

COMMITTEE ON FINANCE

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CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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May 30, 2025

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HELD AT: COUNCIL CHAMBERS - CITY HALL

B E F O R E: Justin L. Brannan, Chairperson

COUNCIL MEMBERS:

Diana Ayala
Gale A. Brewer
Selvena N. Brooks-Powers
David M. Carr
Amanda Farías
Kamillah M. Hanks
Crystal Hudson
Farrah N. Louis
Francisco P. Moya
Yusef Salaam
Pierina Ana Sanchez
Althea V. Stevens
Nantasha M. Williams

OTHER COUNCIL MEMBERS ATTENDING:

Lincoln Restler
Kevin C. Riley
Eric Dinowitz
Rita C. Joseph
Shaun Abreu

A P P E A R A N C E S

Jacques Jiha, Director of the New York City Mayor's Office of Management and Budget

Kenneth Godiner, First Deputy Director of the New York City Mayor's Office of Management and Budget

Tara Boirard, Senior Deputy Director of the New York City Mayor's Office of Management and Budget

Latonia McKinney, Senior Deputy Director of the New York City Mayor's Office of Management and Budget

Brad Lander, New York City Comptroller

Krista Olson, Deputy Comptroller for Budget at the New York City Comptroller's Office

Francesco Brindisi, Executive Deputy Comptroller for Budget and Finance at the New York City Comptroller's Office

Preston Niblack, Commissioner of the New York City Department of Finance.

Jeffrey Shear, First Deputy Commissioner of the New York City Department of Finance

Jacqueline James, Chief Financial Officer and Deputy Commissioner for Administration and Planning of the New York City Department of Finance

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

Louisa Chaffee, Director of the New York City
Independent Budget Office

Sarita Subramanian, Senior Research and Strategy
Officer of the New York City Independent Budget
Office

SERGEANT-AT-ARMS: This is a microphone check on the Committee on Finance for the 2026 budget recorded by Taysha Sherman (phonetic) in the Chambers, May 30, 2025.

SERGEANT-AT-ARMS: Good morning and welcome to today's New York City Council 2026 Executive Budget Hearing on the Committee of Finance.

At any point, no one may approach the dais during today's hearing.

If you would like to testify, you can see one of the Sergeant-at-Arms in the back.

Please silence all electronic devices.

Chair, you may begin.

CHAIRPERSON BRANNAN: Thank you, Sergeant. [GAVEL] Okay, good morning, and welcome to the final day of hearings for the FY26 Executive Budget. I'm Council Member Justin Brannan. I Chair the Committee on Finance. We have a full agenda today. We'll first hear from the Office of Management and Budget, followed by the Comptroller, the Department of Finance, and finally the Independent Budget Office.

At this time, I want to introduce my Colleagues who are with us today, Majority Whip

Brooks-Powers, Council Members Carr, Louis, Deputy Speaker Ayala, Council Member Williams and Restler.

Before we start, I want to extend my sincere gratitude to the entire City Council Finance Division for their tireless efforts in preparing for today's hearing and the past three weeks of hearings. This is the final budget hearing for the Adrienne Adams Administration, time flies when you're having fun, but none of this could have been possible without the mighty City Council Finance Division who helps make these hearings happen, and that starts with Chief Financial Officer and Deputy Chief-of-Staff to the Speaker, Tanisha Edwards; our Finance Director, Richard Lee; our Managing Director, Jonathan Rosenberg; our Deputy Directors, Emre Edev, Chima Obichere, Paul Scimone, and Eisha Wright; Assistant Director, Elizabeth Hoffman; Chief Economist and Assistant Director, Dilara Dimnaku; Supervising Economists, Paul Sturm, William Kyeremateng, and Andrew Wilber; our Unit Heads, Aliya Ali, Julia Haramis, Florentine Kabore, Jimmy Reyes, Jack Storey; Finance Counsel, Nick Connell; my Committee Counsel, Brian Sarfo; my Senior Advisor, John Yedin; all the Finance Analysts, Economists,

Support Staff, everyone that makes the magic happen behind the scenes to bring everything together for the past four years and for the hearings today.

Welcome, Director Jiha and your team. Thanks for being here today. Thank you for joining us to answer our questions but, before I go any further, I want to invite our Speaker, Adrienne Adams, to give her opening remarks.

SPEAKER ADAMS: Thank you, Finance Chair. Good morning, everyone. Thank you, Finance Chair Brannan, for holding today's Executive Budget hearing. This is the last for FY26.

The Mayor's Executive Budget for Fiscal Year '26 is 115.1 billion dollars It's an increase of half a billion dollars from the FY26 preliminary budget. This week, the Council unveiled our latest economic and tax forecast, which shows consistent revenue projections that continue to outpace OMBs by 1.7 billion dollars for Fiscal Years 2025 and 2026. Our city's economy is resilient despite the uncertainty caused by the Trump Administration's volatile economic and tariff policies that have undermined U.S. economic growth. Prior to the tariffs and trade policy turmoil, the national economy was

expected to grow at a healthy rate of around 2.1 percent this year. Now, due to Trump's policies, the Council expects economic growth to fall to 1.3 percent in 2025. During this period of chaos from the federal government, the Council's focus is on advancing investments that help make our city safer and more affordable. New Yorkers count on our City budget to prioritize their needs and make it possible for them to build their lives in our great city.

While the Executive Budget includes some key investments that the Council has long called for and were included in our preliminary budget response, there remains work to do to ensure that the adopted budget includes vital funding for programs missing in the Mayor's Executive Budget. New Yorkers, from our youngest to our seniors, depend on cultural institutions, libraries, and parks to maintain meaningful connections to each other, their cultures, and their communities. Our parks are a lifeline for our city. Annually, they receive over 100 million visits, and yet, compared to other major American cities, New York City allocates a significantly less proportion of its budget to our Parks Department. We need to narrow that gap and allocate more funding for

key programs, staffing, and maintenance so that our parks can remain clean and safe for all to enjoy.

And our seniors, who are the crown jewels of our communities, deserve further support. We would not be here without them, and yet so many are struggling to age in place and still experience food insecurity. We can address this by expanding access to home-delivered meals and upgrading older adult centers that provide essential services.

To advance public safety, the Mayoral Administration must adequately invest in the programs proven to make our communities safer. Following through on the City's commitment to close Rikers as a part of improving public safety, we must invest at the scale needed in mental health and community-based safety programs that are proven to reduce recidivism, help crime victims recover, and stop cycles of violence. While some funding has been added into the Executive Budget, our investments are still incomplete. The City budget must commit additional funding for residential treatment beds for people with mental health challenges, justice-involved supportive housing, and other critical interventions.

We must also support working families by fully investing in our public schools, childcare vouchers, and early childhood education programs like 3K and Pre-K. Ensuring the stability of the State's Childcare Assistance Program vouchers is critical to protecting families' access to affordable child care. We need to move forward towards expanding access to all families, not simply protecting what currently exists, which we know leaves too many without support. CUNY, NYCHA, and housing investments also need to be prioritized in the final budget.

Finally, community-based organizations and non-profits serving on the front lines of our communities rely on Council funding to deliver for New Yorkers. We need to ensure the City keeps its commitment to them and to the communities that they serve.

Director Jiha, I hope to hear from you today about the steps OMB is taking to address these outstanding issues in this budget. We've spent the past days of budget hearings listening to agency officials and New Yorkers about the immense needs in our City, and it's critical that the City delivers for them.

Thank you very much, and now I turn it back over to Chair Brannan.

CHAIRPERSON BRANNAN: Thank you, Speaker. As you mentioned, yesterday the Council released our economic and tax forecast for the FY26 budget, and the findings from our updated analysis remain consistent with what the Council has been arguing through the budget process. New York City's economy continues to show resilience, with higher tax revenues than projected by OMB over FY25 and '26, even though our economic growth lags below our long-run average. The Council's tax revenue forecast remains largely the same as our previous forecast this past February, with shifts in the timing of revenues. We project that the City will collect a total of 1.7 billion dollars more in tax revenue in the current and next Fiscal Years than OMB projects in their May plan. It's driven largely by stronger collections in property tax, personal income tax, and unincorporated business taxes. Additionally, we project 2.5 billion dollars greater tax revenue collection in FY27, 3.2 billion in FY28, and 3.9 billion in FY29. The Council sees tax revenue to grow at an average of 4.5 percent annually through the

forecast period, while trending the right way, remains below the 5.5 percent annual growth the City saw in the prior decade.

While the Council does not project a dream economic environment, that's no rationale for aggressive cuts and failing to make use of every resource we have on hand. We have what we need to preserve neighborhood cornerstones like our parks, libraries, and cultural institutions, as well as to protect essential services like housing, mental healthcare, and early childhood education that keeps New Yorkers on their feet. The more we put and the more we invest into New Yorkers, the more New York City will get back.

I'll have questions today focused largely on the unincorporated business tax, sales tax, reserves, City agency headcount, the capital budget, and several issues that came up in our prior hearings.

Just as a reminder for everyone who's with us today, only written testimony will be admitted for today's hearing so, if you wish to submit written testimony for the record, you may email it to testimony@council.nyc.gov anytime up to

1 COMMITTEE ON FINANCE 12

2 72 hours after the conclusion of today's hearing.

3 Audio and video recordings will not be admitted, but
4 transcripts of such recordings can be attached and
5 submitted.

6 I'm now going to turn it over to my
7 Committee Counsel, Brian Sarfo, to swear everyone in,
8 and we can get started.

9 COMMITTEE COUNSEL SARFO: Good morning. Do
10 you affirm to tell the truth, the whole truth, and
11 nothing but the truth before this Committee, and to
12 respond honestly to Council Member questions?
13 Director Jiha.

14 DIRECTOR JIHA: Yes.

15 COMMITTEE COUNSEL SARFO: First Deputy
16 Director Godiner.

17 FIRST DEPUTY DIRECTOR GODINER: I do.

18 COMMITTEE COUNSEL SARFO: Deputy Director
19 Boirard.

20 SENIOR DEPUTY DIRECTOR BOIRARD: I do.

21 COMMITTEE COUNSEL SARFO: And Deputy
22 Director McKinney.

23 SENIOR DEPUTY DIRECTOR MCKINNEY: I do.

24 COMMITTEE COUNSEL SARFO: Thank you. You
25 may begin.

1 COMMITTEE ON FINANCE

13

2 CHAIRPERSON BRANNAN: Thank you. You may
3 begin.

4 DIRECTOR JIHA: Good morning, Speaker
5 Adams, Chair Brannan, and Members of the Finance
6 Committee and City Council. Thank you for the
7 opportunity to testify here today about the Fiscal
8 Year 2026 Executive Budget. I'm Jacques Jiha, and I'm
9 the Director of the New York City Mayor's Office of
10 Management and Budget. I'm joined by OMB First Deputy
11 Director Ken Godiner and Senior Deputy Directors Tara
12 Boirard and Latonia McKinney.

13 The Fiscal Year 2026 Executive Budget is
14 balanced at 115.1 billion dollars, with manageable
15 outyear gaps of 4.6 billion dollars, 5.8 billion
16 dollars, and 5.7 billion dollars in Fiscal Year '27
17 through '29. Our budget reserves remain at a record
18 level of 8.5 billion dollars.

19 Four fundamental elements shape the
20 Executive Budget. A strong economy, significant
21 savings, sound and targeted investments, and fiscal
22 discipline. First, the economy, like you said,
23 remains resilient. As a result, the labor market is
24 strong, with employment at an all-time high and
25 unemployment declining across all demographics.

Notably, unemployment among Black and Hispanic New Yorkers has dropped by more than two percentage points since this Administration took office. The city population is also rebounding from the pandemic era dip, and tourism has returned to near-record levels. Additionally, Wall Street posted a near-record performance in 2024. This strong economic growth led to an upward revision in tax revenue forecasts over the Fiscal Year 2026 Preliminary Budget of 1.7 billion dollars in Fiscal Year 2025 and 1 billion dollars in Fiscal Year 2026. This represents growth of about 8 percent in Fiscal Year 2025, but tax revenue is projected to grow by about 1 percent next Fiscal Year, as the economy is anticipated to slow.

Achieving savings is a key Administration priority. Total savings in this plan are 1.9 billion dollars over Fiscal Year 2025 and 2026 and were attained without service cuts or layoffs. This includes asylum seeker savings of 298 million dollars in Fiscal Year 2025 and 1.2 billion dollars in Fiscal Year 2026 to reflect the census decline. This brings the two-year savings total from all sources over the last three plans to nearly 6.8 billion dollars.

As a result of the strong economy and savings program, we're able to make critical upstream investment and reduce risks in the financial plan by baselining funding for many recurring programs that have been funded with short-term stimulus dollars or one year at a time. And despite our good fortune, we remain fiscally disciplined. We invested prudently. City-funded expenditure within the Fiscal Year 2026 Executive Budget grew just 1.3 percent over the Preliminary Budget, and it is 2.2 percent or 2 billion dollars lower than it was at last year's Executive Budget. We added nearly 900 million dollars to protect critical services for the most vulnerable members of our community in the current Fiscal Year. This includes the City Medicaid contribution, CityFHEPS rental assistance, cash assistance, HIV/AIDS housing services, and housing vouchers and social services for seniors and more. We took steps to support human services providers and non-profits that partner with the City to deliver essential services to the community by funding and direct rate growth for New York City Aging, the New York City Public Schools, and our Human Resources Administration, and making cost-of-living adjustments

for criminal justice providers. We also invested 1.4 billion dollars in public safety, cleanliness, affordability, education, and childcare in Fiscal Year '26, and more than 675 million dollars is baselined. It is important to highlight that many of these investments are supported by Members of this Council.

There is no end to what we can achieve together for our communities, for our city, and for our future. To safeguard the constitutional right to counsel, we strengthened support for indigent defense providers. We also funded criminal justice initiatives, including alternatives to incarceration and enhanced supervision. And to promote successful re-entry, we are helping decarcerated individuals secure housing, employment, mentorship, and healthcare. And we added support for trauma recovery centers, which provide safe spaces and treatment to survivors of violent crime who have less access to traditional victim services. We have also increased staffing at the Civilian Complaint Review Board. Further, the funding in this financial plan keeps the City on the path to 35,000 police officers on the streets by the fall of 2026. In this plan, we are

also deepening the Mayor's commitment to his Get Stuff Clean and Trash Evolution initiatives by baselining support for litter basket pickup throughout the city, spaces that are frequently overlooked, historically not well kept, and trash pickup on the perimeter of parks and greenways. This is on top of the investment we made in the Preliminary Budget to expand the Parks Department's second shift, bringing resources to 100 new hotspots in 64 parks across the five boroughs. In this plan, we have added over 100 million dollars annually to backfill expired stimulus dollars and restore savings to New York City Aging. This funding will help ensure dignity and quality of life for older New Yorkers through home delivery meals, older adult centers, and more. And to fight food insecurity, we have included funding for over 700 food pantries across the city through the Community Food Connection Program and the popular Groceries to Go program.

And because cost should not be a barrier to getting to work, school, or to the doctors, we'll maintain funding for Fair Fares. And once again, Summer Youth Employment participants will receive free Metro cards. We restored nearly 100 million

dollars in funding for CUNY and maintained support for the ACE and the ESSA programs and the Brooklyn Recovery Corps at Medgar Evers College.

Further, we added 45 million dollars in annual support for the New York City Department of Cultural Affairs Cultural Development Fund and Cultural Institution Group. This is the first time in 20 years that this funding has been baselined.

We also added more than 15 million dollars across the public library branch budget next Fiscal Year.

Now, there is annual funding for nearly 200 million dollars for education programs that have been supported with short-term stimulus. To ensure the continuity of these critical programs, we baselined resources for 3K, arts education, teachers' equipment, project PIVOT, computer science education, and more. And we have also baselined support for over 700 early childhood education seats for three and four years old in special education pre-K. Further, the Mayor has expanded the After-School for All program, which will strengthen and scale the program to achieve the Mayor's vision of making the program universal. This includes adding seats for 220,000 K-5

students by the fall of 2027. This is a baseline investment that goes to 330 million dollars over the financial plan. And in two Fiscal Years, the City will work with community groups to conduct a needs assessment and gather input on further slot expansion.

Though there is much more to say on education and childcare, I will also highlight three other priorities. We committed baseline funding for school nurses, new teachers to meet class size targets, and we are funding Promise NYC in the year ahead.

Because reading, writing, communication skills are crucial to social and economic mobility, we are investing in adult literacy programming. Although we have made a robust investment and baselined many initiatives for the first time, we must acknowledge the significant challenges and risks that remain ahead. We are still caring for more than 38,000 asylum seekers on our own at a monthly cost of approximately 200 million dollars, with total estimated costs since July 2022 totaling 7.7 billion dollars. In the Preliminary Budget, we had assumed that the State would provide 1 billion dollars in

resources in its Fiscal Year '26 budget to cover migrant expenses. Because we had to release the Executive Budget before State budget adoption, and it was apparent at the time that the State would not meet this need, we backfilled this budget hole with City resources. We also reflected cost-shift of 166 million dollars annually related to MTA paratransit obligations and after 4 p.m. school busing. To our disappointment, the adopted State budget shifted far more costs to the City than we had anticipated. This includes a 275 million dollars annual increase in the City's contribution for childcare vouchers, which has grown to 328 million dollars. Altogether, the State budget will cost City taxpayers an additional 550 million dollars annually, bringing the total State budget impact to about 1.7 billion dollars.

We also face risks related to funding cuts at the federal level and changes to grant requirements. In addition, the trade policy announced in early April and the subsequent impact on financial markets pose a potential threat to the City's economy as well as its tax base. The federal administration is reviewing grants to ensure that they comply with the President's recent executive orders and has

terminated funding for some entities. Additionally, several federal agencies have added grant certification requirements designed to force conformity with revised immigration and diversity, equity, and inclusion policies. Our office, in coordination with the Law Department, is closely monitoring grant cancellations and new grant requirements, and the City is actively engaged in litigation where appropriate, often in conjunction with other localities. But at the end of the day, we may have to make very difficult decisions about the extent of our ongoing reliance on federal funding to support critical City services. Some may be tempted to apply budget reserves, but these funds would only provide temporary support. Once these reserves are used, they are gone. The reality is that no municipality has the resources to backfill federal funding. Put simply, we have some serious challenges ahead of us. As we get closer to budget adoption, I look forward to working with the Council to protect the City's interests in Albany and Washington, and to identify resources to fund our many joint priorities to support our recovery, promote public health and safety, expand opportunity, and improve the lives of

everyday New Yorkers. Thank you, and I look forward to your questions.

CHAIRPERSON BRANNAN: Thank you very much. We've been joined by Council Members Hank, Salaam, Riley, and Majority Leader Fariás.

And now I'm going to turn to Speaker Adams for her questions.

SPEAKER ADAMS: Thank you, Chair, and welcome. It's good to see you all.

The Administration's two-for-one hiring policy has been in effect for more than a year. In that time, I have heard numerous Commissioners blaming staffing levels and hiring issues for issues their agencies have with provision of critical services. The City's current actual full-time headcount is slightly over 286,000, which is more than five percent less than the headcount of just before the COVID pandemic. In that same period, the City's budgeted full-time headcount declined by only 1.9 percent. Vacancies continue to be an issue citywide. So, my questions on this issue are, is the two-for-one hiring freeze still in effect, what positions are currently exempted from the hiring freeze, and are there any plans to end the hiring

freeze in the near future, especially given the issues agencies have providing services?

DIRECTOR JIHA: Yeah. As you can imagine, embedded in our budget is savings from the two-for-one. And as you can imagine, we are dealing with some serious challenges ahead of us, so therefore the policy remains in place. However, we have exempted a number of positions from the two-for-one, including uniformed personnel, inspectors, and revenue-generating positions. Any positions dealing with public health, public safety, and revenue generation, we have exempted those positions, and some critical positions, for instance, in cash assistance programs, so we have exempted many of these positions. We are working with agencies to assess their needs on a day-to-day basis, and when there is a severe problem that we believe needs to be addressed, we usually try to make an exemption for those cases.

SPEAKER ADAMS: So as far as the revenue-generating positions are concerned, you are stopping there, and everything else is on an individual case basis. What will be considered then, a revenue-generating position?

2 DIRECTOR JIHA: A revenue-generating
3 position would be an auditor.

4 SPEAKER ADAMS: No, no, I understand that
5 part. I mean, as far as going on a case-by-case
6 basis, your determination then, as far as hearing
7 from your agencies, would determine what is revenue-
8 generating?

9 DIRECTOR JIHA: We have revenue-generating
10 positions. We also have, as I said, uniform, public
11 safety, public health, and based on our discussion
12 with the agencies, if they have a need that is
13 pressing, we usually tend to address those needs.

14 SPEAKER ADAMS: Okay. So, there are no
15 plans to lift the hiring freeze in the near future?
16 You're just going to go on an individual case basis
17 going forward?

18 DIRECTOR JIHA: Not at this moment, but as
19 you know, we have made significant progress in terms
20 of the vacancy in New York City. I mean, last, in
21 June of 2023, it was at 7.5 percent. Now we are down
22 to like 5.9 percent, so we're making progress.

23 SPEAKER ADAMS: Okay. All right. Let's
24 talk a little bit about NYPD headcount. In order to
25 get a handle on the rampant usage of overtime, the

Commissioner stated that one of her strategies was to have as many uniformed officers on the streets. The NYPD's budgeted uniform headcount is currently 35,000 with over 1,300 vacancies. There are also over 1,600 civilian vacancies, including key titles like 9-1-1 operators. What is the plan to fill these vacancies, and what role has OMB played in helping the NYPD fill vacancies to be fully staffed to its budgeted headcount?

DIRECTOR JIHA: We currently are working with the NYPD to make sure that they got all the resources that they need. We gave them approval, I believe, to hire 3,500 officers this year, and same thing with the 9-1-1 operators because they are exempt from their hiring fees. So, it's just a question of, you know, and we've been approving, you know, all the requests that they have sent us so far.

SPEAKER ADAMS: Thank you. In looking at the childcare voucher funding shortfall and the State budget, which you alluded to in your opening statement, at the Preliminary Budget hearing, ACS indicated that the City was projecting a shortfall in State and Federal funding to support the City's childcare voucher program through the upcoming

federal Fiscal Year, which is October 1st, 2025 through September 30th, 2026. Because the State enacted its budget after the release of your Executive Plan, it didn't address the childcare voucher funding gap, but now we know that the enacted State budget includes an additional 350-million-dollar appropriation that the City can access to cover the cost of childcare vouchers. Based on the language in the enacted State budget, how much is the City required to contribute to access the full additional 350 million dollars of State funds?

DIRECTOR JIHA: It is 328 million, which is what the MOE is asking for. But again, we continue to work with ACS to assess the program, to assess the need of the program, and see where we're going to end at the end of the day, because we're still waiting for guidance from the State to access those funds, and I believe recently the State approved the continuity of care program, which prioritizes our low-income population for low-income vouchers. So again, we're working with them, but basically the minimum money to put in is about 328 million.

SPEAKER ADAMS: Okay. Thank you. At the Preliminary Budget hearing with ACS, the Commissioner

indicated the agency projected its childcare voucher expenditures for Fiscal Year 2026 at between 1.5 billion dollars and 2 billion dollars. Is that still the projected cost, and can you please explain to me the calculations for how this cost was derived and why the range is so broad?

DIRECTOR JIHA: Again, it's based on certain assumptions that are made. And again, as I said, I would defer to ACS to provide you more explanation. But based on our own calculation, we believe that we'll get the resources that we need to make sure that the needs are met, but the Mayor made the decision that this is such a critical program that we have to fund this program to make sure that the needs of the parents are met. So again, we'll continue to work with ACS to assess how much is needed, as I said, and based on the guidance that will be provided to them by the state, and we'll make an assessment in the future of what the needs are.

SPEAKER ADAMS: So you agree with the Commissioner that the projection is still between 1.5 and 2 billion?

DIRECTOR JIHA: Again, as I said, it's so many moving parts, but based on our discussion with

ACS and where we are, we will work with them to do an assessment of the program. Again, these forecasts are based on assumptions, and any change in the assumptions could change the numbers. So, what we commit to, the Mayor has made the commitment that this is so critical for parents that we will be working with ACS to make sure that if there is a need, we will address those needs as we go throughout the year.

SPEAKER ADAMS: Okay. Along those same lines, at the Preliminary Budget hearing with ACS, the Commissioner indicated they weren't processing new applicants and putting children on waiting lists. At the Executive Budget hearing, the Commissioner said the agency was working with OMB to include more money so families currently receiving a voucher would keep them. What is the plan, and does the Administration still intend to put families on wait lists, what plans does the Administration have to eliminate wait lists, and how much money does it project this to cost?

DIRECTOR JIHA: Yeah. We have a wait list, and as I said, as we go forward, we continue to assess the program, because at this moment in time,

we can't tell you fully what's going to be needed to take care of the waiting lists, again, because so many assumptions in terms of how many people are going to be returning, in terms of people on cash assistance, what's going to be the uptake. We don't know a lot of pieces, so we're doing our assessment. As I said, there's a commitment on the part of the Administration to make sure that parents have the resources that they need, so we're just going to continue to work with ACS to see what are the needs, and also work with the State.

SPEAKER ADAMS: Is there a plan, though? It doesn't sound like there is. Is there a plan to actually eliminate the wait list, or is this just indefinitely?

DIRECTOR JIHA: No. They're working on a plan to, you know, get rid of wait lists, but to begin with, we have to make sure we cap the program to get a full grasp of what's going on to begin with, okay? And once we have a grasp of what's going on, then we'll make a decision in terms of how we're going to proceed going forward.

SPEAKER ADAMS: Okay. Last year, we fought to continue to provide principals with adequate

1 COMMITTEE ON FINANCE

30

2 funding so that their budgets wouldn't decrease
3 drastically from year to year. Will the
4 Administration work with the Council to initially
5 hold schools harmless for any enrollment declines in
6 the 2025-2026 school year as you did last year at
7 adoption?

8 DIRECTOR JIHA: We will continue to work
9 with the Council, and we'll discuss this as part of
10 budget adoption.

11 SPEAKER ADAMS: Is that a commitment?

12 DIRECTOR JIHA: We will work with the
13 Council.

14 SPEAKER ADAMS: Okay. Let's talk a little
15 bit about State budget and housing. The State-enacted
16 budget includes over 1 billion dollars in additional
17 capital funding for housing development,
18 construction, and preservation that was secured as
19 part of our City of Yes and City for All agreement.
20 The State budget gives broad categories for which
21 funding can be used based on the agreement and
22 requires the City to seek approval for spending plans
23 from the State Budget Director. What kind of input is
24 OMB going to have in the process, and how is it
25 approaching this?

1 COMMITTEE ON FINANCE

31

2 DIRECTOR JIHA: These are State funds, and
3 OMB, you know, technically we are not, you know, the
4 entity that's responsible to submit the plan. We'll
5 make a plan with NYCHA for how to use this fund, and
6 NYCHA would work with the State directly for approval
7 in a timely manner. And those funds that are expected
8 to support HPD projects will forward directly to
9 those projects. While we plan to remain in close
10 contact with the State about those allocations, the
11 determination of how those funds are awarded on a
12 project-by-project basis does not rest with us.

13 SPEAKER ADAMS: So how will OMB craft and
14 submit plans to the State for approval in a timely
15 and efficient way?

16 DIRECTOR JIHA: Tara, do you want to take
17 this one?

18 SENIOR DEPUTY DIRECTOR BOIRARD: Hello.

19 SPEAKER ADAMS: Hi.

20 SENIOR DEPUTY DIRECTOR BOIRARD: We won't
21 be submitting the plans. They'll be done largely by
22 the Housing Authority as well as HPD, but we'll be
23 working in coordination with them.

24 SPEAKER ADAMS: Okay.

25

DIRECTOR JIHA: We'll work with them, but we're not directly submitting those plans. It's NYCHA and HPD.

SPEAKER ADAMS: Okay. Got it. Let's look a little at potential federal cuts. Right now, the Fiscal 2026 budget includes over 7.4 billion dollars of federal funds allocated across many City agencies. But we're all well aware that there's a very real chance that come November, this estimate may need to be decreased. What safeguards do you have in place to make sure that critical City services are not interrupted if this happens?

DIRECTOR JIHA: Madam Speaker, we will fight for every federal dollar that New Yorkers deserve. New Yorkers pay their fair share of federal taxes and should not be penalized simply because the City is following State and local laws so we will continue to fight as hard as we can, okay, to make sure that we get every dollar that we deserve. Now, if for whatever reason we lose some of our legal challenges, we will basically, we have a decision matrix that we go in-house, we review, we assess every single one of these programs. And if the program is deemed to be very critical, we will come

back to the Mayor and the Council with recommendations in terms of what to backfill and what not to backfill. But what we said before, and we'll continue to maintain the same posture, is given the scope, the size, you know, the amount of money that is involved, no municipality has the resources to backfill federal funding.

SPEAKER ADAMS: Understood.

DIRECTOR JIHA: Okay. So we have to keep fighting.

SPEAKER ADAMS: Understood all of that. And surely New York City is not the only place in this country that is at jeopardy right now.

DIRECTOR JIHA: Yes.

SPEAKER ADAMS: For federal funding loss. What I'd like to hear though is that will OMB work with the City Council to create a plan?

DIRECTOR JIHA: Of course. We, as I said, every decision, every program, the challenge that we have is we don't want to send signal, okay, to D.C. that it's okay to cut funding with impunity because, hey, every case that we're making is causing harm to the City, okay? So you don't want to create a plan

that says, hey, I have resources to backfill all of these things so in that case, there is no harm.

SPEAKER ADAMS: Understood.

DIRECTOR JIHA: Okay. So therefore we don't want to telegraph, okay, all the steps, all the measures that we plan on taking, but we will definitely work with the Council because this is our job to basically to face the challenge together because in the extreme case, it would be very challenging for the City to deal with this thing.

SPEAKER ADAMS: I agree a thousand percent, and thank you for agreeing to work collaboratively with us to create a plan if needed.

Let's talk a little bit about homeless shelter costs. In the current year, the City has budgeted over 2.6 billion dollars for the cost of housing the non-asylum seeker homeless population. This year's budget has increased by over 760 million dollars since adoption alone. The City plans to spend more to shelter the homeless this year than the entire Fiscal 2026 budgets of all but five City agencies. Year after year, we spend more and more to house the homeless. Is paying the costs of the

homeless shelter system the most cost-effective strategy to combat and respond to homelessness?

DIRECTOR JIHA: Put it this way. We have to tackle these things. It's like not one at the expense of the other. We need shelter to deal with the short-term challenges that we're dealing with. Somebody wants overnight stays, so you're going to need to have a shelter program for that group of people. At the same time, we also need long-term housing to deal with the long-term problem, which is the shortage of housing that we have in the city. We have to tackle it on both angles, but we have to look at it from these two perspectives. We need both shelter and housing. It's not one at the expense of the other.

SPEAKER ADAMS: What other approaches is the City taking to reduce shelter costs and move people from homelessness to permanent housing?

DIRECTOR JIHA: One of the most effective tools we have has been the CityFHEPS voucher. As you can see, the program has grown exponentially in the last five years. It's a program that started with about 300 million dollars. It's now about 1.2 billion dollars. It's because we basically are issuing a lot

1 COMMITTEE ON FINANCE

36

2 of vouchers to folks to get them out of the shelter
3 system.

4 SPEAKER ADAMS: Which this Council has
5 advocated for time and time again.

6 DIRECTOR JIHA: Yes, we understand.

7 SPEAKER ADAMS: Thank you for those gold
8 stars.

9 How much is included in the budget for
10 programs that would move the homeless into permanent
11 housing?

12 DIRECTOR JIHA: As I said, we have
13 resources added to the budget for CityFHEPS. This is
14 one of the most effective tools that we have, and
15 we'll continue to assess different policies.

16 SPEAKER ADAMS: Do you have a figure?

17 DIRECTOR JIHA: I'm sorry.

18 SPEAKER ADAMS: Do you have a figure? How
19 much?

20 DIRECTOR JIHA: How much we currently
21 have? CityFHEPS right now, I believe, for Fiscal Year
22 '25, we're projecting we're going to spend about 1.3
23 billion dollars for CityFHEPS. We added 325 million
24 dollars in the Preliminary Budget. For 2026, we'll
25

begin to address you know, some of the needs as we move throughout the Fiscal Year.

SPEAKER ADAMS: Okay. All right.

Let's talk about public safety investments to close Rikers and mental health. The Independent Rikers Commission released its Blueprint to Close Rikers, identifying a number of key investments the City must take into mental health and public safety programs that are not only critical to closing Rikers, but also addressing the city's mental health crisis and improving public safety. The Executive Budget added some important funding for mental health programs and recidivism reduction programs, but there are still remaining gaps to ensure these programs actually have the capacity to fulfill the needs New Yorkers have for them. For example, justice involves supportive housing, supervised released intensive case management, re-entry programs, mobile treatment teams and mental health residential treatment beds are all underfunded or unfunded in the budget. Many of these programs can be cost effective by saving the City the higher expenses of unnecessarily placing people who could be helped with treatment into jails that cost more and

don't solve their underlying issues while increasing the likelihood that they will repeatedly return to jail and cost the City in various other ways. Seems like a vicious circle to me. How does OMB analyze the cost effectiveness of prevention programs, and is there any assessment made that it would be wiser for the City to invest more in effective mental health and prevention programs so they actually reach people, reducing the accompanying costs when their inaccessibility leads to other bad outcomes?

Essentially, this is the concept that prevention is more cost effective than an emergency room response.

DIRECTOR JIHA: We wholly agree with you, and that's the reason why in the Executive Budget we made so many investments in trying to reduce the jail population. As you know, we funded an extension of the intensive case management pilot in the Executive Budget with 9.1 million dollars. We have justice-involved support housing. There's still an IFP out there for up to 500. We have mobile treatment funded in the exec for like 45 million dollars. We baselined funding for Project Reset and Rapid Reset. We baselined funding for 7.6 million dollars for alternatives to incarceration services. We baselined

4.7 million dollars to help stabilize recently decarcerated individuals with re-entry planning services. We made a bunch of 9.1 million dollars in intensive case management pilot to provide enhanced supervision for 1,100 defendants. Again, we fully agree with you that many of these programs are effective and that's the reason why we made so much investment in the Executive Budget on these programs.

SPEAKER ADAMS: Thank you. We want to take a look at expanding that a bit.

The recently enacted State budget included up to 30 million dollars in capital funding for JISH which was the result of the funding agreement for the Council's City for All Housing Plan. Is the Administration planning to use any of these funds to open the 380 additional units of justice-involved supported housing promised in the 2019 Points of Agreement on Closing Rikers and also recently recommended by the Independent Rikers Commission?

DIRECTOR JIHA: Tara, you want to take that? Okay, we will get back to you on this topic because we will work with the State and apply for all

the funds, but we will get back to you with a more specific answer.

SPEAKER ADAMS: That's pretty critical because that works with everything that we're all trying to do with this subject matter.

Thank you, Mr. Chair. Thank you for your time.

DIRECTOR JIHA: Thank you, Madam.

CHAIRPERSON BRANNAN: Thank you, Speaker. I want to jump into the credit rating. Moody's downgraded the U.S. credit rating from AAA negative to AA1 stable on May 16th, I believe, reflecting accelerated deficit growth and associated borrowing requirements, a fiscal situation exacerbated by recently elevated borrowing costs. Does OMB anticipate any indirect effects of the U.S. credit downgrade on our bonds here in the City?

DIRECTOR JIHA: Put it this way, we do not anticipate a direct impact on City bonds. However, there may be some indirect impact in the sense that, to the extent that Treasury yields increase because of the downgrade, you know, and municipal market track those Treasury yields, there may be a slight

increase, you know, in the yields but we do not anticipate a direct impact on City bonds.

CHAIRPERSON BRANNAN: And each of the three major rating agencies have expressed concern about the City's long-term liabilities, including debt, unfunded pension liabilities, and unfunded health insurance liabilities for retirees. How seriously is the City taking the issue of long-term liabilities, including but not limited to pensions?

DIRECTOR JIHA: While we have considerable long-term liabilities, we have to also remember that we are managing those liabilities with our ability to meet those obligations. The coverage that we have is more than enough, to be quite honest with you, to support those liabilities. For instance, the City total debt outstanding has gone substantially slower than our own personal income or the value of taxable properties, which is what you usually use over the last 10 years, meaning that the City can now afford to carry its debt today, okay, better than it was 10 years ago. So we have the debt coverage, you know, personal income is growing faster than the pace at which we issue debt. Our pension, another good example, was funded at 81 percent back in 2022. Now

we have 86 percent and we continue to make the actual required contribution, which means that we would be 100 percent funded if all the assumptions are met. So we feel comfortable with the way we have managed our long-term debt so we have enough coverage for those debts, so therefore it's not a major issue for us.

CHAIRPERSON BRANNAN: Okay. Let's talk about taxable bonds. So while all City debt is issued to finance projects with a public purpose, some capital projects are not eligible to utilize federal tax-exempt bonds. Could you tell us what sort of projects are not eligible to be financed by tax-exempt bonds?

DIRECTOR JIHA: Pursuant to federal tax rule, projects that have both private use and actual or deemed private payments to the City may not be financed with tax-exempt bonds. This category includes affordable housing loans and many economic development projects. So. what we do is we give you all capital projects to ensure that they are properly designated as eligible for tax-exempt or taxable bonds.

CHAIRPERSON BRANNAN: What's the average spread between the interest rates on the City's tax-exempt and taxable bonds?

DIRECTOR JIHA: It's about one and a half to two percent, and I believe on a 10-year maturity, the last two years was about 1.9 percentage point.

CHAIRPERSON BRANNAN: Okay. Let's talk about reserves. Standard and Poor's most recent rating of the City's general obligation bonds notes that the City has large financial reserves of almost 11.4 billion at the end of Fiscal Year '24. S&P looks at both the City's reserve accounts and surplus budget rolls at the end of the Fiscal Year when evaluating how they come up with our reserves. What level of financial reserves, as measured by S&P, does OMB think we'll have at the end of FY25?

DIRECTOR JIHA: At this point in time, we know we have... the total reserve is about 8.5 billion dollars, and I think in the Executive Budget right now, we have repayments of about 3 billion dollars total, including the 600 million, so we're talking right now about 11.5 billion.

CHAIRPERSON BRANNAN: So it'll be about the same as the end of FY24?

DIRECTOR JIHA: We're probably going to end up probably in the same place.

CHAIRPERSON BRANNAN: Okay. Okay. And besides being a way to protect City services during a downturn, reserves can also help us lower the effective cost of our capital projects. How much additional deposits into the reserves do you think would be necessary to effectuate a ratings increase?

DIRECTOR JIHA: To be quite honest with you, I think the level of reserve that we have right now is adequate, and I say that over and over because we believe we also need some flexibility in terms of the way we manage our finances. So reserve in itself, it's one of those factors, but by itself, it's not going to trigger a rating increase so from our perspective, you have to look at on top the way we manage our debt, the way we manage City finances. You have to look at the economy. It's a number of factors that play into an increase in our rating. So therefore, just the reserve by itself from our perspective is not, you know, in itself enough to trigger. But again, as far as we're concerned, we believe the level of reserve that we have right now

is appropriate, is adequate to deal with a potential downturn in the economy.

CHAIRPERSON BRANNAN: And how much does a typical increase in the City's bond rating save the City in lower debt service costs?

DIRECTOR JIHA: It is about like 5 to 10 basis points. So if you're issuing, let's say, 10 billion dollars' worth of debt, you're talking about 5 to 10 million dollars.

CHAIRPERSON BRANNAN: Okay. The Executive Plan included 266 million dollars in savings from writing off prior year receivables and expenses. This is after finding a similar 500 million dollars in savings in the Preliminary Plan, making a total of over 800 million dollars in savings this year. In past years, at most, the City took 400 million of savings from these write-offs. So, can you explain the process that OMB goes through to determine these savings, and how do you identify these savings, and then what's the process for writing them off?

DIRECTOR JIHA: Yeah. This one in the Executive Budget was related to, I believe, it's an asylum seeker breakdown. And this was (INAUDIBLE)

that was put up in Fiscal Year 2023, you know, and we were writing it down this year.

CHAIRPERSON BRANNAN: And is that why the savings for FY25 are so much higher than previous years?

DIRECTOR JIHA: Yes.

CHAIRPERSON BRANNAN: Okay. Which agencies have the highest amount of prior year revenues written off?

DIRECTOR JIHA: I could give you that information.

CHAIRPERSON BRANNAN: Okay. Okay. I want to talk about CDPAP. The home healthcare employment has been rapidly expanding in the city as baby boomers reach their senior years. In April, 293,000 New Yorkers were employed in this sector, which was around 9.5 percent, or about almost 30,000 jobs greater than at the same point in the prior year. New York State's Consumer-Directed Personal Assistance Program, CDPAP, funded through Medicaid, allows recipients to choose a home healthcare provider, including relatives and friends. Recently, New York State has transformed the management of CDPAP from using many individual fiscal intermediaries to only

one statewide intermediary, NYSPPL, to reduce costs, waste, and fraud. What are the anticipated implications of this structural change to the city's home healthcare job growth?

DIRECTOR JIHA: Like you said, this was one of the drivers for us in terms of employment gain. The State regulated this program. At this moment in time, I cannot tell you exactly how this is going to play out, but our expectation is it's probably going to lead to some kind of decrease in the number of jobs in that sector. At this moment in time, I can't tell you for sure.

CHAIRPERSON BRANNAN: Do you anticipate that the cuts that the President and Congress are supporting for Medicaid funding for states would exacerbate this employment area?

DIRECTOR JIHA: That could be.

CHAIRPERSON BRANNAN: Okay. Talking about the overall tax revenue forecast, FY25 tax revenues have been coming in a lot stronger than anyone expected, including us and the Council. In the Executive Plan, OMB raised the FY tax revenue forecast by almost 1.7 billion dollars. More than half of that increase was driven by PIT, the personal

income tax, up over 800 million. It's a very big adjustment. Could you tell us what caused you to increase the forecast so much?

DIRECTOR JIHA: As I indicated to you, Wall Street had a near record level of profit in 2024. That basically drives bonus payments, drives a number of our taxes to come up higher than we initially anticipated.

CHAIRPERSON BRANNAN: Since you locked the forecast, have you seen any indications that it might cause you to revise it either way, up or down?

DIRECTOR JIHA: At this moment in time, no. We don't anticipate to change our forecast dramatically, because we believe we are on target or slightly, probably, close to what we're projecting. We'll continue to assess the tax revenue data as we get closer to the end of June because June is a big month for these business taxes, and we'll get a sense of where we'll be. As you know, the final rule came out, and I believe our forecast was overstated by about 169 million dollars or 150 million dollars. I wouldn't be very aggressive in terms of property tax forecast, but actually based on the final rule, because right now, we're looking at 169 million

dollars, 150 million dollars or less than we had anticipated in the Executive Budget forecast.

CHAIRPERSON BRANNAN: Talking about sales tax, the Executive Plan includes a downward revision in the City's sales tax forecast from the January plan. What potential impacts does OMB assume the Trump Administration's tariff chaos will have on consumer prices in New York City?

DIRECTOR JIHA: To the extent that everybody has downgraded their forecast of the economy, and if you have a slowdown in the economy, so we expect consumers to spend less. If consumers spend less, we expect sales tax growth to decline as well.

CHAIRPERSON BRANNAN: Last question from me, and I want to turn over to my Colleagues. In a crypto event that the Mayor attended in Las Vegas a couple of days ago, he announced that New York City will issue BitBonds. Has the Administration approached you about this idea?

DIRECTOR JIHA: We just review every single... we're always trying to be at the frontier of technology. New York is a leading city, so therefore we always work with different industry players to see

what can be done. Right now, we are in the ideation phase. People are talking, bringing ideas to the table to see what can be done, what cannot be done, good ideas, bad ideas. That's where we are. There is nothing concrete at this moment in time, but like everything else, we're in communication with different industry leaders to see what... because we're always trying to bring new investors into the mix for New York City, but there's nothing concrete.

CHAIRPERSON BRANNAN: Did you know the Mayor was going to announce this great idea?

DIRECTOR JIHA: I don't think he announced... he's saying they're working on ideas. He didn't say that they're going to launch BitCoins. We're working with the industry to see what can be done.

CHAIRPERSON BRANNAN: I mean, look, the City bonds have a reputation of stability and reliability. I think everyone agrees that BitCoins and crypto, that whole asset class is renowned for chaos and scams and volatility. We barely have 20 years of historical data on BitCoins and crypto. Why is the Mayor suggesting that the City would invest in crypto?

DIRECTOR JIHA: Listen, we're exploring ideas. We are not...

CHAIRPERSON BRANNAN: Do you think it's a good idea?

DIRECTOR JIHA: Listen, I can't tell you anything that is good or bad until we know for sure. We're in the process of exploring things. This is something new. We shouldn't be afraid of something because it's new. People used to work back in the past.

CHAIRPERSON BRANNAN: I mean, the City bonds have such a reputation for stability and reliability.

DIRECTOR JIHA: I understand.

CHAIRPERSON BRANNAN: BitCoin is like the opposite of that.

DIRECTOR JIHA: But it's just exploring. There's nothing wrong with exploring ideas. There's nothing wrong with exploring ideas. We shouldn't be afraid of exploring things.

CHAIRPERSON BRANNAN: All right.

DIRECTOR JIHA: I mean, listen to me, this is...

CHAIRPERSON BRANNAN: I'm fine going exploring, but I think the safari should end immediately.

All right, Jacques, thank you.

We've also been joined by Council Members Hudson, Moya, Dinowitz, Joseph, Stevens, and Brewer.

We will send it now to Majority Whip Brooks-Powers for her questions.

MAJORITY WHIP BROOKS-POWERS: Thank you, Chair, and thank you for the testimony today.

Because I have a lot to get through, I'm going to just ask the questions, you answer, and I can repeat whatever. So, the first one is focusing on the Department of Transportation and the Streets Plan. In DOT's most recent Streets Plan Report, which was released in March, the Department indicated that in 2024, it only built 13.5 miles of protected bus lanes, which once again is far short of the 30 miles required annually. DOT is also required to install transit signal priority, also known as TSP, at 1,000 intersections annually, but completed only 766 this year. Has DOT requested any additional staff to help the agency meet the Streets Plan mandates? If so, how many additional positions and how much funding would

be needed to support them? When can we expect that they will be added? When it comes to bus lanes, DOT has consistently failed to meet the Streets Plan requirements and has fallen behind the aggregate five-year target. How is the Administration's prioritizing bus lane improvements and what plans are in place to meet the required mandates for bus lanes? Why has DOT been able to come closer to meeting the bike lane requirements, but not the targets for bus lanes and bus stops? Does OMB feel that DOT has enough funding to meet all streets plan mandates? If not, how much additional funding will be added and when? If so, why is DOT not able to meet the Streets Plan mandate? Also, since the Executive Budget has been published, I want to understand what progress the Administration has made in addressing particularly two main issues that I've consistently raised. One is, does the Administration commit to expanding the Fair Fares program to cover New Yorkers earning up to 200 percent of the federal poverty level? Also, does the Administration commit to funding the 300,000 dollars needed for the land transfer of the Far Rockaway Trauma Center site? And as a part of the City for All negotiations, the

Administration committed to funding three projects in Council District 31, 119 million for Tidal Gates and Mott's Basin, 65 million for a Laurelton-Rochdale cloudburst management system, and 10 million dollars for the Brookville Park Recreation Center. Does the Administration remain committed to these investments in the Fiscal '26 budget? And I can repeat any question you need me to.

DIRECTOR JIHA: Okay. That's a lot. Regarding the Street Plans, I would defer to DOT in terms of the operations.

MAJORITY WHIP BROOKS-POWERS: But do you feel like they have enough funding?

DIRECTOR JIHA: We've been exempting engineers for them so that they could have the resources that they need to work on those plans but, again, I would defer to them.

MAJORITY WHIP BROOKS-POWERS: But have they come back to you for additional funding at all?

DIRECTOR JIHA: They come back to us for asking for exemption to hire more engineers, which we have been working with them to provide them.

MAJORITY WHIP BROOKS-POWERS: So you've been approving what they've been requesting?

DIRECTOR JIHA: What they've been requesting.

MAJORITY WHIP BROOKS-POWERS: Okay.

DIRECTOR JIHA: Fair Fares, to a 200 percent level, as you know, we funded Fair Fare, the 145 in the Executive Budget. We will work with the Council as we get closer to adoption to see what can be done, if the resources are available.

The land transfer is something I would work with you and look into it to see what can be done there.

And the other one again?

DIRECTOR JIHA: It was the City for All negotiation funding commitments for three particular things in District 31. I wanted to just understand if the Administration remains committed..

DIRECTOR JIHA: We're committed to fund everything in the City of Yes.

MAJORITY WHIP BROOKS-POWERS: Okay.

DIRECTOR JIHA: But for the detail, you know, for the specific program, I'm probably going to come back to you with the answers.

MAJORITY WHIP BROOKS-POWERS: Thank you.
Thank you, Chair.

CHAIRPERSON BRANNAN: Okay. We have questions from Deputy Speaker Ayala followed by Majority Leader Fariás.

DEPUTY SPEAKER AYALA: Good morning. Still morning.

My questions are regarding the asylum seeker response. But before I get to those, I did see and I heard in your testimony conversations about the expansion of... on the budget for Sanitation, and I just wanted to reiterate something that I've been bringing up in some of the other Sanitation hearings, that there hasn't really been, you know, real equity in the budget the way that... I don't know, I haven't been able to determine how it is that Sanitation decides how much funding each District gets, but in the District that I represent and that some of my Colleagues sitting here represent, we haven't really seen a decrease in garbage in the way that we would have hoped to when we increased, like, you know, the litter basket removals. It seems like we need more resources. You know, we have higher density. We have a lot of social service needs. There's just a lot of unusual circumstances that require additional resources and a study on that, right? Because we

would love to be able to say that our communities are, you know, clean and thriving and, you know, rodent-proof as well, but that's not the case. And it's not a criticism, but more of an observation and, you know, hoping that finally I can get down to, you know, to the root of this and figure out what exactly is the determining factor in trying to balance out the budget in a way that is truly equitable. Because if we all get a slice of the pizza but you already had two slices before, you know, I got there, then it's not equitable.

DIRECTOR JIHA: I would defer to DSNY for geographic resource allocation, and I would also communicate your concern to the Commissioner as well.

DEPUTY SPEAKER AYALA: And it's not that they're not cleaning because I see them cleaning. They're doing what they're being asked to do. It's just not... so it's not them. It's not enough. Whatever it is that we're doing, it's really not enough in those communities.

DIRECTOR JIHA: I will definitely have my folks reach out to your office.

DEPUTY SPEAKER AYALA: Perfect. I really appreciate that.

DIRECTOR JIHA: Okay.

DEPUTY SPEAKER AYALA: All right. So regarding the Asylum Seeker Response Help Center, significant savings from the Asylum Seeker Response efforts have been included in both the Preliminary and Executive Plans. This includes 2.7 billion in State funding across Fiscal Years '26 to '29 that was reflected as savings in the Executive Plan. The Administration indicated that the savings are due to the declining Asylum Seeker Census and a decline in new entrants, leaving actual expenditures below what had been previously projected. According to a recent New York Times article, due to the lack of State funding, the City will be closing the Asylum Applications Help Center, which has assisted more than 109,000 applications with asylum and work authorization in addition to other legal matters. Do we know what was spent on operating the Asylum Application Help Center in Fiscal Year '24 and '25, and what sources supported the center? What funding sources?

DIRECTOR JIHA: Yeah. The funding sources is coming from the State. On the actual spending, I

1 COMMITTEE ON FINANCE

59

2 would provide it. Do you have it? The actual... go
3 ahead.

4 FIRST DEPUTY DIRECTOR GODINER: About 49
5 million in FY25.

6 DEPUTY SPEAKER AYALA: And '24?

7 FIRST DEPUTY DIRECTOR GODINER: Around 40.

8 DEPUTY SPEAKER AYALA: So roughly the
9 same. There wasn't much change.

10 FIRST DEPUTY DIRECTOR GODINER: Roughly.

11 DEPUTY SPEAKER AYALA: Is that correct?

12 FIRST DEPUTY DIRECTOR GODINER: Well, it's
13 40 versus 49, so.

14 DEPUTY SPEAKER AYALA: 40, 41? Okay.

15 FIRST DEPUTY DIRECTOR GODINER: No. It's
16 40 in '24.

17 DEPUTY SPEAKER AYALA: Oh, 48.

18 FIRST DEPUTY DIRECTOR GODINER: 49 in '25,
19 so.

20 DEPUTY SPEAKER AYALA: Okay. I heard it
21 wrong.

22 FIRST DEPUTY DIRECTOR GODINER: Almost 20
23 percent higher.

24

25

DEPUTY SPEAKER AYALA: Great. Perfect. Why is the City closing the Asylum Application Help Center?

DIRECTOR JIHA: Because it was funded by the State, you know, and the funding dries up.

DEPUTY SPEAKER AYALA: All right. Aren't there still a considerable number of people in the city that are requiring this type of assistance, and what is the City's transition plan to continue to address this need after the center is closed?

DIRECTOR JIHA: We believe MOIA would continue to provide asylum-seeker services, particularly legal services. Many of them would get the services through MOIA.

DEPUTY SPEAKER AYALA: Do they have additional funding resources?

DIRECTOR JIHA: We funded MOIA. MOIA was about 42 million.

DEPUTY SPEAKER AYALA: Okay.

DIRECTOR JIHA: In Fiscal Year '26.

DEPUTY SPEAKER AYALA: Okay. The Governor's Office obviously has indicated that the State has already allocated 4.3 billion over the past two years for the City's asylum-seeker response

efforts. One of the reasons that she cites for not allocating additional funding is that the City has only drawn down 1.6 billion of the funds that were allocated. Can you tell us how much of the 4.3 billion from the State has the City spent to date, and how much has been submitted for reimbursement?

DIRECTOR JIHA: Okay. As I said, this is an excuse, to be quite honest with you because the first billion dollars that the State allocated for us, it was so cumbersome to basically get... for us to put the claims in because, don't forget, they only funded one-third. So therefore, for that 1 billion dollars, we had to put in 3 billion dollars of paid invoices, okay, so it takes time, okay, to get 3 billion dollars for you to get a billion dollars of good claims. So the process was so bad that the State changed it the following year, and they started giving us advances. I believe how much we have claimed so far, they advanced us about 1.25 billion dollars to date of the 2.06 billion dollars. And for the fundings that was committed by New York State for the Randalls, Floyd Bennett Field, and Creedmore, we're in the process of submitting claims and awaiting approval from New York State on the

execution of contract and claiming plans that we submitted to the State. So it is, as I said, it's purely excuse. It's a process because, you know... and it's not 4.3 billion dollars that was given directly to the City. I believe it's about like 2.6 billion dollars that was given to the City directly. Everything else was for other costs that the State was paying for other things that... in terms of their own...

DEPUTY SPEAKER AYALA: So the delay's been... is due to a cumbersome process that...

DIRECTOR JIHA: A cumbersome process, you know, requirements that they have. And it was so bad that they even changed that process the second time around when they re-appropriated money for us the following year.

DEPUTY SPEAKER AYALA: So are we on track to receive the remaining portion?

DIRECTOR JIHA: We're getting all the claims.

DEPUTY SPEAKER AYALA: It's coming in?

DIRECTOR JIHA: It's coming in. They're getting all the claims because, again, as I said, we have to get invoiced first, pay those invoices, and

then submit those invoices. It takes time. So it's just an excuse because, you know, our budget is based on a core basis, so we don't have to get the cash to recognize them right away in our books so it is just, as I said, you know, if they wanted to cut it, they cut it, and they're looking for ways to explain that, hey, you're not claiming as much as you should, so therefore, we're going to stop it. Listen, the State gave us a billion dollars when we had 20,000 people in our care.

DEPUTY SPEAKER AYALA: Yeah.

DIRECTOR JIHA: We have close to 40,000. It doesn't make any sense to say you're going to cut funding at this point in time.

DEPUTY SPEAKER AYALA: But it's also...

DIRECTOR JIHA: At 20, you give us a billion dollars. At 40, you're saying you don't need it anymore? It makes no sense.

DEPUTY SPEAKER AYALA: No, I understand what you're saying. I find it unusual that the State is citing that their reduction in budget lines for specific, you know, for the cost of asylum seekers, due to the fact that we have all of this extra money, knowing that the reason that the money hasn't come in

is because of, you know, the way that the process was laid out was made it more complicated to do that so it almost feels like you're being penalized for something that was out of your control. Okay.

DIRECTOR JIHA: Exactly.

DEPUTY SPEAKER AYALA: All right. So could you just repeat what was the amount spent to date of the 4.3?

DIRECTOR JIHA: No. They didn't give us 4.3. As I said to you, directly, they gave us 2.6.

DEPUTY SPEAKER AYALA: 2.6.

DIRECTOR JIHA: Okay. The money's already spent, okay?

DEPUTY SPEAKER AYALA: It's already spent.

DIRECTOR JIHA: Already spent. We spent 7.7 billion dollars as of last month. And if you include this month, out of 200 billion dollars, you're talking about 7.9 billion dollars.

DEPUTY SPEAKER AYALA: Okay.

DIRECTOR JIHA: That we did not plan on spending.

DEPUTY SPEAKER AYALA: No, I understand.

DIRECTOR JIHA: Okay. It's already spent. It's just a question of claiming the money.

DEPUTY SPEAKER AYALA: Okay.

DIRECTOR JIHA: We have claimed so far 1.25 billion dollars, and we're in a process of submitting more claims to them.

DEPUTY SPEAKER AYALA: Okay. Thank you.

In the Preliminary Plan, 1.43 billion in Fiscal Year '26 was transferred from DHS's budget to other City agencies that the Administration projected would be involved in asylum seeker response efforts. In the Executive Plan, 781.5 million was transferred back to DHS from other agencies for Fiscal Year '26. Why were these funding shifts between DHS and other City agencies made in the Preliminary Plan, and why were these shifts partially rescinded in the Executive?

DIRECTOR JIHA: Prior to the Preliminary Plan, all asylum seeker funding was kept in the DHS budget in the outyears because there was no cost forecast yet for Fiscal Year '26 and the outyears. In the Preliminary Plan, we published an asylum seeker forecast for '26. We projected a cost of 2.6 billion dollars, so therefore we had to reallocate resources to cross agencies based on the state of operations at that time.

DEPUTY SPEAKER AYALA: Does the Administration expect that DHS is going to fully take over the City's asylum seeker response efforts in Fiscal Year '26 and beyond?

DIRECTOR JIHA: The goal is to consolidate.

DEPUTY SPEAKER AYALA: Okay. Okay. Do you know when and what the transition plan is?

DIRECTOR JIHA: Yeah, we're in a transition to do this, and our goal is we are on track to close all but four non-DHS sites by July 1st, okay, and thereafter, we begin the consolidation of all the migrants into one system.

DEPUTY SPEAKER AYALA: Okay. While the Executive Plan includes an additional 36.1 million bringing the CFC Fiscal 2026 budget up to 57 million, it is not enough to address the critical need of this program. Food pantries and soup kitchens are often the only choice for some of our city's most vulnerable residents, which is why the Council has long supported and pushed for the expansion of this program. I'm still concerned that the funding was not baseline or increased to meet the growing need in Fiscal Year '26 and beyond. The threat and actuality

of federal funding cuts has already impacted the provider network and will cause food pantries to rely more heavily on CFC and City funding. As part of the Fiscal Year 26 Preliminary Budget response, the Council called on the Administration to add 79.1 million in CFC baseline to both restore one-time funding in Fiscal Year '25 and to expand the annual budget for programs to 100 million. In the General Welfare Executive Budget hearing, HRA testified that the agency would work closely with OMB on adjusting CFC funding. What is the actual spending thus far in Fiscal Year '25 for CFC and how much was spent in Fiscal Year '24?

DIRECTOR JIHA: For Fiscal Year '26, we added 36 million dollars for 700 community kitchens and food pantries citywide program connection with the community food connection program. We have a budget of more than 50 million dollars. We also added 10 million dollars in Fiscal Year '26 for the Grocery to Grow Program. Again, as I said, as we get closer to adoption, be more than happy to work with you and Council to see what can be done if we believe that there is a budget need. We'll try to work with you and the Council to see what can be done.

DEPUTY SPEAKER AYALA: Yeah.

DIRECTOR JIHA: But we added some, from our perspective, some significant resources in the Executive Budget. It's about over 50 million dollars right now.

DEPUTY SPEAKER AYALA: Yeah, the food pantry. Yeah, the lines have gotten so long. I mean, even way past the beginning of the pandemic when we expected that they would decrease, they've only gotten bigger and longer. I have one around the corner from where I live, and that line used to never made it to my building and is actually surpassing my building at this point, which is a sight to see. You know, it's really, it's heartbreaking, but at the same time, you know, I'm so grateful that those resources do exist to help New Yorkers that really desperately need them.

So, is the analysis of need that OMB has done to assess the budget sufficient, or are conversations with OMB being had with HRA regarding this?

DIRECTOR JIHA: We'll have a discussion with HRA, but again, we kept the budget at the same level that we had last year.

DEPUTY SPEAKER AYALA: Is there any intention to baseline it at any point?

DIRECTOR JIHA: Again, if we could identify long-term funding, we will always try to do the right thing. But again, as I said, you know, it's not easy to find long-term funding source to baseline all the programs that, from our perspective, need to be baselined so we have to take each one program at a time and see what can be done, and if the resources are there, we'll try to do the right thing.

DEPUTY SPEAKER AYALA: It's not an easy position to be in.

Over the past several years, DSS has under-budgeted for key entitlement programs funded through both DHS and HRA. There has been a misalignment between the adopted budgets for these programs and the actual year-end expenditures for cash assistance, CityFHEPS, non-asylum seeker shelter costs, and housing. Considerable amounts of additional funding are typically added throughout the Fiscal Year to meet the demand for the programs. During the Fiscal Year 2026 Executive Budget hearing for the Committee on General Welfare, DSS informed us that they were working closely with OMB to look at

the baseline and project the level of need for these programs. Can you explain how OMB works with DSS to project the budget needs for crucial entitlement programs, and how are actual expenditures and prior Fiscal Years considered in this analysis and budgeting for future years?

DIRECTOR JIHA: Yeah. We review different factors when we try to analyze the need for these programs. It's not just prior year spending. We look at the ongoing trend, current caseload, policy changes. So, we look at a number of factors when we make those considerations. But, again, we are always in close discussion with the agencies to make sure that we review the needs of the program on an ongoing basis and keep adding resources as needed so we'll continue to do the same thing that we've been doing in the past to make sure that the programs are well-funded, appropriately funded.

DEPUTY SPEAKER AYALA: Okay. So, I'm assuming that you're having ongoing conversations with DSS on the budgeting matters throughout the year.

DIRECTOR JIHA: Yes.

DEPUTY SPEAKER AYALA: Okay. Does OMB anticipate reforming the projections techniques to accurately budget for vital programs to match the level of need, or is it more of a funding?

DIRECTOR JIHA: Again, as I said, we look at different factors, and we are in constant communication with the agencies to monitor the trend, to look at the caseload, policy changes that they're implementing, what are the ramifications of policy changes. So, we look at a bunch of factors as we examine, assess these programs. But, more importantly, we're in constant communication with the agencies and, throughout the year, we monitor the budget to make sure that they have the resources to address the needs that they have.

DEPUTY SPEAKER AYALA: So, you're comfortable, then, with the current technique that OMB uses?

DIRECTOR JIHA: Yes.

DEPUTY SPEAKER AYALA: Okay. Thank you so much.

DIRECTOR JIHA: Thank you.

CHAIRPERSON BRANNAN: Okay. We've been joined by Council Member Abreu on Zoom, and now we

have questions from Majority Leader Fariás followed by Council Member Carr.

MAJORITY LEADER FARÍAS: Thank you, Chair. Good morning, everyone.

I'd like to begin with some maternal health questions. In our budget response, the Council called on the administration to provide 15.7 million in additional baseline funding starting Fiscal Year 2026 to support maternal health programs and services. These include the Maternity Infant Reproduction Program, Newborn Home Visiting Program, Nurse Family Partnership, and Universal Home Visiting Program. Given the critical services that these programs provide to women and families, why was no additional funding added to the executive budget to further support maternal health programs?

DIRECTOR JIHA: Currently, we have, I believe, 34 million dollars, and this funding alone is allow over 12,000 additional families to receive these services. We will continue to monitor the needs, and we'll work with the Council if there are additional needs to be addressed. And as I said, as we move toward adoption, if resources are available, we'll look at the needs to see if there is an

assessment, needs assessment. If the needs are there and resources are available, we'll have a discussion with the Council.

MAJORITY LEADER FARÍAS: We'd like to have those discussions. I mean, maternal health has not improved over several years explicitly for Black women in New York City, and I'm sure across the tri-borough state as well, but we know that there's an excessive need so we, you know, I personally would like to know if you could commit to reviewing the budget for these programs for the adoption and commit for additional funding.

DIRECTOR JIHA: As I said, you know, we will work with the Council and, if resources are available, we'll have a discussion about what needs to be done.

MAJORITY LEADER FARÍAS: Okay. And then how does this decision align with the goal of Healthy NYC to reduce maternal deaths in New York City and improve family health outcomes if we're just going to continue conversations and review what we know we've assessed in the past that we have a high need in New York City.

DIRECTOR JIHA: It's not just conversation. As I said, we added in the plan, we have 34 million dollars added.

MAJORITY LEADER FARÍAS: Okay.

DIRECTOR JIHA: So it's not just words. We are adding resources to these programs. But however, if there is, you know, if there are more needs and resources are available as we get closer to adoption, we'll have a discussion about, you know, if there are additional needs, we'll try to address them.

MAJORITY LEADER FARÍAS: Okay. I'm sure the Council and the Speaker, you know, will continue the conversations with you as this is a priority for us in the Council.

I have some questions on New York City Tourism and Conventions. We anticipate that the number of tourists visiting the city in the current year will trail 2024's 64.1 million level. NYCTC estimates that the city will have 400,000 more domestic travelers than last year, but 800,000 fewer foreign travelers. Clearly, the Trump Administration's policies are somewhat to blame for this downturn, but in light of that, the City should be doing everything possible we can to support

tourism. Yet in the Executive Plan, the Administration only partially restored 3 million to cuts to NYC Tourism and Convention. The Preliminary Plan included 20 million for EDC to support World Cup marketing and "fan events." Could the Administration repurpose some of this funding for New York City Tourism and Conventions in Fiscal Year '26 considering the overlap in purpose and goals?

DIRECTOR JIHA: That was a commitment already made to FIFA, World Cup, to bring the World Cup to the city. But again, we will, again, continue to work with New York City Tourism and Conventions. And, you know, they have revised down their forecast of tourism for Fiscal Year 2025, basically based on their projection of a decrease in international travel. And if we believe there is a need for them to ramp up their campaign overseas, we will work with them.

MAJORITY LEADER FARÍAS: Okay. I mean, yesterday, many of us in the Council and I'm sure other folks in the Administration received an email from President and CEO Julie Coker explicitly stating that 700-plus members of NYCTC support the FY26 ask. They're stating that if without the full restoration

of the 7 million allocation, they'll be forced to scale back its global marketing reach and campaign, borough-wide community marketing programs and beyond. And as we know, the borough-wide campaigns are the ones that produce local small economy boosts in our commercial corridors. And so, will the Administration restore the full 7 million for New York City Tourism and Convention in the adopted plan?

SENIOR DEPUTY DIRECTOR BOIRARD: The total amount that went in this plan was 3 million dollars but, over the course of the year, the amount that's been added to Tourism is 3.5 million dollars. So, the FY26 value ends up being 21.6 million, which is basically the baseline level so, from our perspective, they're restored. Understand that they still perceive a need in terms of global markets, and we'll continue to work with them going forward.

MAJORITY LEADER FARÍAS: Well, we had a cut last budget that wasn't restored at the end of FY25, and we're looking now at an even more with tariffs, federal-level conversations. We're seeing a decrease in turnout in our tourism, which will then decrease the revenue generated in the city and impact our economy. So, if you're saying you're going to

have conversations with NYCTC on what their needs are and assess how we're going to help support them and really support this city and the tri-state area and the state, quite frankly, with the revenue that we generate from New York City alone, that would mean that you could commit to reinstating their 7 million dollars to ensure that they're fully funded and baselined.

SENIOR DEPUTY DIRECTOR BOIRARD: In terms of restoring them, just looking at their current level, they're fully restored.

MAJORITY LEADER FARÍAS: Okay.

SENIOR DEPUTY DIRECTOR BOIRARD: But, again, understand that there are...

DIRECTOR JIHA: Again, we understand the challenge. Again, the point she's making, I believe we restored it last...

MAJORITY LEADER FARÍAS: You partially restored it last time.

DIRECTOR JIHA: Yeah.

MAJORITY LEADER FARÍAS: I'm still the Chair of the Committee.

DIRECTOR JIHA: Yeah, yeah. So, but again, we will continue to work with them, as I said, if

they have a plan to tackle international tourism and to try to bring tours to New York City, we'll work with them to see what can be done.

MAJORITY LEADER FARÍAS: I'll make sure to follow up with NYCTC and make sure they express what their spreadsheet says in the books and why they need the 7 million, and I'll make sure to follow up with you folks.

DIRECTOR JIHA: Sure.

MAJORITY LEADER FARÍAS: Thank you, Chairs. Thank you, folks.

CHAIRPERSON BRANNAN: Thank you. OMB has requested just a quick bathroom break. We'll take a 10-minute break, and we'll continue with Council Member Carr followed by Louis.

SERGEANT-AT-ARMS: Good morning, good morning. Could I have everybody go back to their seats? We're going to start momentarily.

Also, there's no food or drinking in the Chambers, and no one may approach the dais. Thank you.

CHAIRPERSON BRANNAN: [GAVEL] Okay. We're going to resume now with questions from Council Member Carr followed by Council Member Louis.

COUNCIL MEMBER CARR: Thank you, Chair, Director. Good to see you and your team, as always. Thanks for being here and answering our questions.

I want to talk about road resurfacing. In the Fiscal Year 2024, the Mayor's Preliminary Management Report indicated that DOT surfaced 1,177 lane miles that Fiscal Year, including bike lane miles. That shakes out to about 200,000 dollars a mile, just a little under that, and in the Preliminary Budget Response, the Council asked for an additional 40 million dollars for road resurfacing in order to return us to the 1,300-lane mile budgeted target that we used to have prior to Fiscal Year 2020. And as we've discussed in the past, that was reduced to 1,100 lane miles because of the fiscal realities induced by the pandemic. We're many years removed from that now, and I'm wondering why we have not returned to the 1,300-lane mile target, given that it is an imperative. I think anyone who uses our roads, whether it's a cyclist or a driver, can tell you that, or a bus commuter, for that matter. And we'd like to know what increase, if any, has been in the Executive Plan for lane miles, and is it in capital or expense funding, if so?

DIRECTOR JIHA: Yeah. We are baselined funding for 1,100 lane miles and 50 bike lane miles a few years ago. Again, it's a capacity issue, from what we understand based on our discussion with DOT. They have a capacity issue in terms of, you know, the labor. They have a bunch of challenges that they have to address, materials and equipments. But again, we will have a conversation with them again, okay, to see, you know, whether or not these things, those constraints can be addressed. And if they can be addressed, you know, we will have a discussion.

COUNCIL MEMBER CARR: I think they can, because when Commissioner Rodriguez and DOT testified here, I asked them this question, and they indicated a capacity and a willingness to return to the 1,300-lane mile standard, and I think if we commit to that, even in the outyears, then it makes their planning processes easier.

DIRECTOR JIHA: I'll have a discussion with them.

COUNCIL MEMBER CARR: Appreciate that. I'd like to move on to curbside e-waste. That was previously a pilot program that we had in Staten Island for the pickup of electronic waste, which can

no longer be landfilled. Unlike the rest of the city or large parts of it, we do not benefit from the e-cycle program, which services buildings with at least 10 units or more. And it's a 3.5-million-dollars program that was cut in the last Fiscal Year, and I'm asking that it be restored. Is that something that can be explored as we reach the conclusion of this year's budget process?

DIRECTOR JIHA: Yeah. The challenge we have is the efficiency of that program. Again, I'll have a discussion again with the Sanitation Commissioner, but the challenge we had was we collect very little tonnage out of this program, and so, you know. Ken, you want to add to it?

COUNCIL MEMBER CARR: Well, I think I think that was true because originally the program was supposed to be expanded. Yet another casualty of the COVID budget situation.

DIRECTOR JIHA: Yeah.

COUNCIL MEMBER CARR: And I think if we had scaled up as we intended to the other boroughs, we would have gotten to the tonnage needed, and so I think the first step towards getting back to a

citywide program is restoring the pilot in Staten Island.

FIRST DEPUTY DIRECTOR GODINER: The tonnage has been really low on that program. And, you know, the efficiency is to is to have the drop-off sites, right, which we've done. And, you know, my understanding is that there are drop-off sites available on Staten Island so that we can pick up this waste in a more efficient manner.

COUNCIL MEMBER CARR: Well, there are drop-off sites, but, again, it's a question of equity. Right. You have a program in which there is pickup service for higher density communities and you have lower density communities across the five boroughs that are not getting the benefit of that service so I think to say, like, oh, well, just drop them off in the one site we have in Staten Island where they could be dropped off, and I know there's pop-up events, but it's really not sufficient to meet the need. So, if the issue is efficiency, then let's talk about actually scaling the program up citywide like was actually intended rather than not restarting it at all.

DIRECTOR JIHA: Okay. As I said, we'll have a conversation with the Commissioner.

COUNCIL MEMBER CARR: Thank you, Director. Thank you, Chair.

CHAIRPERSON BRANNAN: Okay. We have questions from Council Member Louis followed by Williams.

COUNCIL MEMBER LOUIS: Thank you, Chair, and good afternoon, Director Jiha and your team.

I have three quick questions. In our Council Preliminary Budget Response, we urged the Administration to allocate an additional five million to Health and Hospitals to provide at least one maternal health focused psychologist within each of its maternity departments. I'm concerned about why this request remains ignored in this Executive Budget, and to what extent will this be maintained in the outyears?

Second question is in regards to the Women Forward NYC Action Plan. Mayor Adams' Women Forward Action Plan was a step in the right direction to position New York City as a national leader in gender equity with an allocation of 43 million, which is a mixture of City and private funding. Given the

proven success and demand for young women's leadership and development, I wanted to know if OMB could share with us, at least in the City's portion of the 43 million, if that would be increased or at minimum baselined in the City's portion of Women Forward NYC.

And my last question is how does the Executive Plan address the anticipated rise in discrimination complaints due to the Trump Administration's executive orders? The Preliminary Budget response called for 15 million to be distributed to non-profit organizations that provide gender affirming care. Can we expect this funding to be added to the adoption?

DIRECTOR JIHA: Yeah. Currently H and H, when it comes to the issue regarding maternal health focus psychologists, H and H, from what we understand, is accommodating all patients who need this kind of treatment. But, again, the challenge we all have is the difficulty in terms of hiring psychologists. It's not easy, you know, because everybody's competing for the same...

COUNCIL MEMBER LOUIS: But does that mean the 5 million can't be added to the budget or at minimum a portion of it?

DIRECTOR JIHA: Again, as I said, we will work with H and H and see whether or not they believe they need additional resources, because from their perspective, they believe that they try to accommodate as best as they can the patients. But, again, as part of our discussion with them, we'll get a sense of what they think they need, if there is a need, and we'll come back to you.

COUNCIL MEMBER LOUIS: Well, Dr. Katz was here for the Executive Budget hearing, and I believe that it's a need so maybe we all should have a conversation with him...

DIRECTOR JIHA: Okay.

COUNCIL MEMBER LOUIS: About how they'll accomplish that.

Regarding Women Forward NYC, of the 43 million that the City has allocated towards that, is that going to be baselined, or are they adding more to that?

DIRECTOR JIHA: Is it baselined? No? Is it? No, I don't know. I will get back to you on this

1 COMMITTEE ON FINANCE

86

2 because I don't know if it's baselined or not. I will
3 get back to you.

4 COUNCIL MEMBER LOUIS: And then the 15
5 million for the non-profits for gender-affirming
6 care.

7 DIRECTOR JIHA: Again, we'll come back to
8 you with an answer to this.

9 COUNCIL MEMBER LOUIS: Thank you. Thank
10 you, Chair.

11 CHAIRPERSON BRANNAN: I want to welcome
12 PS16 from Council Member Moya's District in Queens.
13 Thanks for joining us, guys. If you have any
14 questions for Budget Chair Jiha, you let us know.
15 Just text me.

16 Now we have questions from Council Member
17 Williams followed by Restler.

18 COUNCIL MEMBER WILLIAMS: Thank you. The
19 Commission on Racial Equity requested funding for
20 five additional staff lines so that they could
21 fulfill their mandates. These lines were not included
22 in the plan, and CORE continues to be understaffed.
23 Why wasn't the additional funding provided in the
24 plan for CORE staffing needs?

25

DIRECTOR JIHA: We've been increasing their budget. We've been working with CORE. We added 2 million dollars in Fiscal Year '26 and 1.8 million dollars in new OTPS funding during the November Plan. In addition, we added 429,000 dollars for staff in the baseline in the general plan for supplemental staffing. Their budget right now is 2.4 million dollars in Fiscal Year '25 and 4.8 million in '26. So, we've been making, you know, investment into that agency.

COUNCIL MEMBER WILLIAMS: So, one of the issues, of course, is this two-for-one hire thing. So, are you willing to work with them to exempt them so they can quickly fill the empty staff line? And then I know they also requested to roll over the leftover funds to allow them to actually hire a GC and a communications consultant to fulfill some of their mandates so will you allow them to also roll over their funds?

DIRECTOR JIHA: We've been working with them, and from what I understand, they are exempted from the freeze.

COUNCIL MEMBER WILLIAMS: You said they are?

DIRECTOR JIHA: Yeah.

COUNCIL MEMBER WILLIAMS: Okay.

DIRECTOR JIHA: But again, I will have a discussion with staff but, as far as I know, they are exempted from the freeze.

COUNCIL MEMBER WILLIAMS: Okay. Moving to CCHR, we all know what they're responsible for. The Council called for the Administration to provide an additional 6 million dollars in the Exec Plan. And I know when we had our briefing, you mentioned that you had given CCHR more funds, but it does not seem like that's the case, so how does OMB plan to support CCHR, especially in this federal climate where there appears to be a lot of focus on reducing the scope of people's civil and human rights?

DIRECTOR JIHA: I believe we added in the general plan resources to their budget. In the general plan by some 556,000 dollars so they could hire five folks to increase the capacity... (CROSS-TALK)

COUNCIL MEMBER WILLIAMS: (INAUDIBLE)

DIRECTOR JIHA: In their source of income discrimination unit.

COUNCIL MEMBER WILLIAMS: Yeah, I know.

But the request was 6 million. And source of income is very important. And I know the Council has done a lot of work with the Administration on it, but there's so many other things that CCHR does or is unable to do because they don't have the funds to do it. For instance, the Fair Housing Act is coming into effect, and that will impact how people are able to get homes and apartments, and I don't think that CCHR has the resources to really enforce that law. Again, the federal climate has created more opportunities in a good way for people to seek some type of reprieve at the local level, but I just don't think they have the resources to enforce and proactively educate people around civil and human rights discrimination and laws that protect folks in New York City.

DIRECTOR JIHA: Again, as I said, we will work with them because currently they have 33 vacancies. Okay. It's just a question of hiring those attorneys, but we will work with them. We met with them.

COUNCIL MEMBER WILLIAMS: I just want to add, I'm not just seeking resources for attorneys. Just even in like their marketing budget. Like in

previous years, when certain things went into effect, I think it was the, you know, don't ask, don't tell around the people who are applying for jobs, whether or not they had a criminal record. They did extensive marketing around that law going into effect. But as far as I know, they don't have the resources to do robust outreach and marketing around the City's laws so that people can comply and they don't get fines so not just for the Legal Division, but also as a whole.

Okay. Last question. The Mayor's Office of Equity and Racial Justice has still not released their Preliminary 2024 Racial Equity Plan. It's probably, I don't know, 400 days late at this point, which was required back October 2024, which was pushback day. One focus of the plan is to help ensure equity is being considered when formulating the City's budget so what support is OMB providing MOERJ to ensure the plan is released? Have you received a copy of the report? Have you taken any consideration, if you have, to the current budget year? And we really only have like a month left, so do you anticipate utilizing this plan in any way as we move forward in finalizing Fiscal 2026 budget?

DIRECTOR JIHA: I would defer to City Hall when it comes to the question regarding the plan, the equity plan. But again, as I said, we've been working with them. We give them our feedback on their plan. But in terms of the release of the plan, I would defer to City Hall.

COUNCIL MEMBER WILLIAMS: Because it hasn't been released, though, and I know the plan is circulating within the Administration. Do you plan to or have you taken any consideration to this current fiscal budget as the plan may call or not call for you to do so?

DIRECTOR JIHA: We always, every decision we make as part of the budget, we do them through an equity lens. Okay. I mean, you could see, as you could see in the budget, we make so many of the investments, as I said. We basically look at them from that perspective. So as far as we are concerned, we understand what the plan is trying to accomplish, but this is something that we do currently.

CHAIRPERSON BRANNAN: Council Member Moya.

COUNCIL MEMBER MOYA: Thank you. Thank you, Chair. Sorry for the interruption. I just wanted to personally give a shout out to PS16 and the civics

class that is here today from my District. Thank you to Ms. Amant and also to Mr. Feldman, who are here. This group approached me a while back and said, well, what does a Council Member do, and I said the best thing they can do is come on tour and see what's happening, and they're seeing how government really runs, except for James, who ill-advisedly came here wearing a Real Madrid jersey, and, you know, we won't get into that, but thank you so much. Welcome, everyone, to the People's House. Thank you, Chair.

CHAIRPERSON BRANNAN: Okay. Questions of Council Member Restler followed by Joseph.

COUNCIL MEMBER RESTLER: Thank you, Chair Brannan. I just want to take a second to commend you on doing a great job through this round of Executive Budget hearings, and I really want to thank the whole Council Finance Staff, who have been terrific.

Good to see you, Director Jiha and team.

DIRECTOR JIHA: Good to see you too.

COUNCIL MEMBER RESTLER: A few questions. I couldn't pin you down. I couldn't hear in your back and forth with Speaker Adams a number. Do you have a number of how much funding you're planning to add on childcare vouchers in the adopted budget?

1 COMMITTEE ON FINANCE

93

2 DIRECTOR JIHA: It's 328 million dollars.

3 COUNCIL MEMBER RESTLER: You'll be adding
4 328 million dollars? And will that amount ensure that
5 we are funded to get the full dollar for dollar match
6 that the State has afforded us?

7 DIRECTOR JIHA: Yep. That's the MOE.

8 COUNCIL MEMBER RESTLER: Great. Thank you
9 very much, so that will be in the adopted budget.
10 Good answer. Thank you. I love straight answers.

11 I want to move to borough-based jails.
12 The Mayor recently proposed converting the Brooklyn
13 borough-based jail facility into a mental health
14 facility and converting the other three sites into
15 housing. Is this proposal seriously being considered
16 by OMB?

17 DIRECTOR JIHA: Say it again.

18 COUNCIL MEMBER RESTLER: The Mayor, you
19 know, the Mayor being the Mayor, said that he wanted
20 to convert the Brooklyn jail project into a mental
21 health facility and the other three jail sites into
22 housing. Is OMB seriously considering this proposal?

23 DIRECTOR JIHA: As far as we are
24 concerned, everything is going as...

25 COUNCIL MEMBER RESTLER: As planned.

1 COMMITTEE ON FINANCE

94

2 DIRECTOR JIHA: As planned.

3 COUNCIL MEMBER RESTLER: That is such, two
4 for two. We're doing great this morning. Okay. So I
5 just want to, just because I think it's helpful, do
6 you have a sense of how much money has been spent on
7 the borough-based jail plan to date?

8 DIRECTOR JIHA: To date now.

9 COUNCIL MEMBER RESTLER: Hundreds of
10 millions of dollars. Are we over a billion?

11 DIRECTOR JIHA: I know for sure we
12 budgeted 16 billion dollars...

13 COUNCIL MEMBER RESTLER: Total.

14 DIRECTOR JIHA: Total.

15 COUNCIL MEMBER RESTLER: But the burn rate
16 in Brooklyn, we're spending tens of millions of
17 dollars a month in Brooklyn alone. We now have
18 multiple.

19 DIRECTOR JIHA: I would come back to you
20 with an answer on the specific...

21 COUNCIL MEMBER RESTLER: Dramatic. I mean,
22 we've spent hundreds of millions of dollars on this
23 project to date. We have signed contracts with
24 vendors at each of these sites.

25 DIRECTOR JIHA: Sure.

COUNCIL MEMBER RESTLER: I'm glad that we are moving ahead as planned and that whatever the Mayor may have been musing about does not seem to be changing the direction of the Administration.

The Brooklyn borough-based jail is supposed to be done in 2029. The other boroughs are supposed to be completed in what years?

DIRECTOR JIHA: 2031.

COUNCIL MEMBER RESTLER: '31, '32. We're in that range. So, we're still more than five years out from when we're going to complete the plan according to the current timelines. That would give us a five-year capital lifespan window to continue to do work on Rikers Island to make necessary improvements to the crumbling infrastructure. Do you believe that it would be beneficial for DOC to apply for a waiver from the Comptroller's Office and I guess from all of you under Directive 10 to potentially pursue capital eligibility for projects on Rikers Island?

DIRECTOR JIHA: I think the Council should change the law from 2027 because that's what's the problem.

COUNCIL MEMBER RESTLER: The waiver is... but there's an alternative process. A waiver could be pursued.

DIRECTOR JIHA: As long as the 2027 law is in the book, I mean, could talk to the lawyers, but as far as I'm concerned, as long as the 2027 law is in the book, we are limited to what we can do because we're in 2025 right now. So, you know, it's like only two years. So, you know, Council could change.

COUNCIL MEMBER RESTLER: I mean, but there is an alternative. We're not changing it. But there is... I mean without a serious conversation with this Administration, which we have not yet had. There is a mechanism, though, that you could pursue a waiver to pursue for capital.

DIRECTOR JIHA: I'll discuss it... (CROSS-TALK)

COUNCIL MEMBER RESTLER: We appreciate you considering it.

Lippman Commission. Were the Lippman Commission 2.0 funding recommendations considered in the crafting of the Executive Plan?

DIRECTOR JIHA: Yes. We added resources to fund a lot of programs dealing with alternatives to incarceration.

COUNCIL MEMBER RESTLER: And did you discuss these recommendations with the Lippman Commission prior to releasing the Executive Plan?

DIRECTOR JIHA: No, but we had, you know, we met with them and they gave us a briefing in terms of what the recommendations will be, and we listen to them and we take them into account.

COUNCIL MEMBER RESTLER: Last one for me, and thank you for the modest amount of extended time. Have you done an updated analysis on the loss of funding to New York State on the impact of the Republican House bill that passed last week?

DIRECTOR JIHA: We continue to do our own assessment of the bill because, as you know, that this is not the final. Okay.

COUNCIL MEMBER RESTLER: Do you have a number on what your expectation is for how much funding would be lost to New York state?

DIRECTOR JIHA: No.

COUNCIL MEMBER RESTLER: Approximately 15 billion dollars.

DIRECTOR JIHA: We don't have yet the full bill to do, you know, a full assessment of the entire because we have to wait for the Senate.

COUNCIL MEMBER RESTLER: We certainly don't have a bill that's passed both Chambers, but we have a bill that would be catastrophic if it were passed. It's a 15-billion-dollar loss in funding to the State of New York.

DIRECTOR JIHA: That would be extremely difficult for New York City to absorb.

COUNCIL MEMBER RESTLER: And is OMB aggressively advocating for changes around Medicaid and food stamps in particular to protect low- and moderate-income New Yorkers, immigrant New Yorkers.

DIRECTOR JIHA: Basically, as I said earlier, we will fight for every federal dollar that New Yorkers deserve.

COUNCIL MEMBER RESTLER: Yeah.

DIRECTOR JIHA: Okay. As I said, New Yorkers paid their fair share of federal taxes, okay, and they should not be penalized.

COUNCIL MEMBER RESTLER: Yeah.

DIRECTOR JIHA: Because the City is following State and City laws.

COUNCIL MEMBER RESTLER: I appreciate that. I think you've spent many distinguished years in government at the State level, at the City level. I can't imagine that you've ever seen a bill come out of Washington that would be so catastrophic to the budget of New York State and New York City as what the House just passed. A 15-billion-dollar cut in funding to the State of New York, more than five percent of their budget would have broad ramifications on our abilities to fund parks and public safety and school and education, early childhood education...

DIRECTOR JIHA: Hospitals.

COUNCIL MEMBER RESTLER: And hospitals and more. The scale of the devastation that this bill would have on vulnerable New Yorkers and on everything that we care about really can't be understated, and so I've appreciated that we've had Molly Park and Mitch Katz and some of the leaders in this Administration speak up about just how catastrophic this would be, but we've heard crickets from the other side of City Hall, and I know that you get how bad this would be for our budget and that it would lead to horrible decisions that we do not want

to make and cuts that we desperately want to avoid, and I hope the Mayor starts to listen and get with the program as well because his voice matters here and it would be a helpful thing for him to advocate for the needs of New Yorkers. Thank you very much.

DIRECTOR JIHA: The Mayor continues to advocate for New Yorkers, and he will continue to fight for New Yorkers.

CHAIRPERSON BRANNAN: Questions from Council Member Joseph followed by Salaam.

COUNCIL MEMBER JOSEPH: Thank you, Chairs. Good to see you, Commissioner, always.

So, we understand that New York City Public Schools application for Head Start is pending approval at the federal level so we'd like to clarify the changing Head Start landscape in Fiscal 2026. Given the uncertainty and the timing of the approval, what is OMB's plan to ensure continuation of care in Head Start? And if New York City Public Schools only receive partial federal funding or does not receive the grant, what is OMB's commitment to stabilizing the Head Start system and how will that impact the current Head Start's providers?

I'm going to ask all my questions at once because I know my time is limited. So, when is the latest OMB can recognize federal funding for Head Start in Fiscal 2026 without any operational issues? Regardless of funding changes in Head Start for Fiscal 2026, can you also explain why OMB is certain that every eligible child that wants a Head Start seat of any age 0 to 4 will get one in 2026?

And of course, special education. New York City Public Schools also told us about 7,000 students with IEPs were not being provided with one or more of their mandated services, while you baselined 55 million dollars for preschool special education classrooms in the Executive Plan. So, what's the conversation with OMB about DOE's new needs submission for additional funding for preschool special education? How much are they requesting and what's the head count and why OMB hasn't added any additional funding for preschool special education services?

DIRECTOR JIHA: Regarding Head Start, the Mayor made a commitment that the services are so critical for New Yorkers that even in the absence of federal funding, the City would step in. He made that

announcement about a month ago so he made that commitment. So right now, I can't tell you whether or not we're going to get partial funding or whatever we're going to get, but the deal is he made the commitment.

COUNCIL MEMBER JOSEPH: But you've also applied for fewer seats.

DIRECTOR JIHA: He applies for, you know, so his goal is to make sure that every seat who needs a seat gets a seat. You know, so again, as I said, that's a commitment that they already made. So therefore, it's not going to back away from that commitment.

Special education. We added an additional 555 million dollars, like we stated, in the plan, and we will continue, again, as I said, we have some discussion. I believe I'm meeting with the Chancellor next week to discuss priorities, okay, and as we discuss our priorities, I will listen to her and see what she brings to us.

COUNCIL MEMBER JOSEPH: But what about the students who have not received none of their services? So, we were asking for 70 million in the budget for that. We didn't see that. 70 million for

1 COMMITTEE ON FINANCE

103

2 related services? You still have about 7,000 students
3 that have not received their mandated services, and
4 you know what that leads to. Our Carter cases that we
5 constantly fight against and push against so that's
6 why I'm asking.

7 DIRECTOR JIHA: Okay. As I said, we are
8 meeting with the Chancellor next week, and we'll have
9 a discussion about her needs, what the priorities
10 are.

11 COUNCIL MEMBER JOSEPH: But in the Head
12 Start, you applied for 3,500 fewer Head Start seats
13 for three-year-olds and four-year-olds while you age
14 down, so does that result in a decrease for capacity
15 for three and four-year-olds?

16 DIRECTOR JIHA: No. We will backfill.

17 COUNCIL MEMBER JOSEPH: You're going to
18 backfill?

19 DIRECTOR JIHA: Mayor made that
20 commitment?

21 COUNCIL MEMBER JOSEPH: Chairs, LGBTQ-plus
22 IA inclusive curriculum. We noticed in the Executive
23 Plan there was an additional 2.48 million to fund the
24 LGBTQ-plus IA curriculum. This covers the DOE
25 contract, CBO, and initiative, but the additional 315

to DYCD was not funded in the Executive. Why wasn't the funding added to the DYCD budget in the Executive Plan? And does OMB commit to fully funding the LGBTQ-plus IA curriculum in 2026?

DIRECTOR JIHA: Again, we will discuss it as part of our adoption process, and we'll see where we land.

COUNCIL MEMBER JOSEPH: And our AIMS and Horizon seats and NEST for our autistic learners? Oh, I'm going to get it all in. You know I'm here for the kids so I have to find out because we know that will also reduce our having our Horizons, Nests. That will also reduce our Carter cases that are ballooning.

DIRECTOR JIHA: Sure.

COUNCIL MEMBER JOSEPH: Is that a commitment on the record that we will be funding these programs?

DIRECTOR JIHA: What I say is we'll continue, we'll have discussion with the Council as we approach adoption and, if resources are available, we'll discuss the needs.

COUNCIL MEMBER JOSEPH: More AIM seats, more Nest seats, and more Horizon.

DIRECTOR JIHA: Got it.

COUNCIL MEMBER JOSEPH: Thank you. Thank you, Chairs.

CHAIRPERSON BRANNAN: We've been joined by Council Member Sanchez on Zoom.

Now we have questions from Council Member Salaam followed by Hudson.

COUNCIL MEMBER SALAAM: Good afternoon, and thank you, Director Jihad. Great to see you and your team.

DIRECTOR JIHA: Good to see you, sir.

COUNCIL MEMBER SALAAM: Thank you, Chair.

So, there's a Mitchell-Lama development in my District, Esplanade Gardens, in significant need of financial and structural attention, and the residents have been trying to address this since Superstorm Sandy. I want to know how is OMB accounting for Harlem's growing housing and infrastructure needs within the capital plan, especially in light of historical low capital commitment rates in Black and Brown neighborhoods.

DIRECTOR JIHA: I'm not aware of this one. Are you aware of it?

SENIOR DEPUTY DIRECTOR BOIRARD: We'll have to work with HPD on the specific development.

But as it pertains to how we're accounting for Harlem's growing needs, we largely defer to HPD to come up with the program and work with them on the funding of the program, which takes into account equity issues as well as various housing needs throughout the boroughs.

DIRECTOR JIHA: Why don't you give us the information? We'll work with your office and get a better sense of that particular project.

COUNCIL MEMBER SALAAM: Sure.

DIRECTOR JIHA: Okay.

COUNCIL MEMBER SALAAM: Given that Harlem has one of the highest concentrations of NYCHA units, what share of the 104.5 million dollars in restored funding for older adult services is being directed to NYCHA's senior centers or naturally occurring resident communities in Harlem? And just for background, on 2201 Adam Clayton Powell Junior Boulevard, in January 2024, the City announced plans to establish a sanctuary shelter for families at this particular location. The facility was to include approximately 54 rooms operated by the Department of Homeless Services in partnership with the Children's Rescue Fund, a contract provider. However, the

community raised concerns, very, very serious concerns about this plan, and it was ultimately altered. Currently, the Administration has renewed their mission to house shelter families at this location. I now find myself, along with many of my Colleagues, in wondering why the Administration has not communicated this with local communities on how they intend to provide for sheltering these families.

DIRECTOR JIHA: Okay. In this plan, we added about 81 million dollars to deal with some cliffs that DFTA had.

But regarding the shelter of that particular one, do you know anything about it, Tara? Again, we'll come back to you on the specific one, because this is not on our radar at all. Okay, we'll work with your office to get more information on this.

COUNCIL MEMBER SALAAM: Well, thank you.

CHAIRPERSON BRANNAN: Council Member Hudson.

COUNCIL MEMBER HUDSON: Thank you so much.

As you know, but I'm always going to share the statistics, older adults represent 20 percent of the city's population. A 2021 CUNY

Graduate Center study reports that the population of adults ages 65 and older in New York State will soar 25 percent between 2021 and 2040. In the city alone, the population of older adults is expected to increase by 40 percent by the year 2040. Despite the growth in the city's older adult population and the increased need for resources to repair deteriorating infrastructure, NYC Aging's capital budget totals only 85.1 million dollars between Fiscal 2025 to Fiscal 2029 in the Executive Commitment Plan. Was any capital funding added in the Executive Commitment Plan to support NYC Aging's capital needs, especially at older adult centers?

DIRECTOR JIHA: As you know, in this plan, we added 81 million dollars to deal with the cliffs, and we also added almost 21 million dollars for the restoration of the PEG that we have. In addition, we added almost 20 million dollars to address the indirect rate.

COUNCIL MEMBER HUDSON: Sorry, 20 million for what?

DIRECTOR JIHA: The indirect rate needed by providers. This issue about capital needs for DFTA has not been brought to my attention, and I will work

with the Commissioner to find out exactly what this is, but, you know, I'm not sure.

COUNCIL MEMBER HUDSON: Okay.

DIRECTOR JIHA: So I will get back to you after I talk to her to find out exactly what the needs are.

COUNCIL MEMBER HUDSON: Okay. So, it sounds like they didn't specifically request any additional capital funding.

DIRECTOR JIHA: As far as I know, I don't know about the staff.

COUNCIL MEMBER HUDSON: Okay. Do you believe that the current level of capital funding is sufficient given the growing older adult population and the extensive provider network NYC Aging manages?

DIRECTOR JIHA: Again, if I don't see the need, if they don't discuss the needs with us, you know, they have to come to us with needs and discuss them, but I have not seen something that's more like on the expense side.

COUNCIL MEMBER HUDSON: Okay.

DIRECTOR JIHA: The capital budget is very small.

COUNCIL MEMBER HUDSON: It is.

DIRECTOR JIHA: Okay.

COUNCIL MEMBER HUDSON: That's my point.

DIRECTOR JIHA: And, yeah, it's very small, but, you know, the expense budget, we try to, as best as we can, to take care of all the needs.

COUNCIL MEMBER HUDSON: Yeah, and listen, that money is great. I don't want you to touch that money. I wanted to just address the capital needs. Yeah, I do appreciate that. And even when we're given a lot, there's always more needed, especially given the population increase that we're expecting in the next 15 years.

But let me just move on quickly to Home Delivered Meals. The Council's Fiscal 2026 Preliminary Budget Response called on the Administration to add and baseline 7.3 million for the Home Delivered Meals program to bring the per meal reimbursement rate up to \$15.31 from \$13.78 to fully cover the actual cost of food. At adoption last year, 4.8 million was added in baseline starting in Fiscal 2025 to increase reimbursement rates for home delivered meals from \$12.78 to \$13.78. The additional funding for a reimbursement rate increase for fiscal 2026 was not included in the Executive Plan. We

1 COMMITTEE ON FINANCE

111

2 learned at the Executive Budget hearing that NYC
3 Aging has also been advocating for an increase to
4 meal reimbursement rates, and I'd like to know if OMB
5 plans to include this in the adopted plan and, if so,
6 what reimbursement rate increase will be included and
7 how much would such an increase cost?

8 DIRECTOR JIHA: Yeah. We continue to work
9 with DFTA to review the ongoing needs and food and
10 are open to further discussion as part of the adopted
11 budget process.

12 COUNCIL MEMBER HUDSON: Okay. We like an
13 openness to continue discussion so I'll take that.

14 Has OMB considered permitting a different
15 reimbursement rate for meals that meet the cultural
16 needs and the needs of those with specific health
17 conditions, which typically cost more than an average
18 meal?

19 DIRECTOR JIHA: Again, we will have
20 discussion with DFTA.

21 COUNCIL MEMBER HUDSON: Okay.

22 DIRECTOR JIHA: See, you know, what the
23 difference in terms of the variance in terms of cost.

24 COUNCIL MEMBER HUDSON: Yeah.

25

DIRECTOR JIHA: And we'll review accordingly and, you know.

COUNCIL MEMBER HUDSON: Okay. I'll be sure to follow up, but I just want to make sure that we're also, as part of that conversation, thoroughly understanding the needs for different types of meals and the costs that are associated with that. Thank you. Thank you, Chairs.

CHAIRPERSON BRANNAN: Okay. Questions from Council Member Brewer followed by Riley.

COUNCIL MEMBER BREWER: Thank you very much.

My first question is about Department of Investigation. In our Preliminary Response, the Council requested that the Executive include an additional 3 million in baseline for DOI to hire 13 additional personnel and cover a shortfall of their funding for 22 existing vacancies. The funding was not in the Exec, and why was it not provided in light of DOI's mandated responsibilities, and will there be additional funding in the adopted plan? I know sometimes you say because they haven't filled their positions. I know I can almost give you the answer. However, it's my feeling strongly that they are

working hard to fill those positions. They need the extra funding because of all of the extra opportunities, if that's the right word, to make sure there's no fraud and other improprieties in our Administration. And the thing is, if they don't have the funding, then they don't have the ability to do the extra hiring that would enable them to do the oversight.

DIRECTOR JIHA: Yeah. And I understand your concern, and we've been working with them. In the Preliminary Plan, we gave them about 750,000 dollars so they could hire 10 folks so they could build their investigative staff and support staff. In addition, we made some salary adjustments for them to assist them, to help them with retention of certain positions. We are currently working with them, and I believe we just approved some (INAUDIBLE) for them, okay, and that would be reflected at adoption. But we're working with them on a day-to-day basis to make sure that they have the resources that they need to take advantage of the opportunities, like you worded, that is open to them.

COUNCIL MEMBER BREWER: Okay. I mean, I would say we keep pushing on that issue because

they've been using some of their assets, forfeiture money, which is not what it's supposed to be used for.

DIRECTOR JIHA: Yeah, but as I said, we're working with them, and I believe last week we provided them some approval.

COUNCIL MEMBER BREWER: Okay. We'll keep pushing.

DIRECTOR JIHA: Yep.

COUNCIL MEMBER BREWER: Next issue, of course, at the Department of Education, there's also a DOI office, not part of the DOI citywide, and that has only like a 6-million-dollar budget and it's called SCI School, and the issue is they have 55 staff members for an agency that's got a 40-billion-dollar budget and 140,000 person staffing so my question is, maybe they're not pushing enough, maybe I'm pushing for them, but it does seem to me, if you're looking at, I hate to say fraud and corruption, I don't want to say that it's rampant, it's not at DOE, but 140,000, you're going to find people. So, my question is, are you thinking about increasing funding for this particular oversight agency?

DIRECTOR JIHA: I have not seen a request coming to me from them. They had a request for OTPS funding, which we provided them, but again, I will just discuss with my staff to see if they have received something.

COUNCIL MEMBER BREWER: Just generally, I'm not getting into CCRB, I'm not getting into Department of Correction, etc., but we need more oversight. I'm not saying it's this Administration, it's any Administration. Oversight keeps corruption and loss of funding down.

Other question is about clubhouses. You know, this is an ongoing issue. Larger clubhouses are funded, but we need 4 million dollars for the smaller clubhouses. The City Council had to pick it up before. Do you have any interest in the 4 million dollars, very smart, keeps people with mental illness off the street, and mental illness issues are a focus of all of us. We need 4 million dollars for clubhouses. Will you put that in the Exec?

DIRECTOR JIHA: In this plan, we added 4 million dollars to continue the existing clubhouse services.

COUNCIL MEMBER BREWER: For the big ones. How about for the smaller ones? There's two different, RFP went out for the larger ones. I'm talking about the smaller ones. So far, no RFP.

DIRECTOR JIHA: Well, again, as I said, we will discuss this as part of adoption, because again, that's what came to us in terms of requests, and I will discuss it with DOHMH and see if there is something specific that they were interested in.

COUNCIL MEMBER BREWER: We're interested. I don't know about them. We're interested, just so you know.

School-based mental health clinics. I know the Speaker, to her credit, talked about this. We need another 3.75 million to cover what Medicaid does not. And I have to say, as you do, that the school-based mental health clinics are where the problems can be dealt with before they end up on the street or end up at Rikers or any other issue. So, what's the status with support for school-based mental health clinics in the schools?

DIRECTOR JIHA: Again, we'll follow up with you and your office on this. Because as I said,

if we don't have the requests coming from the agencies, but we'll follow up with you.

COUNCIL MEMBER BREWER: Okay. When Molly Park was here, an excellent Commissioner, she said, of course, that there could be a savings of 11 million dollars when all of the FHEPS are used and people are back in their housing. The trouble is, the cost of FHEPS could go from 30 percent to 40 percent of anyone's rent. There are about 1,800 people who will be affected in this five-year cycle. There's some fear that some of them will go back to the shelters because of the increase in rental that they have to pay. So, my question is, have you figured in your budget when this rent hike goes into effect that people could be back in shelter? Wouldn't it make more sense to keep it at 30 percent?

DIRECTOR JIHA: Again, our goal is we don't want people to go back to the shelter, but at the same time, we're also at the same time trying to make sure that the program is feasible, okay, in the long run so therefore, we have to find ways to manage it. It's a program that started at about 300 million dollars five years ago, and it's about like 1.2 billion dollars now.

COUNCIL MEMBER BREWER: Mm-hmm. It's a good allocation of funding. It works.

DIRECTOR JIHA: I understand, we understand. But at the same time, we are also are resource constraint so, therefore, we have to find a way at the pace that it's growing, it's growing so fast that it could threaten the viability of the program itself.

COUNCIL MEMBER BREWER: You haven't figured in anybody going back to shelter as part of this funding?

DIRECTOR JIHA: They have not yet implemented the program yet so, therefore, we don't know.

COUNCIL MEMBER BREWER: Okay. I'm just letting you know that some of them will go back and you should figure out, keep it at 30 percent would make sense. I understand the difference of opinion.

Finally, food. I know that you heard a little bit from Council Member Ayala, but obviously the pantries, the soup kitchens and so on are desperate. What is your thinking about any increased allocation just generally for all the food concerns that we're all facing with our constituents?

DIRECTOR JIHA: Yeah. As I said, we added resources about I believe 36 million dollars to the CFC program. We also added 10 million dollars for Groceries to Go program. But again, as I said to the Council Member, we'll continue to have discussion with her and the City Council during adoption and, if resources are available and the needs are there, we'll have a discussion.

COUNCIL MEMBER BREWER: Okay. Thank you very much.

CHAIRPERSON BRANNAN: Okay. Questions from Council Member Riley followed by Dinowitz.

COUNCIL MEMBER RILEY: Thank you, Chair. Good afternoon to the administration. Thank you so much for being here today.

Just a few questions. In the Executive Plan, DOHMH was allocated 47.3 million for mobile treatment teams in Fiscal Year 2026. We first thought that this was funding that was going to be an expansion of the program but later realized that this is rather to replace expiring funding from the American Rescue Plan. These are critical services that have proven to be effective and we have requested in our budget response with the

Administration to add another 30 million to expand these teams. Why wasn't there an additional funded added to the Executive Budget for the mobile treatment teams?

DIRECTOR JIHA: As you know, funding is very limited. So, what we first do to begin with was to say, hey, the program is funded with stimulus dollars, okay. Let's try to make sure we could backfill it to begin with. All right, to make sure because otherwise, if we don't find those resources to make sure to backfill the program, you know, basically the program would go away so that's the first thing we have to do. Okay, and then as we go forward, and then we will do an assessment of the program to see if additional resources are needed.

COUNCIL MEMBER RILEY: The average wait time for the individual to enter the Assertive Community Treatment or the ACT is 93 days, which is long wait for someone dealing with severe mental services. Have you spoken with DOHMH about additional resources that would significantly decrease the wait times?

DIRECTOR JIHA: We will engage them to see if there is a challenge on their part, why the wait

time is so long. And if the discussion is about resources, not the process, because sometimes process are broken and you could give you, you know, more resources, it's not going to solve the problem. So, we'll have a discussion with them and see where, you know, why the wait time is so long. If it's a process.

COUNCIL MEMBER RILEY: Will you report back to the Council after you find?

DIRECTOR JIHA: Of course, we will.

COUNCIL MEMBER RILEY: Thank you. There are currently 16 school-based, and this is a part of Council Member Brewer's question as well, there are currently 16 school-based mental health clinics funded with 5 million through H and H, DOE, and DOHMH. This is one of the most impactful programs as Council Member Brewer just mentioned that needs to be baselined at adoption, and we have been advocating for at least two years about this. Why has this program not been baselined, and what is OMB's plan to finally baseline funding for mental health continuum starting in Fiscal Year 2026?

DIRECTOR JIHA: Our goal is, to be honest with you, we would always love to baseline funding for programs. It's just a question...

COUNCIL MEMBER RILEY: Of course.

DIRECTOR JIHA: Identifying the long-term funding, and we have so many competing needs, you know, and so we have to make decisions about, hey, when we find those dollars, which program you're going to baseline long-term, you know, provide long-term funding for them long-term. But again, we continue to review those programs and as resources become available, if we have, you know, long-term source of funding, this is some program that is worth, you know, exploring funding for it long-term, we will do so. But again, it's just a question of identify first the long-term funding. But if it's not available, it's not available, you know.

COUNCIL MEMBER RILEY: Okay. Chair, if I may?

CHAIRPERSON BRANNAN: Yep.

COUNCIL MEMBER RILEY: Thank you. 9-8-8 is the City's dedicated hotline for New Yorkers to call for all of their mental hygiene needs, including mental health concerns and additional services. We

know that this year, the program experienced a call and text volume of 335,000. DOHMH testified that they believe this volume will increase if more New Yorkers were aware of this number 9-8-8. The program is funded at 21.8 million in Fiscal Years 2025 and 2026, which is a decreased number of 10.9 million compared to Fiscal Year 2024. What are the factors that contribute to such a decrease, and do you plan to restore the 10.9 million in Fiscal Year 2026 adopted budget?

DIRECTOR JIHA: I believe what happened is that DOHMH reached an agreement with the vendor and, you know, and the agreement is cheaper, okay, so therefore that's the reason...

COUNCIL MEMBER RILEY: They won't cut the services?

DIRECTOR JIHA: No, they won't cut services.

COUNCIL MEMBER RILEY: All right. And my last question is more of a District question. I represent Co-op City. And if you don't have this number now, you can provide it for me later on. Currently, Co-op City operates their own public safety and their own sanitation, but they're seeing

needs in the community. Do you have a number of how much, I guess, funding Co-op City is saving the City by operating their own public safety and sanitation process? If you don't, can you please update me as soon as possible so we can figure out how the City could address other concerns that Co-op City has, such as public safety and quality-of-life issues?

DIRECTOR JIHA: My staff will reach out to you with an answer.

COUNCIL MEMBER RILEY: Thank you. Thank you, Chair.

CHAIRPERSON BRANNAN: Okay. Questions from Council Member Dinowitz.

COUNCIL MEMBER DINOWITZ: Thank you, Chair. Good afternoon, Mr. Director.

Very simple question. Would you say it is better to have more students or more people in New York City enrolled in college or not?

DIRECTOR JIHA: More.

COUNCIL MEMBER DINOWITZ: More. We want more, right? A few years ago, this council piloted a program called CUNY ReConnect, which in the past three years has resulted in more than about 47,000 more students attending CUNY. You're a money guy. You

know this is good. More people in New York City going to attending college, getting degrees, earning more. That's good for our tax base. Fewer people on public assistance. For a program that's so incredibly successful year after year, why was zero funding allocated for CUNY ReConnect?

DIRECTOR JIHA: As you know, this plan was very good for CUNY.

COUNCIL MEMBER DINOWITZ: It was what? I'm sorry.

DIRECTOR JIHA: Very good for CUNY, this budget, and they're very happy with the plan that we have. We restored 91 million dollars for CUNY, 96 million dollars, and we baseline those funds. We gave them 9.1 million dollars for...

COUNCIL MEMBER DINOWITZ: Yeah, I just want to pause. There are good things in the budget to be certain, but to be clear, those were cuts that you all made so you're restoring your own cuts so I just want to be honest about the conversation we're having. I simply want to ask about CUNY ReConnect and for a program that brings more students in, 47,000 over three years, more students getting degrees, getting the supports they need to succeed and go back

into our communities and contribute more. That's exactly what we want people to do in this city. 11.8 million would go a long way. Will that be included in the adopted plan?

DIRECTOR JIHA: We'll have discussion with the City Council. This is a program that is very close to the heart of the Speaker. That is a program that she, you know, basically advocating for so we'll work with the Council as we get closer to adoption to see what can be done.

COUNCIL MEMBER DINOWITZ: Getting no commitments there, but I'll repeat, this is, as you know, again, an incredibly successful program that the Speaker spearheaded...

DIRECTOR JIHA: Yes.

COUNCIL MEMBER DINOWITZ: And this is an investment, this is a good investment that is good policy and it's good finances.

One of the things that the, I would say the Mayor does very well and I think is very powerful for a lot of kids in this city is he speaks openly about having a disability, and I think that it's very important to see people in leadership positions saying that out loud. It is also important to include

policy and budget items that support that value. The Council requested 2.1 million dollars for disability services for CUNY students to ensure that they have the resources they need so that our students have the accommodations and support they need. This was also omitted from the Executive Budget. And today, can we commit to including this on the Mayor's side, the 2.1 million dollars in the adopted plan?

DIRECTOR JIHA: We'll have discussion with you and the City Council as we move toward budget adoption, like I said.

COUNCIL MEMBER DINOWITZ: But this is more than a, this is the discussion. This is the public discussion and this is critical and you have...

DIRECTOR JIHA: This is the beginning of the discussion.

COUNCIL MEMBER DINOWITZ: This isn't the beginning. This is not the beginning. That's a little silly to say. We're talking about investments, just a few million dollars that'll get more students enrolled in CUNY, more students to stay enrolled in CUNY, more students to graduate. More students and then graduates to provide more for our tax base. And also including more of those students who are

historically underrepresented and historically left behind, including people with disabilities, and I would think as a Mayor who understands this probably more intimately than most anyone in this room, any one of us up here, he should be the first one saying we need to invest this small amount of money, 2.1 million dollars, to ensure people like him have a better chance of success at CUNY.

DIRECTOR JIHA: As I said to you, we will work with you and the Council because as I said, we have limited resources. We added a lot of resources to CUNY's budget and the Exec Budget.

COUNCIL MEMBER DINOWITZ: That were taken away by you in the past, yes.

DIRECTOR JIHA: We'll have discussion.

COUNCIL MEMBER DINOWITZ: I think it's important... I want to be honest about that and important to recognize that these aren't expenditures, these are investments. And I would just add as it relates to CUNY ReConnect, that at a time when we have a federal government that is doing everything they can to reduce the enrollment of international students and immigrant students at CUNY, we should be doing everything we can in this

city to be recruiting people to ensure that they have a shot at a college education. That is our job here in the city, and we should be doing everything we can to push back against these policies of the federal government that are harming our students here, that are harming our city and harming our public colleges. Thank you, Chair.

CHAIRPERSON BRANNAN: Deputy Speaker.

DEPUTY SPEAKER AYALA: Sorry. I had a couple of follow-up questions.

The first question is on immigration. The Executive Plan does not include any dedicated funding for legal services for unaccompanied minors despite the growing need and the loss of critical federal support. On March 21st, the federal government abruptly terminated the unaccompanied children's program contract cutting nearly 14 million for New York City legal providers. This decision left more than 1,300 children without an attorney and some already have court hearings scheduled. Has MOIA or HRA requested additional funding for unaccompanied children for Fiscal Year '26?

DIRECTOR JIHA: As far as I'm concerned, I'm not aware of that, but I know for sure we added

resources for MOIA in the budget for legal services, but specifically for those children, I'm not aware of any requests coming to us for those specific children.

DEPUTY SPEAKER AYALA: Okay. Could you bring that back to me?

DIRECTOR JIHA: I will doublecheck.

DEPUTY SPEAKER AYALA: Thank you. I mean, it's pretty scary because we have children now. You know, just yesterday, we had a high schooler that was detained and, you know, this is the beginning of what we anticipate will be a long...

DIRECTOR JIHA: We remain committed to support immigration legal services. As I said, we added 42 million dollars in the budget for Fiscal Year '26, but for the specific children, I'm not aware, but I will follow up with you.

DEPUTY SPEAKER AYALA: Okay. So, given that New York City continues to serve as a key destination for immigrant youth, many of whom arrive fleeing violence, poverty, and instability, what steps is the City taking to coordinate with non-profit legal service providers to ensure continuity

of care for these children and also making sure that these children do not appear in court alone?

DIRECTOR JIHA: Again, as I said, I will follow up with MOIA to see what they're doing, and we will come back to you.

DEPUTY SPEAKER AYALA: Okay. Do you commit to support the funding request of 6.3 million needed in Fiscal Year '26 for legal service support for unaccompanied minors?

DIRECTOR JIHA: Again, as I said, I cannot make a commitment at this point in time, but we'll review the needs and as we progress toward adoption and then we'll have a discussion.

DEPUTY SPEAKER AYALA: Okay. At the Preliminary Budget hearing, Commissioner Schaffer testified that nearly 100,000 applications for asylum, work authorization, and temporary protective status have been filed since the opening of the Asylum Application Help Center. Assuming that OASO is coordinating all this work for asylum seekers with CBOs, why is there no funding allocated for OASO in the Executive Budget beyond the 3.2 million added in Fiscal Year '25's Preliminary Budget and what is the

future of the office's staffing if the office is closing starting Fiscal Year '26?

DIRECTOR JIHA: Again, we are still assessing the future funding level for OASO as we move toward one system with the DHS system so, you know, we don't expect to have any impact on services as we move toward fully integrated DHS system going forward but, again, we're still assessing, you know, the future funding level needed for OASO as we transition from the current system that we have with the HERRCs toward a fully integrated DHS system.

DEPUTY SPEAKER AYALA: So, you don't anticipate any disruption to services?

DIRECTOR JIHA: No.

DEPUTY SPEAKER AYALA: Do you anticipate any cuts to staffing that currently staff that office?

DIRECTOR JIHA: I'm not anticipating that, but, you know, but again, it's a level of service we don't anticipate that level of service to be impacted because, you know, DHS will take over whatever they're doing and we will see, you know, where we're going to end at the end of the day with, but as you know, City doesn't, you know, cut just, you know,

layoff folks for the sake of layoff people. We sometimes we assign folks, we do different things. But again, at this moment in time, we are assessing, you know, where they're going to be because again, as I said, we anticipated a significant decline in the census, but lately there has been a slowdown, okay, in the number of people leaving the system so, again, we'll see where we land in the future, but right now we are not expecting to see staff layoff or any such thing.

DEPUTY SPEAKER AYALA: All right. During the Health and Hospitals Executive Budget hearing last week, we discussed the urgent need to expand emergency rooms at Metropolitan and Elmhurst hospitals with Dr. Katz and his team. The Metropolitan ER expansion will cost, well, it was estimated at 65, I believe now it's 111 million, and the cost of the Elmhurst ER expansion has not been determined yet. Does OMB believe these capital projects are feasible in the short term, and what are the potential challenges with these capital projects, and what are the roadblocks to allocating the necessary funding?

DIRECTOR JIHA: We would need an assessment from H and H so that we could have a better sense of what the needs are and what can be done.

DEPUTY SPEAKER AYALA: I mean, I'll just tell you personally, Metropolitan happens to be in my district and we've been working with the hospital and been able to allocate a significant amount of resources to upgrading some of the equipment and the spaces that are used by patients, but the hospital hasn't really been renovated since it was constructed. The emergency room has capacity for 25 patients and they often have double that amount, and so people are scattered everywhere. The conditions are just not ideal for providing basic medical services. The rooms are still rooms that are closed in where the staffing, nurses and doctors are not even able to see the patients from where they are so I've never been to Elmhurst. I can't speak to that, but I would assume that they have similar issues, and we have been trying to get this hospital like on the list of priorities for quite a number of years and so this year, obviously I have been pushing a little bit more aggressively just because it's in really bad

condition. Like if you see it, you probably be a little bit offended by it.

DIRECTOR JIHA: We'll have a discussion with H and H.

DEPUTY SPEAKER AYALA: Okay. And then I guess my final plug, because this is my final budget. I want to thank former Mayor de Blasio was very gracious and OMB in helping us get the acquired funding for the Esplanade renovation. However, through the rezoning of East Harlem, we were able to get the north side of the Esplanade done and then a few years ago, we were allocated the funding for the south side, but there were 10 blocks in the middle that are still falling into the river that are currently blocked off to pedestrian traffic that were not funded for some reason so I'm just putting it out in the universe because I don't, I think if we're going to invest so much money in making it beautiful, it doesn't make any sense to leave those 10 blocks that are like squarely in the middle out of the planning process.

DIRECTOR JIHA: Okay. I will talk with EDC to find out what's going on.

DEPUTY SPEAKER AYALA: Thank you.

1 COMMITTEE ON FINANCE

136

2 DIRECTOR JIHA: Okay.

3 CHAIRPERSON BRANNAN: Okay. I just have a
4 couple of cleanup questions from some of my
5 Colleagues quickly about MOCS, the service desk. So
6 the Executive Plan includes one and a half million in
7 baseline funding starting in FY26 to hire 20 staff
8 for the MOCS service desk. Can you confirm that MOCS
9 has approval to hire for all their vacant positions?

10 DIRECTOR JIHA: Yes.

11 CHAIRPERSON BRANNAN: Okay. Because we
12 heard during the April 30th hearing on late payments
13 to human service providers, we were told at the
14 hearing OMB allowed agencies to hire for 183
15 positions that were involved with processing human
16 service providers, but we were trying to understand
17 why those positions were subject to the hiring freeze
18 in the first place.

19 DIRECTOR JIHA: We have exempted those
20 contract staff from the two-for-one.

21 CHAIRPERSON BRANNAN: Have they always
22 been exempted or just recently?

23 DIRECTOR JIHA: I think it's recently, I'm
24 not sure. Recently.

25 CHAIRPERSON BRANNAN: Say it?

DIRECTOR JIHA: Recently.

CHAIRPERSON BRANNAN: Okay. Does OMB keep track of vacancy rates by positions at the agency level?

DIRECTOR JIHA: We keep track of vacancies for each agency, and I don't know exactly how many vacancies they have. And if there is a need for us to exempt some titles, some positions that we believe is critical, we do so.

CHAIRPERSON BRANNAN: So, what's the estimated savings in the budget from the existing hiring freeze?

DIRECTOR JIHA: I don't have that number in front of me, but I would give it to you. I'll send you that estimate.

CHAIRPERSON BRANNAN: And do you have the total value of the PS accruals in the current year?

DIRECTOR JIHA: I would also provide you that information as well.

CHAIRPERSON BRANNAN: Okay. And also add to the list, how much would the City underspend its budget if there was a 5 percent average vacancy rate in FY26?

DIRECTOR JIHA: Okay, I would provide you.

CHAIRPERSON BRANNAN: Okay. DSNY, the BID containerization requirement, has OMB conducted or reviewed a cost analysis of the containerization compliance and the burden that it would place on bids and non-profit sanitation partners?

DIRECTOR JIHA: I believe the Commissioner has been working with the BID.

CHAIRPERSON BRANNAN: But they told us they paused it to the end of the year, but they didn't say what would happen from there.

DIRECTOR JIHA: Yeah. I know they've been working together in terms of to see what they can do to provide the most suitable and the most cost-effective way of getting this done. But again, we will work with the Council as part of the adapted budget to determine if there's anything that can be done.

CHAIRPERSON BRANNAN: The Council is concerned about any potential downstream fiscal impact on the Sanitation budget and operations if BIDs and non-profits can no longer provide supplemental sanitation services. I'm not sure that the Administration is considering that.

DIRECTOR JIHA: Yeah. We're looking into that as well.

CHAIRPERSON BRANNAN: And lastly, on the NYC bin reimbursement requirement. So back in February, we passed Intro. 1126-A, requires DSNY to provide official NYC waste bins at no cost or reimburse eligible small property owners, one- to two-family homes who have already purchased the bins. Has OMB received any updated cost projections from DSNY for implementing this bill?

DIRECTOR JIHA: The bin that we have currently are the cheapest, to be honest with you. It's like 50 dollars. And so again, we estimate it's probably 36 million dollars to provide the bins. But again, from our perspective is we have some of the best quality bins right now and, you know, at around 50, dollars. It's from our perspective, is a reasonable responsibility of city property owners to buy those things at the price that was basically negotiated by DSNY, which is a very good price.

CHAIRPERSON BRANNAN: So, is OMB gonna allocate funding to support the mandate?

DIRECTOR JIHA: Again, we will work with the Council to see if what can be done, but what

1 COMMITTEE ON FINANCE 140

2 could be the optimum level of funding that's needed
3 as part of back and forth with the Council. But
4 again, we intend to work with you and if resources
5 are available, we will come back to you and make a
6 recommendation.

7 CHAIRPERSON BRANNAN: Okay, Director, that
8 is everything I've got. Thank you very much. It's
9 been great working with you and look forward to
10 landing the plane next month.

11 DIRECTOR JIHA: Great working with you as
12 well, sir.

13 CHAIRPERSON BRANNAN: Thank you.

14 All right, we'll take a break about 10,
15 15 minutes and then, oh, sorry, 1:30, we're going to
16 start. 1:30, we'll be back and we'll hear from the
17 Comptroller. Thanks.

18 [GAVEL] Good afternoon, and welcome to
19 the 13th and final day of hearings, part two of day
20 13.

21 I'm Council Member Brannan. I Chair the
22 committee on finance. I've been joined by Council
23 member Brewer.

24 Welcome to Comptroller Lander and your
25 team. Thanks for joining us today to answer our

questions. My questions will largely focused on federal policy uncertainty, the City's reserves, debt service, the big Bitbonds announcement, and the Class A office vacancy rates as well as office conversion, something very near and dear to my heart because I wrote the bill that allows it.

As a reminder, only written testimony will be admitted for today's hearings so, if you wish to submit written testimony for the record, you may email it to testimony@council.nyc.gov any time up to 72 hours after the conclusion of today's hearing. We will not be taking any public testimony in person today, only written testimony.

I'll now turn it over to my Committee Counsel, Brian Sarfo to swear everyone in.

COMMITTEE COUNSEL SARFO: Good afternoon. Do you affirm to tell the truth, the whole truth, and nothing but the truth before this Committee and to respond honestly to Council Member questions? Comptroller Lander.

COMPTROLLER LANDER: I do.

COMMITTEE COUNSEL SARFO: Deputy Comptroller Brindisi.

1 COMMITTEE ON FINANCE

142

2 EXECUTIVE DEPUTY COMPTROLLER BRINDISI: I
3 do.

4 COMMITTEE COUNSEL SARFO: And Deputy
5 Comptroller Olson.

6 DEPUTY COMPTROLLER OLSON: I do.

7 COMMITTEE COUNSEL SARFO: You may begin.

8 CHAIRPERSON BRANNAN: Thank you.

9 COMPTROLLER LANDER: Chair Brannan and
10 Council Member Brewer, thank you very much for the
11 opportunity to testify and the slight flexibility.
12 I'm coming from the City College commencement, which
13 is just about the most hopeful thing you could be at
14 in the world. Wow, the future looks bright in those
15 young people graduating from City College today,
16 overwhelmingly first generation and immigrants or
17 children of immigrants, but still I'm very excited to
18 be here and joined by Executive Deputy Comptroller
19 Francesco Brindisi and Deputy Comptroller for Budget,
20 Krista Olson, who prepared our offices full analysis
21 of the Fiscal Year 2026 budget and accompanying
22 financial plan.

23 When I came before you in March, I noted
24 that our City's need for strong fiscal management had
25 never been more urgent. The threats posed by the

Trump Administration to New York City, to our people, our economy, our finances have unfortunately only intensified since then with the dizzying back and forth and actual implementation and court rulings of the tariffs, the Trump Administration has introduced chaos into the global economy and created extraordinary levels of uncertainty. It has meanwhile attempted to terminate, pause, or rescind hundreds of millions of dollars in federal grants, recently already awarded to the City through its flurry of executive orders and policy changes. And this is even before considering the potential devastation that the congressional budget reconciliation bill could have on federal aid to the City government, to the State, and directly to New Yorkers. It was in this environment already back in March that the Adams Administration blithely released what it called the best budget ever, almost like mocking all of us, with little recognition of the grave reality the City faces from the economy and actions in Washington. The Executive Budget and the May Financial Plan, while reflecting record high revenues, adds nothing to the City's budget reserves or to its Rainy Day Fund. When adjusted for prepayments, spending budgeted for FY25

is 1.4 billion dollars more than projected revenues, continuing a pattern of running a deficit for the third year in a row. The May Plan also reflects larger outyear budget gaps than those projected by the Mayor in January, with no real savings or efficiency program to address them, and this is before accounting for the Mayor's practice of under-budgeting, which we believe totals a whopping 4.05 billion in FY26 and 3.6 billion on average in the outyears, when including the costs we know we're going to spend on rental assistance, overtime, shelter, Carter cases, MTA subsidies, and more. Some of those could be reduced with good management. Others of them we're going to pay almost for certain. None of them are reflected in this budget. At a time when the Mayor should be preparing New York City for a potentially more constrained fiscal reality, the May Plan in many ways remains just the opposite.

My office remains focused on protecting New Yorkers and preparing for the challenges that may come. Given the great economic uncertainty and the risks with the changes at the federal level present, my office has gone ahead and prepared two economic and revenue forecasts, one that assumes we do not

enter a recession and another that accounts for a mild recession. In the no-recession scenario, we project City revenues will exceed OMB's estimates by 292 million this year and 108 million next year in FY26, growing to 2.95 billion in '29. Applying the formula my office previously proposed to establish annual minimum deposits into the Revenue Stabilization Fund, our rainy day fund, this scenario would mean depositing 1.46 billion into the rainy day fund this Fiscal Year.

In the case of a mild recession where higher tariffs persist into '26, we estimate tax revenues would fall by 225 million in FY25, 2.3 billion next year, 2.12 billion in '27 before rebounding in '29. We would still propose, the formula would still support making a rainy day fund deposit of 1.3 billion dollars this year, bringing the fund balance to 3.3 billion, which could then be used in FY26 and '27 if a recession transpires based on the guidelines we've proposed. I'm also, again, calling on the City to add 1 billion dollars to the general reserve in the FY26 budget as a protecting New York City reserve as we brace for potentially devastating cuts not only to direct federal funding

but also to federally funded programs that keep millions of New Yorkers housed and fed. These funds would be set aside and could be deployed to mitigate the worst of the likely impacts. Already, the federal government has announced cuts of hundreds of millions of dollars. House Republicans have approved nearly 15 billion dollars in New York State cuts and cost shifts in healthcare and SNAP benefits alone. Together if implemented, all of that could easily translate to a 10-billion-dollar reduction in service for New York City residents, not only in but including and beyond the City budget.

I'll give one other example of just a cut that's not in my written testimony but that that reserve should be used for. We already know they're eliminating 7,700 housing choice vouchers. That's 7,700 families in New York City who will very likely be homeless if we don't take action. And yet, to my knowledge, the Administration hasn't reached out to those families to say, what's your circumstance, what will you need to avoid being homeless, or thought about whether CityFHEPS would be appropriate for some of them because if they wind up homeless, then we are going to spend more on them than we would if we did

thoughtful planning. Those are the kinds of things that that extra billion dollars in the general reserve would put us in a better position for.

In either economic scenario, my office estimates that budget gaps will be larger than those presented by OMB. In the no-recession scenario, we project ending FY25 with a gap of 1.7 billion, growing to 5.7 billion in '26 and 8.8 billion in FY29. That's largely from higher spending estimates, including the deposits into the rainy day fund and General Reserve.

In the recession scenario, the FY25 gap would increase modestly by 112 million to 1.87 billion. If we then had a rainy day fund, withdrawals of 1.6 billion in the subsequent two years, the gaps would be 6.4 billion and 9.3 billion in '26 and '27.

And now, you know, for the other part of my testimony, I just want to turn to one issue that perhaps exemplifies the Mayor's disregard for this political moment and what it means for New York more than any other, and that is immigration. The detention of Dylan, a New York City public school student attending Ellis Prep in the Bronx, underscores what's at stake. This is a young person

who did everything right. He followed all the rules, showed up to court as required, and was still arrested by ICE agents outside the courthouse and is now cycling through detention in other states and who knows where. That's our New York City Public School student. His case is a chilling reminder that even New Yorkers who play by the rules are vulnerable and need legal representation. That's why we must invest more in immigration legal services and more creatively so no unaccompanied minor has to show up to immigration court alone. That was the idea behind NYIFUP. That's the idea behind right to counsel in housing court, what this Council has long wanted to do. It is critical to step it up now. And so it's unconscionable that the Mayor's budget does so little to protect immigrant New Yorkers or shore up the dedicated legal service organizations working under increasingly challenging circumstances to support them. While the Mayor has consistently failed to right size resources for immigrant legal services, escalating anti-immigrant actions taken by the Trump Administration, and in too many cases, aided by Mayor Adams, make these omissions in the Executive Budget all the more shameful. But it's also a time for

creativity. People aren't going to go to the asylum seeker application help center and they're hesitant to go to City or government offices so the City should begin to fill the holes in immigrant legal services in this budget by including at least seven million for ICARE so immigrant kids like Dylan have access to attorneys that will ensure their cases have a fighting chance. Thanks to Musk and DOGE, who abruptly terminated federal contacts funding legal representation for unaccompanied minors in removal proceedings, more and more children are facing deportation alone. We should make sure that no kid in New York City has to go to an ICE hearing or an immigration court hearing without a lawyer. New York City can afford to do that. That will require partnership because it's the schools that know who and where they are but has to make referrals to organizations that can provide it. Funding should also be allocated to Restore Action NYC, therefore in schools, hospitals, libraries, community-based organizations, even in people's homes when they need it and to support MOIA's immigrant rights workshops. While I commend the Council for providing funding to keep the Rapid Response Legal Collaborative going,

full Mayoral funding should be restored to match the growing demand. We should also increase funding for the CCHR and DCWP to protect working New Yorkers, bolster resources for street vendors and include funding to support processing of permits and increased outreach and education. Further, I urge the Speaker and the Council to increase the Trans Equity Fund to 10 million dollars using Council discretionary funds and to work with the mayor to increase funding for LGBTQ youth and young adult housing and ensure that New Yorkers can still access gender-affirming care despite potential changes in federal policy.

Let's see, the City budget must reflect our shared values and should not be used as a tool to further one executive's apparent desire to collude with Trump, but rather should be used to invest in our families and children and protect the most vulnerable New Yorkers. But for one issue that I really have to underline, unfortunately, resources for DOE and 3K in particular continue to be among the casualties of the Mayor's perennial budget gains. Although the May Plan includes some additional funding for 3K and pre-K, we estimate that more than

150 million dollars more is needed annually in FY26 to sustain those programs at current levels. And meanwhile, in a way that I think was a surprise to everyone, the Executive Budget doesn't reckon with the reality that the State budget has left us around childcare vouchers. It's wonderful that we have tens of thousands of families now able to access affordable care. While the State encouraged the City to increase enrollment, it did not make clear, and it is now requiring, that the City is being hit with half the bill. Poor planning and communication on part of both the Administration and the State have led to families facing uncertainty. The State appropriated an additional 350 million for the program, but for State Fiscal Year 2026 only, and at the same time, mandatorily increased the City's minimum contribution, resulting in funding needs of at least 275 million dollars for the program in FY26, not reflected in the Executive Budget, and growing to 625 million in future years, unless additional funding is provided so I urge the Mayor and the Speaker to go back to the State. I know they've closed their budget, but they closed their budget in a way that opened challenges for us, and we either

need to find them in the City budget or get the State to help, because the answer cannot be to tell thousands, perhaps tens of thousands of families, that they won't be able to keep having their childcare. New York families need and deserve City leadership that's working toward a vision of truly accessible, universal childcare, not pointing fingers over the shortcomings of the existing system. Although the Mayor has failed to articulate a plan to overcome the funding gap, this budget can and must take necessary steps to ensure that no families currently receiving subsidies lose them.

The Executive Budget prepared by the Adams Administration for FY26, as I've outlined, lacks even the most basic elements to guard against the risks we now face. We urge the Council, as you engage in your negotiations with them in the coming month, to set aside the critical reserves necessary to protect the essential services that are a lifeline for the most vulnerable in our city. You have fought that battle many times in the past, and I know you will work hard to do it over the next month. Thank you.

CHAIRPERSON BRANNAN: Thank you,
Comptroller.

I want to dive right into the report that your office published back in April, TAKING TRUMP'S TARIFF SERIOUSLY. You explored three scenarios of federal policy changes. I just want to dive into a little bit. Out of the three scenarios, which do you believe is the most likely for the country and which you believe is the most likely for the City?

COMPTROLLER LANDER: I'll say a couple of words and then turn it over to Francesco and Krista, who worked on this report. Obviously, I mean, it's, you know, like we live in such an era of uncertainty, even yesterday with the court rulings, the tariffs are on, the tariffs are off. How do you decide which is the most likely to come in here and present? So what we chose to do in this report and today is present you two scenarios, mild recession and no recession. In the report we issued, we thought mild recession was most likely because the tariffs that seem likely to remain regardless will really have economic impacts, but it just feels like a roll of the dice, and that's why we really urge putting the resources in reserves. We don't know what the courts

are going to rule. We don't know what Trump is going to do in relationship to China. It might be a tariff scenario that causes a recession and perhaps the tariffs won't happen and he'll claim it was some kind of win and roll them back and the economy will be better. We'll still be glad we have the reserves in that scenario, and I'll turn it over.

CHAIRPERSON BRANNAN: Which taxes do you think would be most acutely affected?

EXECUTIVE DEPUTY COMPTROLLER BRINDISI:
Under either scenario.

CHAIRPERSON BRANNAN: Yeah.

EXECUTIVE DEPUTY COMPTROLLER BRINDISI: I mean, I guess I couldn't have said it better than the Comptroller about, you know, what's going to happen. I think we've taken out the deeper recession scenario from this report. We consider that risk lower than a recession. It's hard to pick between, you know, the two, you know, slow growth versus mild recession at this point. But the first taxes that will be affected are the non-property, everything but the property tax. We know that the property tax is, you know, it's got internal stabilizers and averaging so that's not the one that reflects current economic conditions,

but all of the others, PIT, sales, hotel, business taxes would be affected.

CHAIRPERSON BRANNAN: Okay. I asked OMB the same question. They didn't really have a great answer.

Standard and Poor's most recent rating of the City's general obligation bonds notes that the City has large financial reserves of almost 11.4 billion at the end of FY24. S&P looks at both the City reserve accounts and the surplus budget roll at the end of the Fiscal Year. While S&P notes that this level is large, reserves nonetheless have been declining since they peaked in FY22. They were at 12.7 billion at the end of FY22, 12.3 billion at the end of FY23, and 11.4 billion at the end of FY24. I think OMB said they think it'd be around that same amount this year. Do you agree with that, or do you think... I guess the question is, what level of financial reserves does it look like we'll be reaching by the end of FY25?

EXECUTIVE DEPUTY COMPTROLLER BRINDISI: Okay. There is still a little bit of disagreement regarding, you know, what the tax revenues are going to be for this year so, you know, the ball is still

rolling. But based on the Executive Budget, the City is putting in the budget stabilization account, which I understand that Standard and Poor count as a reserve, 1.5 billion, more or less, less than it did in FY24, right, so by that account, and without changing the other reserves, the FY25 reserves at the end of the year, as calculated by S&P, should be lower by about 1.5 billion.

COMPTROLLER LANDER: We do feel strongly, though, just as a matter of budgeting, you can't count something as a reserve that you are also counting for spending next year so, I mean, what you're rolling into next year's budget, it isn't a reserve because you call it one. That is a roll.

CHAIRPERSON BRANNAN: Besides being a way to protect City services during a downturn, reserves may be able to help us lower the effective costs of our capital projects. In their ratings of the City's general obligation bonds, Moody's noted that stronger reserves, including deposits to the Revenue Stabilization Fund, would lead to a ratings increase. So how much additional deposits into the reserves do you think would be necessary to effectuate a ratings increase?

COMPTROLLER LANDER: You're acting as though they're, you know, like us, as opposed to like the Oracle at Delphi.

CHAIRPERSON BRANNAN: Right.

EXECUTIVE DEPUTY COMPTROLLER BRINDISI: I don't think that even Moody's would be able to tell you, right? I think it's important. And that's not just Moody's, but Kroll and all of the rating agencies really. They're saying if you have a rule, if you have a policy that, you know, sort of tells you when you're going to deposit and, you know, under what conditions you're going to withdraw, and, you know, and that's a policy that is being implemented, that's a credit positive, right? You know, as a general matter, the U.S. credit is AA1. The TFA credit is AA1. The GEO credit is AA2. I mean, you know, I would say that better reserve policy would help. I don't know to what extent the rating agencies would, you know, go from there to increasing the rating.

CHAIRPERSON BRANNAN: But an increase in the City's bond rating would save the City in lower debt service costs, right?

EXECUTIVE DEPUTY COMPTROLLER BRINDISI: It would. Are there other things equal? You know, what we pay depends on, you know, how our credit is seen and how much we issue, right? You know, we've been issuing a lot of debt, right? The more you issue, you know, the more compensation investors are going to ask for.

CHAIRPERSON BRANNAN: Okay. I want to ask about the Manhattan Class A office vacancy rate. Of the many notable lagging impacts of the pandemic, one area that continues to show little or no improvement is the demand for office space. Cushman and Wakefield reported 22.7 percent of all Manhattan Class A office space still remains vacant as of the end of FY25 Q3. We asked OMB earlier about the number of applications that the City has received so far, specifically for the office to residential conversion, so are you able to speak to any of the details regarding the progress on these conversions?

EXECUTIVE DEPUTY COMPTROLLER BRINDISI: Yes. So, we don't have access to the Accelerator's data. We have done some research. We have estimated a pipeline of about 44 buildings that would convert to residential. This is a mixture of rental and condos.

That is probably... we estimate 15 million square feet of office space, of which about 12 million could access the tax incentives in the short term. So that's about, we estimate, you know, if you take a look at the decline in occupancy for Class B and C, and the ones that are not Hudson Yards and the like, if you look at the decline in occupancy, this could absorb about a third of the loss so it's...

COMPTROLLER LANDER: Do you want to direct them to this chart in the, where is this in the report?

EXECUTIVE DEPUTY COMPTROLLER BRINDISI:
This is a secret chart.

COMPTROLLER LANDER: Oh, sorry.

CHAIRPERSON BRANNAN: Top secret chart.

EXECUTIVE DEPUTY COMPTROLLER BRINDISI:
That will be published.

COMPTROLLER LANDER: I see. We will be sharing this information shortly, but it's not yet in your book.

EXECUTIVE DEPUTY COMPTROLLER BRINDISI: I always have a report for that.

CHAIRPERSON BRANNAN: What impacts do you think the commercial to residential conversions would have on the City's tax roll?

EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

So, most of the risk that these conversions are going to be converted to rentals, and we believe most of them are going to take advantage of the 467M tax exemptions. Most of the space is in Manhattan. So, what happens now is that these buildings are being taxed as office and they're paying something, and then that amount of tax is going to drop to whatever is the 10 percent of the valuation of DOF is going to put on this building. So, you know, preliminarily in the secret report that soon will be published, we put the price of this 12-million-square feet in present value at about 5 billion dollars in terms of, you know, the tax expenditures that are associated with this building so it's more a program that stabilizes the market and puts it on a more even keel than generating tax revenues. So, you know, we're going to lose tax revenues in part because we are buying affordability and in substantial amounts, I would say, and in Manhattan, where other programs are not able to produce housing or affordable housing.

CHAIRPERSON BRANNAN: So, in a crypto event that the Mayor attended in Las Vegas earlier this week, he announced to our surprise, New York City would issue Bitbonds. Did the Administration give you a heads up before they announced this great idea?

COMPTROLLER LANDER: We read about it in the paper as well, and we're as surprised as you, perhaps more surprised since we partner with them on the issuance of bonds. And yes, we will not be partnering in the issuing of any Bitcoin-backed bonds on my watch as Comptroller.

CHAIRPERSON BRANNAN: And is that because the asset class is just renowned for chaos and fluctuation?

COMPTROLLER LANDER: Yes, and it is renowned for chaos and fluctuation, and it probably does not comply with the City's bond issuance criteria. You know, there are folks around the country who do use bonds for expenses, but New York City famously does not do that, got in a lot of trouble during the fiscal crisis doing it, so we only use our bonds for capital assets, and Directive 10 does not identify Bitcoin as a capital asset. And

that's actually, I mean, a Bitcoin-backed bond has, as I understand it, and I'm not an expert in this, but 10 percent of it is used to purchase Bitcoin, to purchase cryptocurrency, which just on its face would not be compliant with Directive 10 and the City's rules for bond issuance. So besides being a wacky idea...

CHAIRPERSON BRANNAN: What was our Mayor thinking?

COMPTROLLER LANDER: That's dangerous to speculate on. I mean...

CHAIRPERSON BRANNAN: We asked OMB and they had, it wasn't like he let them know he was going to bring this up.

COMPTROLLER LANDER: I mean, yes, I think it was, you know, look, and this is serious, you know, I guess it was reported that taxpayers paid for the trip to Vegas. I think it's probably worth looking at like all those expenses, which ones were paid by taxpayers and which ones, if any, were paid by the Bitcoin organizers of the conference. Either way, it's highly problematic. Should not be taxpayer dollars spending for him to go to Vegas, but it also should not be that like Bitcoin bros are paying for

the Mayor to go on a marketing trip. So, whether he had some obligations as a result of who paid for the trip or whether he genuinely believes it would be a good idea, it is really quite unacceptable either way.

CHAIRPERSON BRANNAN: Okay. Thank you, Comptroller.

We've been joined by Council Members Sanchez, Williams, and Hudson, and we've got questions from Council Member Brewer.

COUNCIL MEMBER BREWER: Thank you very much. As Chair of Oversight and Investigations, I'm always trying to make sure there's enough money for oversight agencies, and we asked about DOI and we asked about the ID at the Department of Education, which apparently is so underfunded, but never asked for funding. You got CCRB. I'm sure that Council Member Williams will talk about human rights, etc. There's a lot of them. So, my question to you is, is that something that you look at in terms of their funding? I always think that there's just not enough investigators or attorneys in these oversight agencies.

COMPTROLLER LANDER: Well, one thing I'll point to is we do now have a really good tracker on our website of headcount, so one thing you can very easily see on a real time basis is what budgeted headcount agency was in the past, what it is currently and what actual headcount in those agencies is. So, it's a really easy way to look at the Commission on Human Rights or any of the others and see how much down are they from where they used to be and also how many people do they really have because in many cases there's big gaps even between budgeted headcount and actual. We've looked... I'm trying to think we've looked at a few of the agencies. I don't know that we've done an oversight recently. I'll give you one example, though, as an oversight agency ourselves of a place where we could use some resources. One thing that we do is settle claims against the City, and it turns out the software we're using for that is like in COBOL. It's 30 years old. We could be identifying patterns much better of harm being caused that we could actually reduce claims if we're able to modernize so we have an RFP out right now for new software system for claims adjustments. We have to wait for that to come back. But that's one

more area that I think the City could do or we could be doing much more effective oversight. It's about 2 billion dollars we spent last year on claims against the City in an area where there's just a lot less scrutiny than we should have.

COUNCIL MEMBER BREWER: Well, that would be a place where DOI could make a difference if it had the adequate staffing.

COMPTROLLER LANDER: Agreed.

COUNCIL MEMBER BREWER: Next is I always ask IBO, but this unpaid dollars, the ones that don't get collected. A few years ago when I asked IBO, it was 2.1 billion. Is that something that you look at? I always get told, oh, it can never be collected. But it's very frustrating for those of us who do pay our taxes to see those that don't. Is that something that you look at? Is that something that we should be looking at?

EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

Well, the 2.1 billion has several components, right? It's got the ECB, return to OATH summonses, and adjudication. It's got property tax delinquencies and it had unpaid speed tickets and red light tickets, right? In part, that number was affected by what

happened during the pandemic and the enforcement during the pandemic so some of those red light tickets that were outstanding are coming down. There is a lean sales schedule for June 3rd at this point so part of that is being addressed. We did an audit about the red light cameras, right, and the speed cameras. Those are still outstanding issues. The ECB that is many of those entities are not in existence anymore, and there is nothing that the City can go after that. And the Department of Finance often does, well, sometimes, at times does amnesties, right, and people come forth, but it's not like they generate a huge amount of money, right? They generate 40, 60 million, right? So that's in part, that's a reflection of the fact that a lot of that money is notional and it's in the books rather than being real.

COMPTROLLER LANDER: I'm going to actually say one thing that sort of builds from that. Since this will be my last year as Comptroller for future Council oversight work and others, potential future work in the Comptroller's office or elsewhere, no one has probably done more than Francesco to pay attention to the quality of our estimates for what

1 COMMITTEE ON FINANCE

167

2 the City is owed and what the City owes at the end of
3 a year, and some of that is things like speeding
4 tickets, but some of that is we've still got
5 outstanding contracts. Obviously, for 10 months or a
6 year late in paying often, we don't really know what
7 they're going to actually invoice us for. The same is
8 there's similar challenges collecting on federal
9 contracts. My goodness, this year, when we end the
10 Fiscal Year, how we estimate what the federal
11 government owes us and is likely to pay us is going
12 to present challenges. So, I'm proud of the work that
13 my team has done in the Bureau of Accountancy under
14 Francesco's leadership, but that is an area that
15 needs real attention from the next New York City
16 Comptroller and from Oversight.

17 COUNCIL MEMBER BREWER: Sounds like
18 Oversight and Investigation...

19 COMPTROLLER LANDER: Like the City Council
20 as well.

21 COUNCIL MEMBER BREWER: Yeah, thank you.
22 The other quick question is just in terms of
23 vacancies. I know that we're ongoing. I think what
24 you should say is we should just look at your data in
25 terms of where all the how we can address the vacancy

issues. It's two-for-one. It's can't hire. It's a whole lot of different things. Is there any one aspect of that that you would think we should be focused on in terms of the number of vacancies? It's going down, but it still exists.

COMPTROLLER LANDER: Yeah. So we did, you know, create that dashboard so you could see it...

COUNCIL MEMBER BREWER: Yeah.

COMPTROLLER LANDER: And then we periodically try to take a look at where we think there's a mismatch between an MMR indicator and headcount, and it doesn't look to me like there is a process by which OMB does that. You can say by forcing us to slow roll hiring here, you're costing us more money because those housing units are vacant and the families are still in the homeless shelters. But that does not seem to be available.

COUNCIL MEMBER BREWER: Okay. And also you looked at overtime. Do you have any recommendations on that for next year?

COMPTROLLER LANDER: I mean, you know, on NYPD in particular, you know, we're about 1,500 officers below budgeted headcount, 35,000 headcount, 33,5. That number is going down because in 2005,

2 there was a very big NYPD recruitment class. Those
3 folks are hitting their 20, and so I suspect that by
4 the end of this year, that number could be two and
5 even 3,000 officers. And obviously, the more you are
6 below budgeted headcount, the more you wind up
7 spending on overtime.

8 COUNCIL MEMBER BREWER: The Commissioner
9 has changed the academic credentials needed, and that
10 thinks she thinks that'll help. Apparently really
11 jumped up the applications. Good or bad, I don't
12 know, but it helps with recruitment. I don't know if
13 it helps with intelligence.

14 COMPTROLLER LANDER: One thing that was
15 suggested to me by the prior Chief of Department, Ken
16 Corey, was to look at expanding the NYPD cadet
17 program. That program is great, but you have to right
18 now already have 45 credits. So, if you're a person
19 who's got 45 college credits, you can apply for the
20 NYPD cadet program, become a cadet. They will start
21 paying, you know, a good share of your tuition while
22 you work your way towards your B.A. He's recommended
23 opening it up to kids out of high school so you don't
24 have to have any college credits, but you could
25 enroll in the cadet program, become a cadet. They

could pay. The City could pay your tuition until you get your associates, and then you take the test and come on to the force in a more streamlined way, and that, I think, would address... I mean, obviously, for a while, they would be cadets and not officers, but would really help with recruitment. But it has been shown over and over again that officers who do get some college education, you know, college degree, like anybody else, just, you know, mature and benefit from it.

COUNCIL MEMBER BREWER: Thank you.

CHAIRPERSON BRANNAN: I wanted to ask, in your testimony, you mentioned that the City needs to add 150 million for 3K in the FY26 budget. Can you elaborate on that?

DEPUTY COMPTROLLER OLSON: Yes. We were comparing what the City spent last year for 3K and pre-K compared to what they currently have budgeted for this year and next year and then the shortfalls are as mentioned. So, we are assuming that the City needs at least what they spent last year. They did add significant funding, but that was primarily to address like the special education pre-K seats that they had funded for one year only. They put in money

to baseline those funds and some other initiatives like that, but they haven't addressed kind of this general under-budgeting issue that's coming.

CHAIRPERSON BRANNAN: Okay. Thank you all very much. Appreciate your testimony.

COMPTROLLER LANDER: Thank you.

CHAIRPERSON BRANNAN: Thank you. Okay, we'll take a break. At 2:30, we will hear from the Department of Finance. Thank you.

[GAVEL] Okay. Good afternoon, everyone. Welcome to the third portion of the 13th and final day of Executive Budget hearings. I'm Council Member Brannan. I Chair the Committee on Finance. Welcome to Commissioner Preston Niblack and your team. Thank you all for joining us today to answer our questions. My questions will largely focus on new needs, lien sale reform, and business tax warrants.

Just as a reminder, only written testimony will be admitted for today's hearing. We're not doing any public testimony today. If you wish to submit written testimony for the record, you can email it to testimony@council.nyc.gov anytime up to 72 hours after the conclusion of today's hearing.

I'm now going to turn it over to my Committee Counsel, Brian Sarfo, to swear everyone in and we can get started.

Just noting, we've been joined by Council Members Williams, Brewer, Sanchez, and Hudson.

COMMITTEE COUNSEL SARFO: Good afternoon.

Do you affirm to tell the truth, the whole truth, and nothing but the truth before this committee and to respond honestly to Council Member questions?

Commissioner Niblack.

COMMISSIONER NIBLACK: Yes.

COMMITTEE COUNSEL SARFO: First Deputy Shear.

FIRST DEPUTY COMMISSIONER SHEAR: I do.

COMMITTEE COUNSEL SARFO: And Deputy Commissioner James.

DEPUTY COMMISSIONER JAMES: I do.

COMMITTEE COUNSEL SARFO: You may begin.

COMMISSIONER NIBLACK: Okay. Thank you.

Good afternoon, Chair Brannan, Members of the Committee, and Members of the Council. My name is Preston Niblack, and I'm the Commissioner of the New York City Department of Finance. I'm joined by First Deputy Commissioner Jeffrey Shear and Jacqueline

James, our Chief Financial Officer and Deputy Commissioner for Administration and Planning. Thank you for the opportunity to testify today on our Fiscal Year 2026 Executive Budget. Now more than ever before the Department of Finance remains steadfast in our commitment to administer the City's tax laws and to perform our other responsibilities fairly, effectively, and with our customers, New Yorkers, squarely in mind at all times.

Before discussing the agency's Executive Budget for the coming year, I would like to touch on a few updates, including our progress on the tax lien sale, the recent Banking Commission meetings, and the release of the City's final property assessment rule. As you know, we extended the deadline for owners to act to remove their properties from the lien sale by two weeks, from May 19th to June 2nd, to ensure that our outreach, especially for Class One homeowners, would be comprehensive. This year's tax lien sale is the first in four years, which meant that there was a larger at-risk pool than is typical. But as part of the reforms we enacted last year together, the City has engaged in the most extensive outreach we have ever undertaken in connection with the lien sale.

With the help of our partners at the Department of Environmental Protection, the Mayor's Public Engagement Unit, Housing Preservation and Development, and the Center for New York City Neighborhoods and their community partners, we've knocked on over 6,500 doors, made over 70,000 calls, sent 100,000 postcards, and held 57 in-person outreach events in conjunction with 37 elected officials, mostly Council Members. We extend our appreciation to all of you who assisted in hosting these events. This Monday will be the last day for owners to act, so we urge any property owner who has not yet responded to a lien sale notice to please visit our website nyc.gov/liensale or visit us in person at one of our five borough business centers. We appreciate the Council's partnership and are here to assist your constituents.

Turning to the Banking Commission, every May the Banking Commission meets to authorize the banking institutions that the City of New York will use to safeguard the City's deposits and provide banking services for City agencies. Although this process doesn't necessarily garner a lot of attention, the security of the City's money is our

highest priority, so we undertake a painstakingly thorough process to ensure the selection of banks capable of this responsibility. This year, I'm pleased to report that 32 banking institutions were designated, including two new community banks, Ponce Bank, which was formerly a community development financial institution, and Ridgewood Savings.

Finally, another annual event in the month of May is the release of the final property assessment roll, which was published just this last Tuesday. The roll showed a solid year for real estate in New York City with the overall market value of properties increasing by 5.39 percent, and taxable billable assessed value up 3.03 percent. As usual, the final assessment roll was slightly lower than the tentative roll released in January, down by 0.28 percent, due to administrative reasons by DOF and Tax Commission decisions. Owners can expect to receive their first quarter property tax bill based on the final roll in the second week of June.

So now let me turn to the Executive Budget. The DOF Executive Budget for Fiscal Year 2026 is 365.2 million dollars. Our budget for the coming year includes important strategic investments that

will allow the agency to take meaningful steps forward in accomplishing our important mission. There are two pivotal investments I'd like to specifically highlight. First is an across-the-board adjustment in the pay scale for our City tax auditors. This measure is designed to both make us more competitive in the hiring of new entry-level auditors, as well as to improve our retention of more experienced senior auditors. Our tax auditors deserve a career path where they can grow, learn, acquire experience, and take on more complex cases and supervisory responsibilities and be appropriately rewarded for their work all within the Department of Finance. This initiative is a big step toward making that a reality.

Second, as many of you know, the Department of Finance operates the Parking Violations Bureau, which handles all 16 million parking and speed camera violations that are issued each year in the city. This operation currently relies on a 40-year-old mainframe computer system, which frankly has seen better days. This is why we're investing in a comprehensive new system that will bring our processes into the 21st century. Enhancements will

allow us to improve the efficiency of our hearings, reduce turnaround time for decisions, and allow commercial fleet operators to electronically enroll in our fleet programs, among other improvements. Ultimately, this investment will allow us to be more adaptive and agile to new public safety measures and to improve the customer experience. We've just kicked off the procurement for the multi-year process needed to replace the current system. We expect work to start in the early fall and to take two to three years to complete, and we look forward to keeping the Council informed as we deliver this crucial upgrade.

In closing, the Department of Finance continues our steady yet crucial role of collecting and protecting the City's money. This is my fourth year joining you all as the Commissioner for these budget hearings, and I can confidently say that this is the best I have felt as we continue to prepare for the future. Sadly, Mr. Chairman, this is our last budget hearing together. I've appreciated your partnership and support and that of the staff of the Finance Division, led by Richard Lee, Emre Edev, Michael Sherman, and Jack Storey in particular, who've all been tremendously cooperative and helpful

and great to work with. Thank you for allowing me the opportunity to testify today, and I'm happy to take your questions.

CHAIRPERSON BRANNAN: Thank you, Commissioner.

So, the FY26 budget includes a million dollars in new needs in FY25 and 6.7 million in FY26 and increasing amounts in the outyears. These new needs will fund upgrades to the Summons Tracking Account Receivable System, STARS, as well as a pay increase to City tax auditors and the ATAs, the administrative tax auditors. Can you provide a breakdown of the improvements that will be made to STARS as well as detail the last time those systems were improved or updated?

COMMISSIONER NIBLACK: Yes, absolutely. So from time to time, we make changes to the existing STARS system to reflect new types or amounts of violations or other changes in the law so part of the funding is for that, for the ongoing maintenance of the current system. The bulk of the funding here is for the replacement system that I talked about, which we are calling Internally Parking 2.0, and the challenge with the current system is really it's, you

know, we lack people who any longer who people are not trained right now in the programming language that it runs on so we have to maintain a special consulting group just to work on it. It's costly. To give you one example, we explored earlier this year what it would take to write tickets against vehicle identification numbers in lieu of or in addition to license plates, and it was going to cost, don't quote me, although I know I'm on the record here, but something like 2 million dollars and take 18 months just to make this change so it really illustrates kind of the rigidity and the superannuation of the current system. So, the bulk of the funding here is really to allow us to replace that system with a new upgraded modern architecture and system.

CHAIRPERSON BRANNAN: Are there going to be any other additional costs of running the new system once it's fully upgraded?

COMMISSIONER NIBLACK: You know, it's going to cost some amount to operate, continue to operate, and I don't know that we know right now what exactly that cost is going to be. Our goal here is to be able to lower the contract cost and to do more of the work in-house with our own IT staff, and

1 COMMITTEE ON FINANCE

180

2 ultimately to reduce the ongoing operating costs,
3 which right now are very high.

4 CHAIRPERSON BRANNAN: Okay. Talk about
5 auditors. The Executive Budget includes about 935,000
6 dollars in FY25, 3.7 in FY26 and the outyears for the
7 auditor pay scale adjustment. How much is the
8 adjustment per auditor per year, and is the pay scale
9 adjustment uniform across all titles?

10 COMMISSIONER NIBLACK: Well, we're setting
11 a new salary schedule for each level. So, we have
12 four levels of city tax auditor, one through four, as
13 well as a group chief designation, and then we have
14 four levels of administrative tax auditor. We have
15 setting a new scale for each one of those titles,
16 again with the goal of both attracting more talent,
17 new talent, as well as retaining the experienced
18 auditors that we have.

19 CHAIRPERSON BRANNAN: What's the retention
20 rate of auditors?

21 COMMISSIONER NIBLACK: The retention rate
22 in the first, I would say two years, we lose
23 something like 30 to 40 percent of our tax auditors.
24 We've become a bit of a training ground, frankly, for
25 accounting firms across the city so people come into

the City tax auditor positions at DOF. They get some experience. They become valuable to other outside private sector firms and they get hired away at better salaries so part of our goal here is to make it more attractive and competitive to come to DOF and to stay at DOF.

CHAIRPERSON BRANNAN: I wish City Hall would do the same thing for EMS and FDNY.

How many applications the DOF receive in FY24 for the role of City tax auditor?

COMMISSIONER NIBLACK: City tax auditor is a civil service position so the process is, is that there's a list. People take an exam. There's a list that's established. When we need to hire, we have to call the list, which means we have to contact every person who's on the list and essentially invite them to a hiring hall. I'll have to get back to you with exactly how many people showed up at the hiring hall. In the past year, we've hired 54 auditors. We have an upcoming hiring hall in July with about 60 vacancies to fill. So, you know, we have so far been successful at filling our vacancies for the most part when we've held hiring halls. The retention continues to be a little bit of an issue, but hopefully, it's honestly

slowed down a little bit with the new federal administration, and we've actually been able to hire back about a dozen or so auditors, especially senior auditors who had left to go to the IRS, who are now coming back to the Department of Finance, who we welcome with open arms.

CHAIRPERSON BRANNAN: The Office of Tax Enforcement, that's the Sheriff?

COMMISSIONER NIBLACK: No. The Office of Tax Enforcement is part of the Division of Audit and Tax Enforcement. It's essentially when there are audit cases that reveal evidence of possible criminal fraud then they get referred to the Office of Tax Enforcement. They also do their own investigations and enforcement activities. More recently, they have been quite involved with Operation Padlock to Protect as part of the Sheriff's joint task force.

CHAIRPERSON BRANNAN: Okay. Is that why they've gone over their budgeted overtime amount by 2,000 percent?

COMMISSIONER NIBLACK: Yes. The nature of the inspections on the task force has been that they frequently involved over time. Yes, when they've been, we've been sending tax enforcement in addition

1 COMMITTEE ON FINANCE

183

2 to their regular duties, been sending them out to
3 participate in those and often you end up working
4 past your normal scheduled shift if you've made an
5 arrest or if you're in the process of processing
6 evidence after an inspection or things of that
7 nature.

8 CHAIRPERSON BRANNAN: In FY24, the Office
9 of Tax Enforcement was budgeted at 32,586 dollars at
10 adoption. They ended up spending 704,172 dollars.

11 COMMISSIONER NIBLACK: Yes.

12 CHAIRPERSON BRANNAN: Okay. How do we not
13 do that again?

14 COMMISSIONER NIBLACK: Well, I think as we
15 slow down with the...

16 CHAIRPERSON BRANNAN: Is it a headcount
17 issue?

18 COMMISSIONER NIBLACK: It is partly a
19 headcount issue. It's a small staff.

20 CHAIRPERSON BRANNAN: What's the current
21 budgeted and actual headcount for the Sheriff's
22 Department?

23 COMMISSIONER NIBLACK: I'm going to turn...
24 well, for the Sheriff's Department?

25

CHAIRPERSON BRANNAN: I'm confused. This is separate. These guys are raiding illegal weed shops, but they're not the Sheriff?

COMMISSIONER NIBLACK: The Office of Tax Enforcement has been part of the Sheriff's Joint Compliance Task Force in Operation Padlock to Protect, yes.

CHAIRPERSON BRANNAN: Okay. So, what is the issue there that they're going over there over time by over 2,000 percent?

COMMISSIONER NIBLACK: Again, they're participating in the task force and the nature of the inspections that are conducted of the illicit pot shops under Operation Padlock to Protect is that if you are there, you've inspected a shop, you're seizing evidence, you've made an arrest, etc., you're going to finish the job even if it means that you're there past your normal shift time so you're going to incur overtime. Given the pace of activity in the last year, especially in the first nine months, let's say, of the Operation Padlock to Protect, there was a lot of overtime incurred. Now, as Operation Padlock to Protect sort of winds down, and we've closed, as you know, something like 1,400 shops. As the pace of

operations there slows down somewhat, we don't necessarily expect to see those same levels of overtime going forward.

I did want to, if I may, go back to one previous question. We had 149 applicants, candidates, on the civil service list for City Tax Auditor, of which we hired 54, I think. This is OTE? The current active headcount in the Office of Tax Enforcement is 13, and their authorized headcount is 23 so they're down in staff so that's also part of why we've had some overtime.

CHAIRPERSON BRANNAN: How much revenue did DOF receive as a result of civil forfeiture following marijuana shop inspections in FY24?

COMMISSIONER NIBLACK: So, I'm going to turn to Deputy Commissioner James to answer that question.

DEPUTY COMMISSIONER JAMES: I'm sorry.

COMMISSIONER NIBLACK: The civil forfeiture from the... We don't actually get any civil forfeiture money. There's no civil forfeiture. The civil forfeiture program is a District Attorney program.

CHAIRPERSON BRANNAN: Who gets the money?
NYPD?

COMMISSIONER NIBLACK: Well, it's really a
District Attorney program. I don't know.

DEPUTY COMMISSIONER JAMES: The civil
service funding comes from the State. It's a joint
investigation that the Sheriff does with the District
Attorney. They then have to demonstrate that they
successfully got revenues from whatever raid that
they did, and then the Sheriff's Office receives a
portion of that so it's a more in-depth process that
happens. When it comes...

CHAIRPERSON BRANNAN: But whatever they do
get, what do they do with the money?

COMMISSIONER NIBLACK: Have we received... I
don't think we've received...

DEPUTY COMMISSIONER JAMES: We've received
some funding and we have it in our budget, and it is
used to spend on the Sheriff's initiatives. So
currently, I think we spend like 118,000 dollars so
far on... I forgot if it's radios we purchased or some
other equipments that we purchased for the Sheriff's
Office, but it has to be spent on the Sheriff's
initiatives.

COMMISSIONER NIBLACK: It's not a huge amount of money that we've received. We'll come back to you with a more complete detailed answer.

CHAIRPERSON BRANNAN: Okay. In the November '23 Plan, DOF had a PEG for increased tax audit revenue, which was projected to provide 24 million dollars in additional revenue for FY24 and 48.7 in FY25 and the outyears. This would be accomplished through the hiring of 45 additional staff. Can you provide us with an update on the impact of that PEG if it worked?

COMMISSIONER NIBLACK: It has, I think. We have currently, of those positions filled, we have 45 staff that was allocated to us and we have 31 of those currently filled. We have increased our audit target since the beginning of the year, just most recently in the Executive Plan. We recognize roughly about roughly 50 million dollars in additional audit revenue, and it's now baked in. That increase is now baked into our baseline audit projection.

CHAIRPERSON BRANNAN: Okay. The November '23 Plan, DOF had a PEG for increased tax revenue due to the removal of ineligible co-op and condo abatement recipients. This PEG projected 7.5 million

in additional tax revenue. Could you tell us about that?

COMMISSIONER NIBLACK: Yes.

CHAIRPERSON BRANNAN: How much tax revenue was collected as a result of that PEG?

COMMISSIONER NIBLACK: We've been meeting our additional revenue targets there. In fact, last year we collected, I believe, 10 million. I think that's 7.5. I'm sorry, Jackie. I'll let Jackie answer this question.

DEPUTY COMMISSIONER JAMES: So for our revenue target for Fiscal '23, our target for '23 was 1.2 million. We collected 1.3 million dollars in tax audit revenues. In Fiscal '24, our target is 747 million, and so far we are on target for 968. That was '24. In Fiscal '25, our target is 825, and we've already collected 710 million dollars.

CHAIRPERSON BRANNAN: How many more ineligible abatement recipients do you think there are? Is there a borough or a neighborhood that has higher than average rates?

COMMISSIONER NIBLACK: I think Bay Ridge is really... I don't... I mean our tax policy group did a review and they sort of categorized people at sort of

levels of likelihood. So for example, somebody who is receiving a co-op and condo abatement at an address in the city, but who was filing their tax return for the last two years from another address outside of the city, you know, those people overwhelmingly did not respond or actually fessed up and said, yeah, I don't actually live there so their abatements were revoked. Now we're kind of scraping the bottom of the barrel a little bit more and a little bit lower likelihood people, but we continue to do this exercise and review this regularly every year or every other year to ensure that we're sort of capturing on a regular ongoing basis the universe of people who may not be eligible for the abatement.

CHAIRPERSON BRANNAN: So, we heard from some constituents that they only had like a week to reply to a removal.

COMMISSIONER NIBLACK: Do you want to answer that one?

FIRST DEPUTY COMMISSIONER SHEAR: Sure.

CHAIRPERSON BRANNAN: What happens if a correction comes in after the deadline?

FIRST DEPUTY COMMISSIONER SHEAR: Yes. So, we give unit owners 30 days to respond so not a week.

If you have specific complaints, please refer them to us so that we can review. If mistakes were made by us in processing, we will fix them, including if they were made after the deadline.

CHAIRPERSON BRANNAN: Okay. Thank you.

Let's talk about the lien sale. The initial list of properties that were at risk of having their lien sold totals nearly 1.6 billion. Since then, the most recent data that we received at the Council shows that amount has shrunk to about 675 million. It's a change of slightly more than 900 million dollars. Of that 900 million, how much in tax revenue was actually collected so far?

COMMISSIONER NIBLACK: So as you know, there's a combination. When liens are removed from the initial 90-day list before the sale, it was for a combination of reasons. It could include people come in and pay, people enter a payment plan, or they turn out not to be, they shouldn't have been on the list because they received an exemption or they filed an easy exit application, or there was some other error or reason why they shouldn't have been on the list so we don't have solid numbers yet. We will know better numbers by the middle of June, a couple of weeks

after the final date, and I'm more than happy to supply an updated for you as soon as we have those numbers.

CHAIRPERSON BRANNAN: And since this is the first lien sale in years, and there's a lot more properties than we typically see, and we thankfully had additional funds to do greater outreach, it's inevitable that some owners will fall through the cracks, so what will DOF do if we find out after a lien is sold that a property had deed fraud or tangled title issues?

COMMISSIONER NIBLACK: Any property that, even once the lien is sold, if they come to us and they say, hey, I'm in probate, hey, there's a dispute over the ownership, etc., we will defect that lien. We'll take the lien out.

CHAIRPERSON BRANNAN: Okay. I want to ask, I'm asking everybody today, if you were notified about the Bitbonds before the Mayor announced it in Las Vegas.

COMMISSIONER NIBLACK: Yes, I heard about it.

CHAIRPERSON BRANNAN: But he didn't tell you about it before.

COMMISSIONER NIBLACK: He did. I spoke with him about it before.

CHAIRPERSON BRANNAN: And what do you think of the idea?

COMMISSIONER NIBLACK: You know, as I said to the Mayor at the time, it's on the edge of sort of our experience here, and so it deserves a very thorough study, and I know that this is really OMB's world along with the Comptroller so it's really on those two entities now to review this proposal and try and understand exactly what it is, the benefits that we would get from it and proceed. Obviously, we have a pretty rigorous framework in which we operate for issuing bonds and we have excellent credit and we don't want to harm that at all. I'm sure that there will be 100 percent due diligence done to ensure that that's protected.

CHAIRPERSON BRANNAN: The Comptroller mentioned that he didn't think that Bitbonds would comply with Directive 10.

COMMISSIONER NIBLACK: He's better positioned to know that than I am, so.

CHAIRPERSON BRANNAN: Okay. I mean, we believe that crypto and Bitcoins and all this

nonsense is, the asset class is just infamous for chaos and uncertainty and volatility. We don't believe that the City should be, have anything to do with Bitcoin or crypto.

COMMISSIONER NIBLACK: I watched earlier, and I registered your opinion on that.

CHAIRPERSON BRANNAN: Okay. We have questions now from Council Member Williams followed by Brewer. Thank you.

COUNCIL MEMBER WILLIAMS: Thank you.
Hello.

Budget equity is really important to me, not just how we spend money, but also how we generate money as a City. And property taxes, I know is like a thing and it's been a thing for a very long time before I even got here. And in conversations with the State, they say the City, the City is supposed to tell them what they're supposed to do, upwards of Speaker Heastie. In conversations with the City, the conversation isn't always clear. I'm sure you're watching the litigation happening with the lawsuit with the TENNY Group, and just wondering has your office done any assessments or thought of new

methodologies to make the property tax system a little bit more equitable in New York City?

COMMISSIONER NIBLACK: Thank you for that question. As you know, we, not we, but the previous administration, Mayor de Blasio and Speaker Johnson, put together an advisory commission who made recommendations. We worked on legislation that would essentially translate those into deep reforms to the property tax system. The problem with an overhaul that was that sweeping is that there was a lot of disruption to taxpayers, and there were taxpayers who would have seen their bills double or triple. There were taxpayers who would have benefited, but it was a lot of change. So, we're looking now at sort of taking a step back, but our goals remain the same, which is to move us in the direction of greater equity to get rid of the sources of the complaint, really in the lawsuit, and also to introduce income-based benefits broadly that don't exist now. I mean, you can certainly get a senior citizen homeowner exemption or disabled homeowner exemption. But if you're raising a young family and you're trying to buy a home, the property taxes, you don't get any benefit. Right now, we'd like to be able to change

that and ensure that people get some benefit for low- and moderate-income households so that they can stay in their homes or buy homes so that's a thrust of our reforms that we're looking at.

COUNCIL MEMBER WILLIAMS: Do you agree with them that New York City has the power and jurisdiction to reform the property taxes without State intervention?

COMMISSIONER NIBLACK: No. The basic framework for the property tax system is set in the State real property tax law so that absolutely requires the Legislature to act. There are very limited powers that we have locally, so you, the City Council, obviously can set the rates every year. The Department of Finance can set the assessment ratio. But there's very limited scope that we have for making any kind of changes more substantively.

COUNCIL MEMBER WILLIAMS: Thank you. And the last question, which is very broad, but I'm going to go for it. Your office assesses fines for different types of things. Do you ever assess whether or not you are fining certain communities over other ones?

COMMISSIONER NIBLACK: So in general, I'm going to draw a distinction. We don't issue violations or fines for, I mean, we will for non-payment of taxes or that kind of thing. But in terms of other ECB type violations or whatever that parking ticket, etc., we don't issue the violations. We are just in charge of collecting. I am very mindful of our collection efforts and how they are focused. We don't, for example, in our audit process, we're not interested in going after small taxpayers. We're interested in going after larger taxpayers who may be not fully complying with the law at a scale that's actually makes some sense for us to pursue. I'm not going after someone who made a small error and underpaid by a hundred dollars. As I say, I think in the property tax realm, we're very constrained by State law, and we really would like to, we think the best approach here would be to change the State law in order to provide more tax relief to low- and moderate-income homeowners. So there again, it's like, that's not fully within our hands to change unilaterally. It's not at all within our hands to change unilaterally, but we want to work with the Legislature and with you all to enact reforms that

would be beneficial, we think, to communities that have historically may have been overtaxed.

COUNCIL MEMBER WILLIAMS: Thank you. And yes, I appreciate that distinction. But on your end, do you get the data around where these fines are occurring? And you did mention auditing, so do you audit for that? So like a parking ticket, like?

COMMISSIONER NIBLACK: No.

COUNCIL MEMBER WILLIAMS: Okay.

COMMISSIONER NIBLACK: No. I mean we have information.

COUNCIL MEMBER WILLIAMS: Because I know it's an enforcement side and there's probably a conversation to be had with the NYPD as an example, but you are also kind of collecting the money..

COMMISSIONER NIBLACK: Yeah.

COUNCIL MEMBER WILLIAMS: And so wondering if you do any audits to determine whether or not these fines are equitably dispersed amongst all New Yorkers.

COMMISSIONER NIBLACK: I think we have information regarding parking tickets at the Council District level. Let me let First Deputy Commissioner Shear.

FIRST DEPUTY COMMISSIONER SHEAR: We have information on parking tickets at the police precinct level. We don't have information. Since it is parking tickets, we don't know the income of the motorists, for example, who have received the tickets. We don't...

COUNCIL MEMBER WILLIAMS: But you know the community, right, and do you ever make those type of assessments when you have the data? Do you ever look and say like, oh, I see that in Council Member Brewer's District, we collected X amount of dollars, and then, I don't know, Council Member Steven's District, we collected X amount of dollars. Like, do you look at that and say, do you make any assessments? Do you look at that data?

COMMISSIONER NIBLACK: We don't routinely do that. No, we don't routinely do that. Mostly because it's actually, the data is somewhat hard to collect that way for us. So it's a bit of an effort, but we have the ability to do that to some extent, and I can come back to you with some thoughts.

COUNCIL MEMBER WILLIAMS: Yeah, I would love if we could.

COMMISSIONER NIBLACK: I'll also say that I know I live in Council Member Brewer's District, and a lot more tickets could be written there.

COUNCIL MEMBER WILLIAMS: I would love if we could continue this conversation because I do think it's important as a City. Again, we want to spend our money in equitable fashion across the boroughs, across communities, across different demographics, but I think it's also equally important to look at how we are collecting money as well.

COMMISSIONER NIBLACK: Understood.

COUNCIL MEMBER WILLIAMS: Thank you.

CHAIRPERSON BRANNAN: You mentioned you're working on another version of the property tax reform. Do you have a timeline of when you'd share that with the Council?

COMMISSIONER NIBLACK: Well, our goal immediately was to... we were seeking to introduce legislation after the budget was finalized, which obviously took five weeks longer than we were supposed to. Our goal right now is to see if we can get a bill introduced this session in order to sort of put a marker down here that we are pursuing reform. That is going to be the beginning of a

conversation. Whatever we put forward, we know is not what's going to get passed, so our goal here is once we get the legislation introduced, then we intend to start shopping around much more seriously and having much more serious conversations with people about the content of the legislation. I'm not sure it's worth the effort if the bill's never introduced at this point, but we're happy to talk to you about it. Whatever happens in Albany, we're happy to talk to you about it.

CHAIRPERSON BRANNAN: Council Member Brewer.

COUNCIL MEMBER BREWER: Thank you. First of all, as I always say, thank you, Rita Jen, for coming to the office to talk about SCRIE and DRIE. It makes a huge difference. I really appreciate it. Along those lines, I don't think it's happened in Albany yet, but there are some changes, hopefully with CPI, SCRIE, DRIE. Is that something that the Administration supports in Albany or you haven't taken a position?

COMMISSIONER NIBLACK: I would defer to OMB on that.

COUNCIL MEMBER BREWER: Okay. Number two is, I should know this, but the new red light cameras, speed cameras, does that information go to Finance as to how many tickets are collected or does that money just go to OMB?

COMMISSIONER NIBLACK: For red light camera violations?

COUNCIL MEMBER BREWER: Yeah.

COMMISSIONER NIBLACK: Yeah, it's all recorded in STARS. We know that.

COUNCIL MEMBER BREWER: Okay. Is it working? In other words, are you getting more funding for it and are the numbers up?

COMMISSIONER NIBLACK: We publish a report every year about this, which I don't have in front of me. What I think I recall is that, in fact, red light camera violations worked in the sense that the number of violations has started to go down.

COUNCIL MEMBER BREWER: That's a good thing.

COMMISSIONER NIBLACK: Yeah. I don't have the numbers in front of me, but I'll send you the link.

COUNCIL MEMBER BREWER: Also speed.

COMMISSIONER NIBLACK: Yeah.

COUNCIL MEMBER BREWER: The other thing of the ghost plates, it's not just ghost plates. People order plates online. People from Virginia seem to have lots of plates and people who live here move from another state and never get their New York State license plate, so how are we addressing any of that? I know it's not just you, it's PD. But the money, we're losing millions, I would assume. Even just telling people, maybe that's the Department of Motor Vehicles, you live here, you're supposed to have a New York State license. But again, when they go through the cameras everywhere and get the tickets, they're not paying. How are we addressing that, if at all?

COMMISSIONER NIBLACK: Very difficult, honestly, to address the ghost plates, particularly because, again, we may not have anybody who was associated with that plate.

COUNCIL MEMBER BREWER: There's nobody there.

COMMISSIONER NIBLACK: To issue a ticket to. Increasingly, we have encountered the problem of people who... somebody stole the plate. Somebody

defaced the plate so that it looks like a different plate. Somebody didn't take the registration sticker off when they sold their car, so the violation gets issued to the wrong owner. We set up a program in the Office of the Parking Summons advocate where if you get five or more violations like that that are dismissed by an ALJ, then you can sign a form and we will dispute those tickets for you as they come in so that you don't have to be dealing with them because there are cases where we've had dozens, even hundreds of tickets issued to a vehicle that didn't belong anymore to the owner. So, there is definitely an issue with how are we recording with the DMV correct ownership, but a lot of this, especially with defaced or ghost plates, is very difficult to really tackle.

COUNCIL MEMBER BREWER: All right, so we're kind of like chalking it up to can't do anything about it?

COMMISSIONER NIBLACK: I wouldn't say that because the Mayor and the Police Commissioner and the Deputy Mayor for Public Safety have all been very much attentive to this problem. The Mayor has pushed me and others hard on sort of what we can do here. If I may make one public service announcement in this, I

will say that it's very important that people remember when they sell their car to scrape the sticker, take the registration sticker off.

COUNCIL MEMBER BREWER: Okay. I'm just saying that it actually bigger than ghost plates. We've been looking at it with the Investigation Staff of Oversight and Investigations, and it's selling the license plate out of the back of the car from Virginia, and then all the people who live here who are not from New York, weren't from New York.

COMMISSIONER NIBLACK: I don't know why they (INAUDIBLE)

COUNCIL MEMBER BREWER: License plate. It is Virginia, I don't know why.

COMMISSIONER NIBLACK: I think it's Georgia, but I don't know.

COUNCIL MEMBER BREWER: Anyway, long story short, and I don't see any public service announcement as you suggest from the State, I guess this would be, or even you move here, you got to change your license, but those folks aren't getting, there's no reciprocal agreement, so they're not paying either.

COMMISSIONER NIBLACK: I think we'd be actually happy if you're doing work on this in your Committee, Council Member, we'd happy to get together and talk to you about what you're finding and see if we brainstorm some thoughts about how to address this because it's definitely a difficult problem to solve.

COUNCIL MEMBER BREWER: Okay. Then my 2.1 billion taxes that aren't paid, I know that the Comptroller went through some, you know, it's definitely a problem. Is there anything new about how we can collect some of this 2.1 billion? Is that something that is, it's everything. It's fines, it's OATH, it's these plates I just mentioned, etc.

COMMISSIONER NIBLACK: I think one of the biggest challenges here is that when, especially if it's issued against a business, the business goes out of business, or the business dissolves and reincorporates in another form, and it's very hard for us to track down ownership in that case. I think that's one of the largest reasons why we are unable to collect on a certain percentage of outstanding business taxes or ECB debt or other, you know, or also property-based charges like sanitation charges, etc. So that's, you know, we have a very robust

collections process. I like to say every now and then, our collections staff brings in more per capita than our audit staff does every year. They bring in, last year, 600 million dollars in collections of outstanding business taxes, parking tickets, ECB debt so, you know, we are constantly, they're very good, they're managed very well by Assistant Commissioner Pam Parker-Cortijo. They are always innovating and trying to find programs and methods to help increase our collection rate.

COUNCIL MEMBER BREWER: So, do you hire consultants that do collection, or are you doing it in-house?

COMMISSIONER NIBLACK: We have outside. I don't remember the exact number. We have nine outside consultant contracts, one for each type of debt, business, ECB, and parking, and then we have three agencies for each type, and so, for example, we'll refer each outstanding debt to the first collection agency, and then they have it for six months, then it goes to the second collection agency, and then it goes to the third collection agency. So, you know, we added a third collection agency just last year or two years ago, and that has improved our collection rate.

COUNCIL MEMBER BREWER: So you're making more money more than what you're paying them, I assume, in terms of collection.

COMMISSIONER NIBLACK: Absolutely.

COUNCIL MEMBER BREWER: All right. Thank you.

CHAIRPERSON BRANNAN: Okay. Thank you all very much.

COMMISSIONER NIBLACK: Thank you.

CHAIRPERSON BRANNAN: Okay. We will hear from IBO starting at 3:30.

Okay. [GAVEL] Good afternoon, and welcome to the final portion of FY26 budget hearings, day 13. I am Council Member Brannan, I Chair the Committee on Finance. Welcome to Director Chaffee and your team. Thank you for joining us today from the New York City Independent Budget Office. My questions will largely focus on IBO's analysis of our employment growth, the home healthcare employment, federal tax changes, business tax forecast, our reserves and State budget risks.

Just a reminder, we're only accepting written testimony today. After IBO testifies and we ask questions, we will be concluding this hearing.

So, if you wish to submit written testimony for the record, you can email it to testimony@council.nyc.gov, and you could do that anytime up to 72 hours after the conclusion of today's hearing.

We're joined still by Council Members Brewer and Williams. Thank you for hanging in there with us.

We'll now turn it over to Committee Counsel Brian Sarfo to swear you in and we can get started.

COMMITTEE COUNSEL SARFO: Good afternoon. Do you affirm to tell the truth, the whole truth, and nothing but the truth before this Committee and to respond honestly to Council Member questions? Director Chaffee.

DIRECTOR CHAFFEE: I do.

COMMITTEE COUNSEL SARFO: And Officer Subramanian?

OFFICER SUBRAMANIAN: Subramanian, yes.

COMMITTEE COUNSEL SARFO: Subramanian.

OFFICER SUBRAMANIAN: I do.

COMMITTEE COUNSEL SARFO: Thank you.

CHAIRPERSON BRANNAN: Okay, you may begin.
Thank you.

DIRECTOR CHAFFEE: Thank you. Good
afternoon, Council Finance Committee Chair Brannan
and Members of the Committee. I hope you are enjoying
your cookies.

I'm Louisa Chaffee, Director of the
Independent Budget Office, and I'm joined here today
by my colleague, Sarita Subramanian, the Senior
Research and Strategy Officer. We appreciate the
opportunity to testify.

So, we'd like to talk about the context.
IBO issued its report on the Executive Budget and the
accompanying financial plan on May 20th under unusual
circumstances, which included turmoil at the federal
level, including cuts in spending, layoffs of staff,
erratic implementation of tariffs, and draconian
immigration issues, to name a few, and this was
further complicated by the Mayor's silence around
these and many other issues, the absence of a State
enacted budget, which caused the City's Executive
Budget to include only placeholder dollar amounts,
the continued budget dance by the Adams
Administration, including simultaneous reinstatement

of funding reductions from prior years, recognition of the end of COVID-19 aid, and more under- and overbudgeting in various categories, and all of this is occurring in a competitive election year.

Our basic findings. So IBO's forecast of tax revenues, which is 79.7 billion in '25 and 81 billion in '26, do not vary significantly from OMB's forecast in those two years of the financial plan. But IBO's estimates savings on the expenditure side of 1.9 billion in 2025. In all, these adjustments net an additional surplus in '25 of 1.7 billion and larger gaps in the rest of the financial plan window, 7.2 billion in '27, 7.9 billion in '28, and 7.1 billion in '29. Those gaps are on average 7 percent of City tax revenues. This is larger than the gaps the City has closed in recent years, which were around 4 percent to 6 percent of City tax revenues.

As you, the City Council, or I'll talk about next steps. In negotiating the adopted budget, IBO suggests that the City Council and the Adams Administration weigh how to allocate the current year surplus across two options. One is to use funds to prepay next year's expenses, and the second is placing funds into reserves. While prepayment may

offer short-term flexibility and offset existing costs, it does not address the root cause of those costs. Placing funds into reserves provides more ability to address future shocks and requires the City to address cost overruns in the outyears. IBO has identified surplus funds in 2025, meaning that funds could be added to reserves without decreasing planned spending in the Executive Budget. Further exercise of fiscal discipline with respect to near-term expenses, like uniformed overtime, could free up additional funds which could be placed into reserves. So, we appreciate you keeping in mind that federal dollars comprised 10.5 billion, or 9 percent, of the City's 119-billion-dollar budget this year and 7.4 billion, or 6 percent, of the budget for 2026. State dollars comprised 20.7 billion of the City's 2025 budget, which is about 17 percent. And again, those amounts are subject to change because the numbers were placeholders.

In addition to the federal amounts and the State federal amounts in our budget, we also would like to remind you of Health and Hospitals and the New York City Housing Authority, which are overwhelmingly federally funding dependent. New York

State's Fiscal Year 2025 enacted budget of 252 billion included 87 billion in federal funding. That's 35 percent of their total State budget. And the majority of that is Medicaid, at about 58 percent. Some of the federal funds that are part of the 17 percent allocated by the State to the City are those funds that support our Health and Human Services.

Now, as the U.S. Senate takes up the Big Beautiful Bill Act, recently passed by the House, IBO is paying particular attention to proposed cuts in areas such as Medicaid, Supplemental Nutrition Assistance Program, and Temporary Assistance for Needy Families.

Beyond impacted programs, let's talk about New Yorkers. According to the Census Bureau, 37 percent of New York City residents are foreign born. Based on the State Comptroller's data, close to 4 million New Yorkers in the city utilize Medicaid, and over 1.6 have health insurance through the Essential Plan, both programs that are centrally targeted for reduction. In January 2025, 1.8 million New Yorkers statewide received benefits through the Supplemental Nutrition Assistance Program, totaling over 423

million dollars for that month alone, and that's money that kept people fed and supported New York businesses. These are a few examples of people facing potentially major changes in their central existence, food and healthcare, due to federal changes.

Assuming federal legislation dramatically reduces funding to the State, the City will need to convene a special session to account for those reductions in federal dollars and increased hardship for millions of New Yorkers. This in turn would require the City to consider how to continue to provide essential services to vulnerable New Yorkers with less funding while maintaining a balanced budget as required by law.

So back to our report. Given this situation, IBO emphasizes three takeaways. The first is, given the scale of federal funding cuts combined with decisions to slash academic funding, implement severe limitations on immigration, and impose huge and erratic tariffs, the time to increase the City's reserve fund is now. Two, New York State's policy choices have passed fiscal pressure to the City. Only 328 million for childcare vouchers was funded, approximately one third of the 1 billion requested by

the Administration. In addition, New York State's Foundation Aid formula resulted in smaller increases for the New York City Department of Education. So, in addition to needing to find City funds to accommodate those State choices, the time to increase the City's reserve funds is now. Lastly, the Administration continues budget practices that increase internal risks. These take the form of underbudgeting, whether it be for uniformed overtime, which is at 658 million addition in 2026, or the Department of Education's due process cases, formerly known as Carter cases, for 258 million additional, or shelter provision, rental and cash assistance, which are collectively at 1.4 billion in 2026, and/or overbudgeting, where under the two-for-one hiring policy, the City has, quote, achieved savings both directly on personnel, 924 million in '25, but also by reducing capacity to spend on other programmatic funds, a continued dependence on prepayment to offset next year's expenditures. And remember, the proportion of prepayment continues to shrink each year, making this mechanism less and less effective. Further, delays in payments to the non-profit providers. The City Comptroller's estimate anticipates over 1 billion

currently in unpaid invoices so that's providers under contract without their bills being paid. So again, the time to increase the City's reserve funds is now.

Given these three areas of uncertainty, it's hard to describe this Executive Budget as the best budget ever. Thank you for the opportunity to testify, and we are happy to answer any questions.

CHAIRPERSON BRANNAN: Thank you very much. As stated in your analysis of the financial plan, IBO expects weaker employment growth in the city compared to OMB's projections. So, while OMB forecasts about 58,000 more jobs in 2025, fourth quarter to fourth quarter, IBO expects an anemic 32,000 more jobs. OMB forecasts 79,000 more jobs in 2026 while IBO expects only 52,000. Your office explains its weaker employment forecast is partially based on recent data showing a sharp decline in tourism, especially international. Are there any other factors that would suggest weaker job growth than what's been projected by OMB?

DIRECTOR CHAFFEE: Well, it's the last hearing of the day, and we're trying to not be too giddy. I'm sure you're feeling the same way. But we

have internally considered whether there might not be an element of election year optimism involved in some of those numbers.

COMMITTEE COUNSEL SARFO: Sure.

OFFICER SUBRAMANIAN: And I would add that in general, I think the projections for job growth are, you know, slowing substantially across all sectors, but in particular, I think that's one area where our projection differs from what the Administration is assuming.

CHAIRPERSON BRANNAN: So, I asked OMB earlier about the home healthcare employment and what the changes to CDPAP management will mean for the City's home healthcare job growth. Does IBO have a position on that?

OFFICER SUBRAMANIAN: Yeah. So, we do anticipate some near-term growth to continue, although not quite at the pace that it has been historically, but we do anticipate longer term less growth for home healthcare because of the CDPAP transition.

CHAIRPERSON BRANNAN: Okay. In your recently released report, you touched on the potential impact of the proposed federal tax changes

1 COMMITTEE ON FINANCE

217

2 on City tax revenues and our residents. The report
3 mentions the proposal to limit states' use of the
4 pass-through entity tax by restricting certain pass-
5 through businesses' ability to fully deduct their
6 PTET payments. While the proposed limitation on PTET
7 would not have any impact on State and City personal
8 income tax collection, it would raise federal tax
9 liabilities for city residents who utilize PTET. Are
10 you concerned about how this proposed limitation
11 would change taxpayer behavior if it were to pass?

12 DIRECTOR CHAFFEE: Yes.

13 CHAIRPERSON BRANNAN: Have you done any
14 analysis that quantifies the potential impact on the
15 City economy?

16 DIRECTOR CHAFFEE: We have not yet. We
17 will once we have data that's dependent for, let's
18 say, 48 hours.

19 CHAIRPERSON BRANNAN: Okay. The business
20 tax forecast. IBO is projecting weaker business tax
21 revenues than the Administration, about 190 million
22 less this year and 275 million less in the upcoming
23 Fiscal Year. Your report mentions that your forecast
24 is based on April 2025 indicators. However, economic
25 conditions have certainly shifted since April with

this tariff chaos and so-called trade deals and tax changes. How different would your forecast look if you were to use current economic indicators as we head into June?

OFFICER SUBRAMANIAN: I would say that based on the indicators that have been released since our forecast, we feel relatively comfortable with where we're at right now, which is that growth would slow pretty substantially, although we did not forecast a recession, and so I would say that likely would be where we would forecast if we were to repeat it now, but that is something that we're continuing to look at. And obviously, as Louisa said, news changes hour to hour so we will factor all that in.

CHAIRPERSON BRANNAN: Can you summarize the areas where IBO has identified additional surplus FY24 resources that could be used for reserves or prepayment?

OFFICER SUBRAMANIAN: Yeah. So, we mentioned, as Louisa mentioned in the testimony, in particular, personnel costs, and so we estimate over 900 million there. We also are projecting lower costs for asylum seekers. Because a lot of the population is now in DHS as opposed to Health and Hospitals, we

are projecting decreased costs to align more closely with DHS shelter costs for those asylum seekers so those are two areas that we noted in the report. I would say another area that we have thought about are other-than-personal service costs. And that's an area that, you know, is largely, if it's not spent by this time in the year, is an area where the City could look to, you know, get additional savings without direct service interference.

DIRECTOR CHAFFEE: So, there's often a fair amount of cushion built into basic things like paper and supplies and chairs, etc., and this is the quarter where that kind of money could be, in effect, redeployed without great impact to any level of operations.

CHAIRPERSON BRANNAN: I asked OMB if they could give us an estimate of what they think the hiring freeze had, quote unquote, saved us. Do you have any analysis on that?

DIRECTOR CHAFFEE: No, not currently.

CHAIRPERSON BRANNAN: And lastly, what areas within the State budget does IBO see as the biggest risks to our budget?

DIRECTOR CHAFFEE: Well, we outlined the childcare vouchers and the Foundation Aid.

OFFICER SUBRAMANIAN: Yeah. I would say those, as well as, you know, Medicaid as Louisa mentioned, is one that we are looking to see. In particular, assuming that the approval to the transition from the indigent care pricing to the directed payment will not be approved, we're looking to see what actions the State might take in terms of going back to session to allow for ICP to continue. And then obviously the announcement about the waiver, you know, being taken back and that also being implemented on a pace that's a lot faster than what would traditionally happen. You know, normally, I think the federal government in those circumstances would give states, you know, longer time frame to adjust, and it sounds like that'll be about six months for the State.

CHAIRPERSON BRANNAN: What do you guys think of the Mayor's Bitbond idea?

DIRECTOR CHAFFEE: Oh, we're so glad you asked. Surprisingly, IBO was not consulted in advance.

CHAIRPERSON BRANNAN: Do you think the City of New York should have anything to do with investing in crypto or Bitcoin?

DIRECTOR CHAFFEE: So, we would defer to the Comptroller's advice in that circumstance.

CHAIRPERSON BRANNAN: Okay. My colleagues have any questions? Council Member Brewer.

COUNCIL MEMBER BREWER: Thank you. I know I always ask the same question, but I know you did an analysis a while ago of those taxes and parking fines and so on that could not be collected. I just didn't know there was any update. I've asked others about it, and I think everybody's trying and the Finance has got, I think, nine collection agencies and staff trying, but I just didn't know if you've done any updated on that topic.

DIRECTOR CHAFFEE: We have not yet done an updated analysis.

COUNCIL MEMBER BREWER: Okay. And the other question I have is you did such a great analysis here of the state and federal, the exact numbers as to what is or is not there. I know this is a hard question, but how do you think or when do you think, when would it be appropriate for the City to

make some decisions about this? Obviously, between now and the end of June, I assume you might say, but how do you look at this federal cut?

DIRECTOR CHAFFEE: So, we suggest to add money to the reserves in advance of what we believe to be severe federal cuts, but we also recognize that the new acronym TACO may apply on some level and that there may be far less, but then better to have reserves and be able to deploy them in future years and other ways. If this process goes through as anticipated, as outlined in the testimony, we would expect the State shortly after the Senate finishes to have to go into special session and that the City quite quickly after that would then also need to adjust its anticipated expenditures so that probably by November, decisions will have been made.

COUNCIL MEMBER BREWER: And that's when the feds will know more too that they're what we're doing with them.

In terms of education, is there anything that you could add because of your expertise there in terms of education, either from what the State did or didn't give us or from, you know, what could happen in Washington? We're obviously concerned about the

two billion. We're concerned in my situation about the migrants. I would love them to stay in the Department of Education. I feel so strongly about that. I just was wondering if there's anything you want to add about education.

OFFICER SUBRAMANIAN: Yeah. So, I would agree with you on particularly funds for immigrant students so Title III is something that we're paying close attention to. In terms of the, you know, the additional costs we project for education, I think class size remains to be the one cost that we anticipate, especially in '27 and outyears. I know the Department has added some funds, and we're working to update our estimate of that as well. But I think actually what's unique about our analysis this time is that, you know, the challenges in ACS with the childcare vouchers are trumping a lot of the additional education costs that we're estimating so I would say childcare vouchers is a really critical area.

COUNCIL MEMBER BREWER: Right. Obviously, the State put in money, it is not clear, even though we heard earlier that it's there. It's not completely clear what the City's putting in.

In terms of vouchers for the housing, that came up in the sense that we have X dollars. I think that the DSS Commissioner indicated that she, you know, feels will save 11 million dollars, but there's a concern that people have to pay more for their voucher, and so they may end up going back to shelter. That's what the non-profits think. Is that something that you've looked at in terms of what the future could be for those with housing vouchers?

OFFICER SUBRAMANIAN: We did not factor that into our estimate, but that is something that would certainly make an impact in terms of the number of vouchers that are issued.

COUNCIL MEMBER BREWER: Right. Okay. Thank you.

CHAIRPERSON BRANNAN: Council Member Williams.

COUNCIL MEMBER WILLIAMS: Thank you. I know I've spoken to you about this already, but budget equity, and I look forward to figuring out how we could look into this from your office, and I know you were here when Department of Finance testified around the parking tickets. So, from your vantage point, do you believe there are ways to assess how we

are both generating revenue and spending money based off of different demographics and geographical locations in New York City, and does IBO in their work look at this in any of their assessments or reports?

DIRECTOR CHAFFEE: So to date, we have not looked at a geographic spread or the geographic variation of collections of fees and fines. Although, as Councilwoman Brewer referred to, we have been looking really closely at the total and where they're coming from and what has and has not been collected, but we would be happy to investigate this area further.

COUNCIL MEMBER WILLIAMS: Thank you. Yes, I look forward to us doing that. I have lots of ideas. Department of Sanitation is another place, and our Deputy Speaker has been mentioning that a lot in the hearings around not being able to assess or understand how Department of Sanitation chooses to allocate said funds to different garages. So, yes, I look forward to talking to you more about this.

The other question I have, because you were very clear that this is a great time to put money into the reserves. And again, I'm sure you were

1 listening to OMB's hearing earlier and Jacques said
2 something very interesting. He said two things that I
3 thought was interesting. One thing he said was,
4 essentially, they don't want to tip the City's hand,
5 right? They don't want to give off this impression
6 that, you know, we have the money and we can deal
7 with cuts. And then he also kind of alluded to this
8 idea that it kind of doesn't matter if we put things
9 in reserve funds, because there's no way that the
10 City could cover any type of potential federal loss.
11 So how do you kind of explain and further double down
12 on the need to put away money in the reserve funds?
13 Because I think he was, again, clear on two things.
14 Like one, this idea of like, we don't want to create
15 this narrative that could be used against us. But
16 then this other thing that I kind of took from it was
17 like, it doesn't really matter because we don't have
18 enough money anyway to be able to fill in the gap.

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20 DIRECTOR CHAFFEE: As nobody knows what
21 the gap is, it would be very hard to pretend that we
22 have enough money to fill in the gap so our
23 recommendation to add money to reserves is simply to
24 have money to lessen the blows when they come. We are
25 not under the impression that the Trump

Administration is perusing the City's reserve funds as they make decisions about immigration policy or cuts to human services or changes to academic funding in New York City, which then results in lesser tax collections and the many other policy changes that are being made. Perhaps Director Jiha has more insight as to what the Trump Administration is considering as they make their policy changes.

OFFICER SUBRAMANIAN: I would also add that, you know, I think one thing we point out is that our estimates, for example, you know, uniformed overtime do assume the same level of expenditure year over year, and that's one area that we've identified could be, you know, if better management practices were put in place, those costs would be lower and that would reduce the gap in the future. And again, some of these areas of additional savings that we highlighted could also affect or bring down that gap.

DIRECTOR CHAFFEE: And I'm actually going to build on what my colleague just said. So, as Sarita mentioned, one thing that is unusual in many of the federal changes right now is that they are being enacted immediately or close to immediately. Generally, there's step downs in time. And when a

government is making reduction choices, it recognizes that, for example, partners like in the non-profit community providing services who are obliged to lessen need to have time to meaningfully reduce those services so that the employees and the clients can be as best taken care of so money in reserves could lessen how much is reduced and/or allow for a time for a reasonable close down, as opposed to doing it in, say, 30 days, which is what City contracts basically allow.

COUNCIL MEMBER WILLIAMS: Thank you. And what do you feel is the appropriate size for the reserve fund?

DIRECTOR CHAFFEE: Well, what a wonderful question. So, we have debated this question amply internally, and we are quite sure that more is better. We don't really know... we don't feel that there's a general number, and the reality is there's no number that the City could set aside that would genuinely compensate for what might be cut. But I'm going to give a couple of different ideas. Best practices of household management, financial management in the City's budget is not a household, but just a vague equivalent, is to have about six

months of general spending on in savings. Now, as Councilman Brennan knows, because of the request of what does it cost to operate the City for a day, you basically take the City budget, divide it by 365, and there's each day's cost so that is significantly more money than we believe could be found to be put into reserves. Another...

COUNCIL MEMBER WILLIAMS: Do you have a dollar amount of that because you have six months. How much would it cost us to run the City for six months?

DIRECTOR CHAFFEE: Half of 119 billion.

COUNCIL MEMBER WILLIAMS: Yeah, like 50 billion.

DIRECTOR CHAFFEE: Yeah. So another thing to think about is that six months of the City's payroll is about 25 billion. Right now, we have, give or take, 2 to 8 billion in reserves. So, you know, we don't have an answer, but we're trying to think about generally what might be a better target.

COUNCIL MEMBER WILLIAMS: And when do you think it's appropriate to draw down from the reserve fund?

1 COMMITTEE ON FINANCE

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2 DIRECTOR CHAFFEE: When it's raining
3 really hard.

4 COUNCIL MEMBER WILLIAMS: Thank you.

5 CHAIRPERSON BRANNAN: Thank you very much,
6 IBO. Appreciate all you guys do.

7 DIRECTOR CHAFFEE: Thank you.

8 OFFICER SUBRAMANIAN: Thank you.

9 CHAIRPERSON BRANNAN: Okay. With that,
10 FY26 Executive Budget Hearings is done. Thank you
11 very much, everybody. [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 June 4, 2025