the fund, the general fund and use it
18 around the state including New York for that purpose
19 which they were supposed to use it for enhancement
20 and 9-1-1. When asked about this on the John Oliver
21 show on T.V., maybe two years ago the Governor said
22 well no one has asked us for the money so we're
23 asking the city council and the city to ask for the
24 money. Thank you. Sorry to run over.

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2 CHAIRPERSON DROMM: Thank you very much,
3 next please.

4 JO-ANN YOO: Good afternoon and thank you
5 for this opportunity to submit testimony Council
6 Member Dromm, we're really thrilled for you,
7 congratulations on this leadership position, we know
8 that you know our community really well and we
9 consider you a key ally, so we're thrilled. I also
10 want to thank you for the leadership work you did on
11 passing Fred Korematsu Day, it's really important
12 especially for our kids these days to have a
13 reflection of American heroes from our own community
14 and we really appreciate all the advocacy efforts you
15 put into making the... passing the day so thank you
16 very much. I'm here to... my name is Jo-Ann Yoo and I'm
17 the Executive Director of the Asian American
18 Federation, we work with about 70 non-profit
19 organizations throughout New York City that serve our
20 city's fastest growing Asian community. I know that
21 as the administration and the city council work
22 towards a 2018, 2019 budget we are here to ask for
23 support for the Asian American, the work of our
24 member agencies supporting the Asian American
25 community. I will tell you that after the election

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2 the one thing I... the most... the one topic of
3 conversation from Executive Directors from my member
4 agencies was about the budget and about how the, the,
5 the threats of, of, of Trump on budget cuts will
6 impact the services they provide. Council Member I
7 know that you know that the city council... when we did
8 a report about the city dollars coming to the social
9 service programs to our member agencies it was one
10 point... less... it was about 1.4 percent of all the city
11 contracts, certainly as the fastest growing
12 population in the city that's not enough to support
13 our, our member agencies and support our... the most
14 vulnerable in our community. A couple things I'd
15 love... I'd like to ask for our priorities, the
16 increase immigration integration support services for
17 Asian New Yorkers, Asian American Federation received
18 a grant from the state that most of which... 80 percent
19 of which we were able to regrant to our member
20 agencies to do immigration services and I think we'd
21 love to see a city do something similar, there's
22 certainly... Moya has been doing an amazing job but I
23 think we are aware that's there still unmet needs and
24 invisible communities that this... frankly Asian
25 American communities being one of them that really

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2 need extensive immigration services so we ask for
3 your support, we also need to help... to think... be
4 mindful of the fastest growing senior population in,
5 in New York City and that's the Asian American
6 seniors, they are lagging behind in funding in all
7 those senior centers in every way and we'd love to
8 get support from you. We also ask for support to
9 increase mental health services, we need to invest in
10 language and cultural competencies and these... the
11 non-profit organizations, about ten of them that
12 serve our community certainly do an amazing job and I
13 ask for support to increase the program funding for
14 the communities of color, non-profits stabilization
15 fund. Previously its been 3.7 million but this year
16 we ask for five million dollars to help build
17 capacity of the front line non-profit organizations
18 and finally we are... we have been work, working with
19 the Mayor's Office and we've already reached out to
20 talk about census 2020 with all the fear of... with all
21 the vilifying of immigrants by the Trump
22 Administration I can tell you that the fear from our
23 community is going to be a gross undercount and I
24 think while we're preparing now I think we also... we
25 still feel like we're going to be... we're going to see

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2 a huge undercount and we're terrified so we ask for
3 city council investment to be able to make sure that
4 New York is, is, is counted completely, every
5 resident is counted in New York. Thank you.

6 CHAIRPERSON DROMM: Uh-huh, thank you Jo-
7 Ann and your concern about the census is shared by me
8 and many of the other council members, you know
9 Jackson Heights and Elmhurst the communities that I
10 represent in the city council I feel were really
11 undercounted the last time around so definitely I'm
12 really glad that you highlighted that in your
13 testimony as is the non-profit stabilization fund
14 because I know that there are many Asian
15 organizations that still don't have the
16 infrastructure yet to really know how to go about
17 accessing funding to help their communities.

18 JO-ANN YOO: Absolutely, absolutely, we'd
19 love to see it increase because I think this fund is
20 really geared, geared towards supporting the small
21 organizations but the bigger organizations need help
22 as well.

23 CHAIRPERSON DROMM: Yep... [cross-talk]
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25

1
2 JO-ANN YOO: ...and so we'd love to see a
3 bigger investment and a bigger... so that, that we were
4 able to help more non-profit organizations.

5 CHAIRPERSON DROMM: Yep, absolutely.

6 JO-ANN YOO: Great...

7 CHAIRPERSON DROMM: Thank you for your
8 testimony... [cross-talk]

9 JO-ANN YOO: Thank you so much... [cross-
10 talk]

11 CHAIRPERSON DROMM: ...we look forward to
12 working with you. Ralph, I'm curious to know, you
13 have the 129,000 phone calls on my legislation, the
14 IDNYC and you say that that loan is 129,395 percent
15 increase that's because there's no one person
16 specifically to work on that?

17 RALPH PALLADINO: I'm sorry, I... [cross-
18 talk]

19 CHAIRPERSON DROMM: On the IDNYC... [cross-
20 talk]

21 RALPH PALLADINO: Yes... [cross-talk]

22 CHAIRPERSON DROMM: ...in your testimony...
23 [cross-talk]

24 RALPH PALLADINO: 3-1-1, yeah.
25

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2

CHAIRPERSON DROMM: You said that that...

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this alone is 129,395 percent... [cross-talk]

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RALPH PALLADINO: Percent... [cross-talk]

5

CHAIRPERSON DROMM: ...increase?

6

RALPH PALLADINO: Yeah.

7

CHAIRPERSON DROMM: Is that... do you know

8

where that figures coming from, that's because

9

there's nobody that works specifically on that?

10

RALPH PALLADINO: Yes, uh-huh... [cross-

11

talk]

12

CHAIRPERSON DROMM: So, that, that... so,

13

that any call that goes into 3-1-1 if there's 129,000

14

calls its spread out over the agency, it's just that

15

much more work for them?

16

RALPH PALLADINO: Right, that, that is

17

for one type of call though, that's not for all the

18

calls.

19

CHAIRPERSON DROMM: For IDNYC?

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RALPH PALLADINO: Right, its 11 percent

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increase I believe from one... from 17... '16 to '17 to

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set the record overall but that one particular area

23

which I think is... has a lot of calls was a large,

24

some wild percentage higher.

25

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2 CHAIRPERSON DROMM: Right, so we're kind
3 of a victim of our own success in that sense that
4 it's been a wonderful program... [cross-talk]

5 RALPH PALLADINO: Yes... [cross-talk]

6 CHAIRPERSON DROMM: ...because over a
7 million and... [cross-talk]

8 RALPH PALLADINO: Right... [cross-talk]

9 CHAIRPERSON DROMM: ...something New
10 Yorkers now have IDNYC.

11 RALPH PALLADINO: But imaging is, is
12 coming in more and texting and things like that but
13 the thing is, is that it takes time to do that and we
14 have the same number of people or less working doing
15 the job and, and the stress and the strain on top of
16 it so... same thing with 9-1-1, same thing with the 9-
17 1-1 system that's why now they have two centers in 9-
18 1-1 where they had one, there's empty cubicles, the,
19 the public could be serviced by getting at least 200
20 more people in 9-1-1 as well because you also have a...
21 an issue where there's burnout and overtime is
22 starting to inch up again and so people get sick when
23 they're forced to work overtime or when they do work
24 overtime they get sick because they're working too
25 much and it's a stressful job you have some more

1
2 absenteeism, if there's more employees you service
3 faster, there's less absenteeism and better
4 productivity and now of course they've got to do
5 texting and imaging perhaps where we think a separate
6 center should be set up for that because of New
7 York's size so, those... both those areas really need
8 help but the 9-1-1 could be paid for if the state... if
9 we can get the money from the state and that, that...
10 like they're, they're supposed to do with that tax
11 that's on the cell phones and the land lines.

12 CHAIRPERSON DROMM: Okay, got it, thank
13 you very much... [cross-talk]

14 RALPH PALLADINO: Thank you... [cross-talk]

15 CHAIRPERSON DROMM: ...we really appreciate
16 it and thank you for coming in.

17 RALPH PALLADINO: Uh-huh.

18 CHAIRPERSON DROMM: And our next panel...

19 RALPH PALLADINO: Thank you...

20 CHAIRPERSON DROMM: Katelyn Hosey, LiveOn
21 New York; Elizabeth McCarthy, Sheltering Arms; Dipal
22 Shah and Sally Sanchez; and Andrea Bowen, Dipal and
23 Sally are from the Center for Court Innovation and
24 Andrea Bowen is from the Anti-Violence Project. Is
25 there anybody in the audience who wants to testify

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after this, no, if you have... if you do you need to see the Sergeant at Arms otherwise this will be our last panel. Okay, should we start over here?

KATELYN HOSEY: Sure... [cross-talk]

CHAIRPERSON DROMM: Yep.

KATELYN HOSEY: So, my name is Katelyn Hosey, I'm from LiveOn New York. First thank you for holding this hearing and listening to the public on the many issues that New Yorkers face today. LiveOn New York represents a base of more than 100 community-based service providers that provide services to older New Yorkers throughout all five boroughs, these includes senior centers, NORCs, home delivered meals, the, the full gambit of DFTA provided services. So, with this said we want to really emphasize the fact that older New Yorkers are using their momentum throughout this city to power up the political system, the local economy and providing countless hours of volunteerism throughout all five boroughs. Seniors are really important to their communities and they are the fabric of what makes New York such a great place and we need to support seniors as they grow old and they... we also need to support the community-based services that allow

1
2 seniors to age in their homes. Despite a lot of the
3 positives that surround growing old currently the
4 system is at risk due to years of stagnant funding
5 and often underfunding, despite the great increase
6 that we received last year during the year of the
7 senior campaign there's still more that needs to be
8 done to truly support the providers in every
9 community. By investing in senior centers NORCs,
10 meals we're certain that the aging services system
11 can grow to meet the needs of the seniors in their
12 community and they can do so in a culturally
13 competent way that really meets the senior's needs
14 regardless of language barriers or whatever it may
15 be. We ask the city council to prioritize funding for
16 a truly model senior center budget in the coming
17 years and we also ask the city to prioritize in the
18 March response the needs of senior services across
19 the gambit of the Department for the Aging. Further
20 LiveOn New York strongly supports the agency wide
21 investments in FY '19 that the Human Services Council
22 has been pushing for, we would love to see included a
23 trend factor cost escalation formula including the
24 cost of living, living adjustments in all human
25 services procurements moving forward as well as a

1
2 framework to increase all human services contracts
3 and all procurements up to the minimum details
4 including a 37 percent fringe rate, 15 percent
5 indirect cost rate, 10 percent increase for occupancy
6 program costs, 10 percent increase to casualty and
7 liability insurance. These were all suggestions that
8 providers have really been calling for and that I
9 think most, most council members recognize this need
10 having visited their senior centers and all of the
11 other local providers. So, we thank you for the
12 opportunity to testify today and we really look
13 forward to working for... working with you as we move
14 forward, thank you.

15 CHAIRPERSON DROMM: Thank you, next
16 please.

17 ELIZABETH MCOMMITTEE CLERKARTHY: Good
18 afternoon... good afternoon. My name is Elizabeth
19 McCarthy and I'm the CEO of Sheltering Arms. Thank
20 you Chair Dromm and members of the New York City
21 Council Committee on Finance for the opportunity to
22 testify. Sheltering Arms is one of the city's largest
23 providers of education, youth development, community
24 and family wellbeing programs in the Bronx,
25 Manhattan, Brooklyn and Queens. We operate 11 early

1
2 childhood education centers, ten after school
3 programs, a community school, Juvenile Justice
4 programs including five close to home facilities,
5 runaway and homeless youth programs, foster care,
6 preventative article 31's. On behalf of Sheltering
7 Arms, we'd like to thank the city council for its
8 efforts and commitment in the FY '18 budget to
9 increase the funding for human service contracts,
10 we're particularly grateful for the increased funding
11 for preventative services which will enable us to
12 better compensate this crucial workforce therefor
13 retain talent and decrease turnover in these areas
14 where consistency is critical for clients. The
15 increase to funding in non-profit contracts is an
16 important statement and so I'm here to thank you but
17 also intriguing you to go further to support the
18 sustainability of our sector in two key ways. One,
19 fully funding the upcoming minimum wage increase at
20 the end of the calendar year and two, funding salary
21 parity in early childhood education. On minimum wage,
22 Sheltering Arms we have over 400 employees who
23 currently make between 13 and 15 dollars an hour,
24 more than half of whom work in city funded after
25 school or residential programs. The increase in

1
2 minimum wage to 15 dollars an hour at the end of this
3 year which we fully support will cost our agency
4 about a million dollars not counting the associated
5 fringe and overhead. As an agency we can't afford
6 that and as a city we can't afford to step backwards
7 in the progressive social services that we provide.
8 Likewise, the issue of salary parity in early
9 childhood education, a workforce primarily comprised
10 of women of color is urgent. It really is as simple
11 as giving equal pay for equal work. Sheltering Arms
12 like other community-based providers struggles with
13 increasingly high turnover among our early childhood
14 teachers because the city contracts consistently and
15 unconsolably pay teacher's tens of thousands of
16 dollars less than those in the DOE. The impact to
17 this chronic disparity is clear, CBO's across the
18 city are continually drained of the high-quality
19 teachers, they train with us and go work in the DOE,
20 we're forced to close classrooms most of which are in
21 the poorest neighborhoods in the city in order to
22 maintain staff ratios. It takes us on average seven
23 months to hire a teacher for these programs because
24 of our low salaries. Imagine if children on the upper
25 East Side are right down the street in Tribeca had to

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2 switch schools or were denied seats at a school
3 because their teacher left for more money, but it
4 happens in our poor communities of color all the
5 time. The launch of Pre-K for All and its expansion
6 for Three K for All are wonderful but they've
7 exacerbated this problem. Our teachers can move to
8 the DOE to make more money, work fewer hours and have
9 the summer off. Honestly, I'm surprised we have any
10 teachers, but we do because those who are there
11 believe in the value that we provide to families with
12 child care until six o'clock, with meals, with mental
13 health services, support for the whole family. It's
14 time for the fairest big city in America to provide
15 equal pay for equal work. The city council has always
16 proven itself to be an ally of the human sector
17 services and we ask you to please continue that
18 commitment.

19 CHAIRPERSON DROMM: Thank you, next
20 please.

21 DIPAL SHAH: Good afternoon Chair Dromm.
22 My name is Dipal Shah and I'm the Director of
23 Strategic Partnerships at the Center for Court
24 Innovation. I'm here with Sally Sanchez, who is
25 Project Director at the Queens Youth Justice Center,

1
2 she'll be speaking in just a moment. We thank you for
3 the opportunity to speak today and thank you very
4 much for your recent visit to the Queens Youth
5 Justice Center. I am here to urge the city council to
6 support the Center for Court Innovation as it seeks
7 to strengthen and expand alternative to
8 incarceration, youth diversion and access to justice
9 programs through support from the city council in
10 Fiscal Year 2019. This includes a 500,000-dollar
11 continuation of funding for ongoing operations and a
12 500,000-dollar enhancement which will help us to
13 advance the city council's goals of improving
14 fairness and working towards the closure of Rikers
15 Island. The request would provide funds for
16 continuing support of our community courts, community
17 justice centers, public safety programs throughout
18 all five boroughs. Our programs include the Red Hook
19 Community Justice Center, Crown Heights Community
20 Mediation Center, the Midtown Community Court, Bronx
21 Community Solutions, Queens Youth Justice Center, and
22 Staten, Staten Island Justice Center and that's just
23 a few, we have 30 around the city. Through these
24 programs we work with tens of thousands of New
25 Yorkers each year, close to 60,000 and the vast

1
2 majority of the people we serve are LGBTQ youth,
3 immigrants, low income, or people of color. I'll now
4 turn it over to Sally to speak a little bit about our
5 youth diversion.

6 SALLY SANCHEZ: Thank you. Our youth
7 diversion programs in Manhattan, Brooklyn, Queens and
8 Staten Island currently serve thousands of young
9 people each year through counseling, academic support
10 and workforce development. Looking forward with
11 expanded funding these programs could be a vehicle
12 for the successful implementation of Raise the Age
13 reforms serving young people who will no longer be..
14 or excuse me, no longer go through criminal court.
15 Our goal is to offer meaningful off ramps allowing
16 participants to avoid detention whenever possible. We
17 have developed particular expertise in working with
18 young women and LGBTQ survivors of exploitation and
19 trafficking offering trauma informed mental health
20 services. Expanding funding would allow the center to
21 serve hundreds more individuals from these vulnerable
22 and at-risk populations providing services to an
23 estimated 30 percent more youth.

24 DIPAL SHAH: The Center for Court
25 Innovation is making a deep investment in improving

1
2 access to justice, our Harlem Community Justice
3 Center works to resolve disputes between landlords
4 and tenants providing mediation services, social
5 services to local residents, with the support we can
6 extend the reach of the justice center by close to 30
7 percent. Our legal hand program serves Crown Heights,
8 Jamaica and Brownsville residents facing housing
9 immigration and employment issues, with your support
10 we can serve hundreds of additional New Yorkers
11 resulting in 50 percent more served. The city
12 council's support has been invaluable to the success
13 of the center for Court Innovation helping us
14 maintain core operations and expand our demonstration
15 projects throughout New York City. The center looks
16 forward to continuing to work with New York City
17 council to improve public safety and create new
18 alternatives to incarceration that result in a fairer
19 more accessible system for all New Yorkers. We
20 respectfully urge you to continue your support and
21 work with us and thank you again for the opportunity
22 to speak.

23 CHAIRPERSON DROMM: Thank you, Andrea.

24 ANDREA BOWEN: Good afternoon Chair
25 Dromm, congratulations on the new committee

1
2 chairmanship. Hello committee staff and council
3 finance. My name is Andrea Bowen, I'm a consultant
4 working on behalf of the Anti-Violence Project and in
5 coalition with the Audre Lorde Project, GMHC, the
6 LGBT community center, Make the Road New York, Sylvia
7 Rivera Law Project and the TransLatina network. These
8 organizations have been working in concert since 2015
9 to put together a series of policy and budget items
10 that would improve the lives of trans and gender non-
11 conforming New Yorkers. Starting in 2015 spurred on
12 by the LGBT caucus of city council these
13 organizations put on forums in all five boroughs to
14 get recommendations of what the city should do to
15 help TGNC people. Ultimately 591 participants took
16 part and then last fall we, we took those
17 recommendations, sort of looked at the government
18 landscape and identified a handful that we really
19 wanted to pursue this moving budget season so the
20 recommendations that I'm about to draw out are
21 community derived solutions for needs around
22 employment, health care, housing and so on. I'm not
23 going to read the entire testimony but in there is
24 some statistical information just showing that
25 specifically in New York City we know through needs

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2 assessment work that the TGNC community especially is
3 at a disadvantage economically in comparison to its
4 sis gender; lesbian, gay and bisexual peers. So, we
5 know the community has a special need with respect to
6 entering employment programs, health care outcomes,
7 being able to find housing and employment, etcetera
8 so... to meet these needs we're recommending six, six
9 programs and just for quicker reference I put them
10 all on the back of the testimony. We're looking for
11 an employment program to be able to work with both
12 youth and adults in separate cohorts providing, you
13 know case management, advocacy towards employers and
14 working across the panoply of employment programs to
15 make sure that there's space for TGNC people to have
16 sensitive placements and, and get careers built. We
17 are looking for a rental assistance program so sort
18 of thinking something along the lines of like Link
19 but for TGNC people specifically and a, a side... along
20 with that a set of case managers who could help with
21 potential discrimination claims which we know arise
22 when TGNC people try to use rental assistance. We
23 know that there is a need for undocumented TGNC
24 people to find lawyers who are, are... one sensitive to
25 community needs and really understand TGNC visas and

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2 new visas and how to get them and so we're
3 recommending a training program to train lawyers how
4 to get that... do that kind of work and also a line to
5 help agencies get staff lawyers to do that kind of
6 work. We're looking for a health care liaison
7 program, we understand even though health insurance
8 for TGNC people has gotten better in New York City
9 and state we still know that people have trouble like
10 accessing after care, connecting insurance companies
11 to their providers and making sure that the two sides
12 are talking so we're recommending a navigation
13 program between DHHC and DOHMH to sort of meet that
14 and finally we want TGNC people to once again take
15 part in training the NYPD and we'd like to have sort
16 of like a two sided effort. One, we'd like TGNC
17 organizations to work with NYPD to revamp trainings
18 and have a... money for evaluation to see whether or
19 not the trainings are actually working. We'd also
20 like sort of an extra allotment and it's all detailed
21 in the testimony to provide Know Your Rights
22 materials to organizations to sort of teach people
23 about their needs for... teach people in the TGNC
24 community about their rights with respect to working
25 with the police and for sort of more detail on that

1
2 there's an inspector general's report out of the NYPD
3 that detailed a lot of the problems that our
4 community faces in working with the NYPD. So, open to
5 your questions and thank you for your time.

6 CHAIRPERSON DROMM: Uh-huh. Thank you
7 very much and thank you to each member of the panel
8 here; of course, LiveOn, the senior concerns are a
9 major concern to us also, also myself especially.
10 With new sanctuary I don't know if you know that I
11 used to be a daycare center teacher in a daycare
12 center in Harlem at 125th Street and Amsterdam Avenue
13 and I left exactly for the reason you noted in your
14 testimony so that I could get paid more in the... as a
15 teacher at the D... in the DOE than I would as a
16 director of a daycare center so I'm very familiar
17 with that and Center for Court Innovation,
18 tremendous... incredible visit, very, very impressed
19 about what I saw the youth doing on that evening that
20 I was there and you know we look forward to
21 continuing to work with you and of course with AVP in
22 our transgender community is a major concern. I don't
23 know if you know I just took on the roll of the Chair
24 of the LGBT caucus so now I'm the Chair of the LGBT
25 Caucus, the Chair of the Irish Caucus, the Chair of

1
2 the Finance Committee, enough already but I just want
3 you to know I can't say too much where we go but of
4 course all of these concerns are, are issues that we
5 will definitely take into consideration as we move
6 forward down the budget path. So, thank you for
7 taking your time to... [cross-talk]

8 ANDREA BOWEN: Thank you... [cross-talk]

9 CHAIRPERSON DROMM: ...come out today...
10 [cross-talk]

11 ANDREA BOWEN: Thank you.

12 CHAIRPERSON DROMM: ...and thanks for
13 these, these concerns, thank you very much.

14 KATELYN HOSEY: Thank you.

15 CHAIRPERSON DROMM: And I think with
16 that... is there anything else? Okay, this concludes
17 the Finance Committee's first hearing on the fiscal
18 2019 Preliminary Budget. For any member of the public
19 who was unable to testify today but who would like to
20 submit testimony you can email your testimony to the
21 Finance Division at Finance testimony at council dot
22 NYC dot gov by close of business on Friday, March 9th
23 and the staff will make it a part of the official
24 record. For the entire month of March, the council
25 through the appropriate committees will conduct

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2 hearings to hear from agency commissioners about the
3 impact of the Mayor's preliminary budget on their
4 agencies. For a full schedule of all the preliminary
5 budget hearings please contact the Sergeant at Arms
6 or check the council's website. Thank you and this
7 hearing is now adjourned at 4:05 p.m.

8 [gavel]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date

March 22, 2018