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TESTIMONY OF MELANIE HARTZOG, DIRECTOR, MAYOR'S OFFICE OF MANAGEMENT AND BUDGET OF THE CITY OF NEW YORK TO THE CITY COUNCIL ON THE PRELIMINARY BUDGET FISCAL YEAR 2021

March 2, 2020

Good morning Speaker Johnson, Chair Dromm, Chair Gibson, and members of the City Council. Thank you for the opportunity to testify today about the Fiscal Year 2021 Preliminary Budget. I also want to thank Latonia McKinney and her team for their positive and collaborative approach to the budget.

I am joined at the table today by OMB First Deputy Director Kenneth Godiner and our staff is here to help answer questions.

Before I review the Preliminary Budget, I would like to discuss recent State actions that have significant implications for the City's budget.

In November we learned that the State has a $6 billion deficit, primarily due to Medicaid cost increases.

This is the largest gap it has faced in a decade. Then, in late December we were notified that the State was cutting Medicaid payments to H + H by 1 percent. This is a $65 million hit to its budget over two years.

At the Prelim Budget presentation, the Mayor warned that Albany might close its gap by making significant funding cuts to localities. Two weeks later, the Governor issued the Executive Budget. It shifts $1.4 billion in costs to the City, which includes $1.1 billion in Medicaid funding.

Before I explain where that number comes from, it is important to emphasize that Medicaid is a state-run program. Determining who is entitled to benefits and provider reimbursement rates is beyond our control. The City is limited to enrolling applicants and confirming eligibility under applicable law. This means that we are responsible for closing the State's Medicaid gap, despite having no control over the State's Medicaid cost growth.

The State Budget also stops the passthrough of federal Affordable Care Act funds known as enhanced FMAP to localities, including New York City, which cover certain Medicaid costs. These two measures alone would shift $1.1 billion in costs to the City in Fiscal Year 2021.

The Governor has also convened a Medicaid Redesign Team tasked with identifying $2.5 billion in savings. The committee is scheduled to release recommendations in mid-March – just two weeks before the budget is due. If the committee does not find enough savings, there could be more Medicaid spending cuts ahead. This puts H + H as well as many other City programs at risk.

Our municipal health system is the country's largest. It delivers essential care to more than one million New Yorkers every year, regardless of their ability to pay. H + H has made great strides over the last five years. It is on track to meet revenue and expense targets and has closed more than $1 billion of its budget gap. A massive cut would be devastating, threatening years of steady progress and healthcare for some of the most vulnerable New Yorkers.

Investments beyond healthcare are also at risk..

As the Mayor recently testified before the State legislature, funding for school social workers, guidance counselors, and programs - like SYEP and COMPASS NYC - is in jeopardy. On top of the $1.1 billion I just discussed, the State plans to shift another $300 million in education and social services spending to our budget.

First, the Executive Budget leaves the City with a $136 million school aid shortfall. Not only is the State giving us less school aid than we need, it has failed to provide $1.1 billion in Campaign for Fiscal Equity funding.

Second, TANF was reduced last year by 10 percent. This year the State plans to cut an additional 5 percent, as well as restrict the City's use of federal child welfare funds. This will result in the loss of more than $100 million over two years. These funds support vital social services and would shift the cost of cash assistance to the City, cut shelter rates, and decrease resources used for preventive services.

In addition to State budget threats, the MTA has demanded an additional contribution of $3 billion to their capital plan, and $100 million more annually for Access-A-Ride.

The Mayor has been clear. Before the City commits additional capital, we must see:

- Funding from congestion pricing and other MTA sources used first,
- a comprehensive audit, and
- accountability and transparency on projects.

As the Mayor recently testified in Albany, the $1.4 billion cut we face today is larger than all State budget cuts we've seen over the past six years combined. We are fighting every effort to push costs onto the City's budget.

The proposed Medicaid cost shift has galvanized a broad coalition. The City is working with county executives, healthcare advocates, and legislators across the state to protect critical services and maintain our healthcare system.

We appreciate the Council's partnership in opposing State Budget threats. In particular, thank you Speaker Johnson for your recent Albany testimony in opposition to the Medicaid cuts. I look forward to working with you and the Council going forward.

I would now like to discuss the Fiscal Year 2021 Preliminary Budget, which is $95.3 billion. The Budget is balanced and outyear gaps are manageable.

Overall growth in the Preliminary Budget since Adoption is the lowest of this Administration at 2.7 percent. The growth is driven by planned budget increases that include fair wages and benefits for our workforce, investments in education, debt service payments, and State criminal justice mandates.

As in the past, we remain focused on reserves and savings. The Preliminary Budget maintains almost $6.0 billion in reserves that serve as a buffer to the unexpected. This includes $1.0 billion in the General Reserve, $250 million in the Capital Stabilization Reserve, and almost $4.7 billion in the Retiree Health Benefits Trust.

I want to thank the Council for their important role in maintaining and increasing budget reserves. The Preliminary Budget reflects $714 million in savings across Fiscal Years 2020 and 2021. Since June, we have saved nearly $1.2 billion over the two fiscal years. This is in addition to healthcare savings of $1.6 billion in Fiscal Year 2020, and $1.9 billion annually thereafter. We set a precedent last year by funding adoption with revenue and agency savings.

I look forward to continuing this new approach in the upcoming year.

Citywide savings completely offsets new agency spending of $441 million in Fiscal Year 2020 and $243 million in Fiscal Year 2021. All of these funds support existing programming.

In addition, we are updating our tax forecast. Fiscal Year 2020's estimate has been increased to show a yearly growth rate of 4.6 percent, adding $449 million. Our Fiscal Year 2021 estimate is cautious because of signs that the local and US economies are slowing. So, the forecast shows a 2 percent tax revenue growth in the next fiscal year, adding $593 million.

Since we issued the Preliminary Budget, the coronavirus has emerged as a risk to our economic and tax forecast. Over the past seven days the S&P 500 dropped nearly 13 percent, posing risks for the financial sector. We are monitoring the situation closely and will update our forecast as part of the Executive Budget.

Now, I'd like to turn to the Capital Budget. The Capital Commitment Plan for Fiscal Years 2020 through 2024 totals $85.5 billion. This includes a redistribution of $4.5 billion from the Adopted Capital Plan. To fund our Capital Budget, we continue to make cautious estimates to ensure that that City-supported debt service does not exceed 15 percent of our tax revenue.

In this Plan we have deepened our ongoing joint commitment to capital project funding and planning improvement. After hearing from Council, we added a section that shows redistributions over Fiscal Years 2020 through 2029, in order to improve transparency.

This is the first long term look at the Capital Plan that has been published since the release of the Ten-Year Capital Strategy in April. And, to provide more realistic capital project timelines, we redistributed projects that were unlikely to move forward in the first four years to the outyears. I am also happy to announce that OMB now has a Capital Coordination Unit that is focused on improving project delivery. This team is working with DDC to implement their strategic plan and is enhancing inter-agency communication. They are also streamlining our internal processes.

Also, thank you Chair Gibson and Council Member Lander for your partnership in passing the project tracking bill that promotes transparency and improves project management.

In conclusion, the Preliminary Budget reflects strong fiscal management in response to potential State cuts and economic uncertainty locally and nationally. And we plan to maintain this cautious approach in crafting the Executive Budget.

Thank you again for the opportunity to testify today.

I look forward to taking your questions.

February 2020

An Analysis of the Mayor's Preliminary Budget for 2021 and Financial Plan

Unlike most years, the 2021 Preliminary Budget and Financial Plan for 2022 through 2024 presented by the Mayor in January includes few if any new funding initiatives and relatively little change to the forecast of city tax revenue. The Mayor portrayed the plan as a prudent proposal in light of potential state actions that threaten to cost the city billions of dollars. As in prior financial plans, the de Blasio Administration anticipates that slower economic growth at both the national and local levels will lead to slower growth in tax revenue than the city has experienced in recent years.

Rather than new initiatives, most new funding in the budget would expand existing programs to cover shortfalls. The additional funding for special education Carter cases and transportation needs at the Department of Education (DOE) make up more than half of the entire new needs in the current year. Under the Mayor's plan, continued growth in expenditures is largely driven by three factors: debt service, salaries, and fringe benefits.

Using IBO's estimates of city revenues and expenses under the Mayor's budget program, we project that the budget for fiscal years 2020 and 2021 will total $95.8 billion and $96.2 billion, respectively, an increase of 0.3 percent between the two years. IBO expects both years to end with surpluses, which we assume will be used to prepay subsequent years' expenses.

These estimates, however, obscure the total size of the budget in each year by not accounting for the use of $4.2

Total Revenue and Expenditure Projections
Dollars in millions

	Actuals	Plan					Average Change
	2019	2020	2021	2022	2023	2024	2019-2024
Total Revenue	**$92,436**	**$95,779**	**$96,444**	**$99,028**	**$101,655**	**$104,627**	**2.5%**
Total Taxes	61,312	64,399	66,091	68,356	70,574	73,500	3.7%
Total Expenditures	**$91,779**	**95,843**	**96,204**	**100,769**	**103,269**	**104,875**	**2.7%**
IBO Revenue Less Expenditures	**n/a**	**($65)**	**$240**	**($1,741)**	**($1,614)**	**($247)**	
IBO Surplus/(Gap) Projections		**$2,658**	**$240**	**($1,741)**	**($1,614)**	**($247)**	
Adjustments for Prepayments and Non-Recurring Expenses							
Net Prepayments	($355)	($1,498)	($2,658)	$0	$0	$0	
Reserve Funds	-	300	1,250	1,250	1,250	1,250	
Other Adjustments	-	(400)	31	130	257	393	
Total Expenditures (net of adjustments)	**$92,786**	**$97,441**	**$97,581**	**$99,389**	**$101,762**	**$103,232**	**2.2%**
City-Funded Expenditures (net of adjustments)	**$68,633**	**$71,809**	**$72,638**	**$74,126**	**$76,107**	**$77,529**	**2.5%**

NOTES: Figures may not add due to rounding.

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billion of 2019 resources to pay for 2020 expenses and the use of nearly $2.7 billion of 2020 resources to prepay some 2021 expenses. Adjusted for prepayments and non-recurring expenses, we project that the 2020 budget will total $97.4 billion (5.0 percent larger than the 2019 budget after similar adjustments) and the 2021 budget will reach $97.6 billion (an increase of 0.2 percent from 2020). For 2022 through 2024, IBO's re-estimates result in smaller budget gaps than those projected by the Mayor.

This report details IBO's latest economic forecast and projections of tax revenue and spending based on the Mayor's Preliminary Budget for 2021 and financial plan. Several weeks ago we published a set of charts and graphs highlighting key findings from our economic forecast and revenue and spending projections.

Economic Outlook

U.S. Economy. IBO's expectation for the U.S. economy is essentially unchanged since our December outlook. We forecast a continuation of the current economic expansion but with a slowdown in growth from 2019 to 2020, followed by somewhat faster though generally modest growth through 2024. (In this section, years refer to calendar years, unless otherwise noted.) The fiscal stimulus that boosted the economy in 2018 has faded, and growth in output and employment has slowed. Real gross domestic product (GDP) growth slowed to 2.3 percent in 2019, compared with 2.9 percent the year before.

IBO projects that the U.S. economy will continue to weaken over the course of this year, with growth bottoming out in the fourth quarter and gradually accelerating throughout 2021; we forecast GDP will increase 1.8 percent for 2020 as a whole, followed by an increase of 2.0 percent in 2021. For 2022 through 2024, annual GDP growth will average 2.4 percent, with the strongest gains expected in 2022. There are, however, considerable downside risks to our forecast.

The current expansion—now in its 11th year and the longest on record—has been sustained by consumer spending, which when adjusted for inflation, increased at an annual average rate of 3.0 percent over the last six years. Bolstering household spending are employment gains averaging 200,000 jobs a month for over six years and the gradual decline in the unemployment rate to its lowest levels in half a century, giving households both the means and confidence to spend.

Very low interest rates generated by an accommodative monetary policy have also encouraged consumption by reducing borrowing costs and making it easier for households to retire old debt; debt service burdens are at record lows. Finally, home prices rising every year since 2011 and the near-continuous rise in stock markets since 2009 have created positive wealth effects, increasing the willingness of households—particularly affluent households—to spend.

The combination of federal tax cuts enacted in December 2017 and $300 billion of spending increases that lawmakers agreed to in March 2018 created a powerful stimulus that boosted real GDP growth to 2.9 percent in 2018, up from 2.4 percent in 2017. But the impact of the fiscal stimulus diminished in 2019 and largely disappeared by the end of the year. At the same time, new rounds of tariffs were imposed by the U.S., prompting retaliatory actions by our trading partners. The trade war, combined with weakness among some of our largest trading partners—including China, the U.K., Germany, and Japan—took a toll on global trade and raised prices faced by U.S. consumers of imported goods. U.S. businesses, particularly manufacturers, have been cautious in their investment decisions given weak demand abroad and uncertainty surrounding the continuing trade wars. Real GDP growth slowed to 2.3 percent last year and the economy added fewer jobs than in 2018—2.1 million vs. 2.3 million.

Although these headwinds spell continued slowing of the U.S. economy through the end of next year, they do not necessarily signal a recession. IBO projects that a combination of favorable labor market and financial conditions will keep household spending strong enough to prolong the current expansion.

While employment growth has declined this year, it has remained sufficient to absorb new entrants into the labor force and keep the unemployment rate very low, supporting household incomes and giving consumers the confidence to spend. Moreover, stock prices have rebounded since their fall in late 2018 and continued to rise in 2019, setting new records and augmenting wealth effects that will help sustain consumer spending. Additionally, the late 2019 budget agreement between the Trump Administration and Congress, although smaller than the 2018 deal, will increase federal spending and provide fiscal stimulus to counter some of the economic headwinds in 2020.

There is considerably more downside risk to IBO's U.S. economic forecast than upside potential. Escalation of trade wars would further weaken the global economy and threaten the continuation of the current expansion.

Trade also faces a substantial threat if the 2019 Novel Coronavirus continues to spread. With the Center for Disease Control's recent warning of the likelihood of the virus spreading to the U.S., the potential for heightened economic effects is growing.

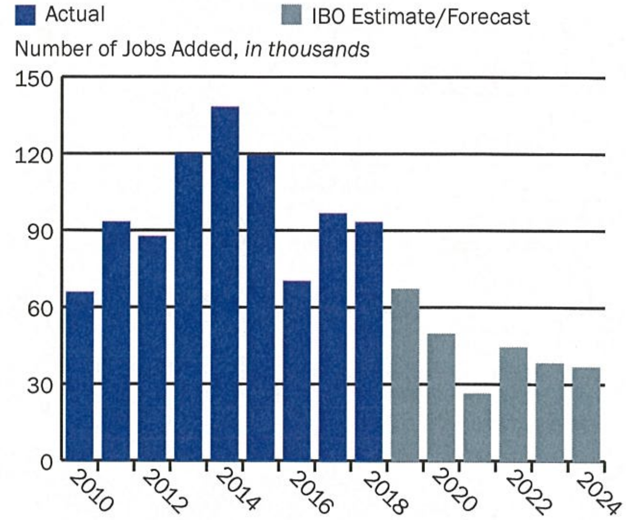
Sustained declines in employment growth also pose a threat, particularly if they result in an increase in the unemployment rate. Three or four months of employment growth of 100,000 or less could greatly shake consumer confidence, shrink spending, and derail the expansion. A sustained downturn on Wall Street or an unanticipated interest rate hike could have similar consequences.

IBO and the Mayor's Office of Management and Budget (OMB) both forecast slower growth for 2020, although the forecasts differ in the magnitude of the decline as well as its trajectory for subsequent years. IBO projects slower real GDP growth than does OMB for 2020 (1.8 percent vs. 2.1 percent). For 2021, IBO forecasts a modest rebound in real GDP growth, to 2.0 percent, followed by further strengthening to 2.8 percent in 2022. In contrast, OMB anticipates a prolonged slowdown, with growth in GDP gradually declining from 2.0 percent in 2021 to 1.5 percent in 2023.

New York City Economy. The city's economy has demonstrated strength for over a decade, with local employment, personal income, and property values all growing continuously in the years following the financial crisis of 2008-2009. These years have also been marked by greater diversification in the local economy with various sectors outside of finance driving growth in both employment and wages. However, the pace of growth in this record-setting expansion has slowed, and IBO forecasts that it will slow further in 2020 and into 2021, before picking up modestly in 2022 through 2024. The projected slowdown in the U.S. economy is one major factor in this outlook for the city economy, but there are also factors specific to New York that put the city at higher risk of a more prolonged slowdown during the forecast period, including a shrinking labor force.

Employment. IBO estimates that the city's payroll employment (the number of jobs reported by employers operating in the city filled either by residents or commuters) has grown by 66,900 jobs in 2019 (measured 4th quarter to 4th quarter). This is a marked decline from average annual growth of 98,000 jobs during the post-recessionary period (2010-2018). We project employment gains will slow further to 49,400 jobs in 2020 and then to just 26,000 in

Total Employment Growth (Q4-to-Q4)



SOURCES: Bureau of Labor Statistics data, with IBO seasonal adjustments; IBO economic forecast

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2021. Our outlook for employment gains in 2022, 2023, and 2024 is slightly more robust at 44,200 jobs, 38,000 jobs, and 36,500 jobs, respectively. Compared with IBO's forecast in December, we now expect the slowdown to come slightly later, with the biggest downward adjustment in our outlook made to job growth in 2021.

Ambulatory Health Care. In recent years, much of the city's job growth has occurred in the health care sector, and in particular the ambulatory health care services industry, which includes home health care workers. (See here for more on employment trends in home health services.) We estimate that in 2019 this industry added 32,300 new jobs, which is nearly half of total city job growth for the year. While ambulatory care is expected to remain an important source of employment growth in the city, it is likely to lose some of its strength. New York State, looking to control Medicaid costs as it seeks to balance its own budget, is moving to increase regulation of the ambulatory care industry. Our current outlook assumes that this will constrain employment growth in this sector, which will slow to 21,800 in 2020 and then gradually decline to reach 14,500 in 2024—fewer than half the jobs added in 2019.

Employment shifts in other sectors have had less of an impact on the local economy.

Construction. Construction is expected to have shed 2,800 jobs in 2019, its first decline in employment since 2010. IBO projects that moderate growth will return to the sector, averaging 2,500 jobs per year over the next five

IBO versus Mayor's Office of Management and Budget Economic Forecasts	2019	2020	2021	2022	2023	2024
National Economy						
Real GDP Growth						
IBO	2.3	1.8	2.0	2.8	2.2	2.1
OMB	2.3	2.1	2.0	1.7	1.5	1.9
Inflation Rate						
IBO	1.8	2.3	2.4	2.4	2.3	2.4
OMB	1.8	1.8	1.8	2.4	2.5	2.4
Personal Income Growth						
IBO	4.5	4.0	4.1	4.4	4.1	4.0
OMB	4.5	3.7	4.3	4.4	4.3	4.6
Unemployment Rate						
IBO	3.7	3.5	4.0	4.3	4.4	4.4
OMB	3.7	3.5	3.5	3.8	4.3	4.5
10-Year Treasury Note Rate						
IBO	2.2	2.2	2.7	3.6	3.9	4.1
OMB	2.1	2.1	2.7	2.9	3.0	3.0
Federal Funds Rate						
IBO	2.2	1.6	1.7	2.4	2.9	3.0
OMB	2.2	1.7	2.1	2.4	2.6	2.6
New York City Economy						
Nonfarm New Jobs (thousands)						
IBO (Q4 to Q4)	66.9	49.4	26.0	44.2	38.0	36.5
IBO (annual average)	84.8	56.2	28.0	42.2	38.8	36.9
OMB (annual average)	84.0	56.5	41.6	40.4	35.7	30.2
Nonfarm Employment Growth						
IBO (Q4 to Q4)	1.5	1.1	0.6	0.9	0.8	0.8
IBO (annual average)	1.9	1.2	0.6	0.9	0.8	0.8
OMB (annual average)	1.8	1.2	0.9	0.9	0.7	0.6
Inflation Rate (CPI-U-NY)						
IBO	1.7	2.1	2.7	2.6	2.5	2.6
OMB	1.7	1.8	1.9	2.4	2.5	2.4
Personal Income ($ billions)						
IBO	669.7	692.0	716.3	750.0	780.9	811.5
OMB	665.6	688.9	713.5	737.8	764.8	793.6
Personal Income Growth						
IBO	4.7	3.3	3.5	4.7	4.1	3.9
OMB	3.2	3.5	3.6	3.4	3.7	3.8
Manhattan Office Rents ($/sq.ft)						
IBO	79.9	82.4	83.4	84.5	86.7	87.7
OMB	79.9	81.1	83.7	85.7	86.3	86.6

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

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years—well below job growth in several years since the end of the last recession.

Wholesale and Retail Trade. When final data are available for 2019, we expect the wholesale and retail trade sectors to have added 1,200 and 5,200 jobs, respectively. Growth in these sectors follows three years of successive losses (2016 through 2018) for wholesale trade, and represents a second year of growth after three years of losses (2015 through 2017) for retail trade, as local retailers contend with high commercial rents and the continuing shift from sales at brick and mortar stores towards online shopping. IBO expects these sectors to once again contract modestly in 2020, shedding 700 and 1,500 jobs, respectively.

Accommodation and Food Services. After losing 4,400 jobs in 2018 and an additional 3,200 in 2019, accommodation and food services employment is projected to rebound slightly, adding 2,800 jobs in 2020 and smaller amounts thereafter; these expected gains, however, are far below the sector's annual average growth of 15,900 jobs that prevailed in 2010 through 2017.

Finance. The finance sector, which includes the still critically important securities industry, lost an estimated 2,900 jobs in 2019 after growing by an average of 3,700 jobs a year in 2017 and 2018. While IBO projects growth to return for 2020 and the rest of the forecast period, the average annual gains are small, at 1,200 jobs per year.

Professional, Scientific, and Technical Services. The professional services sector saw strong employment growth in 2019, with an expected gain of 14,000 jobs when all of the data are in. After growing impressively in the early years of the expansion, this sector had been slowing before 2019. IBO projects a return to slower growth, with the sector adding 4,000 jobs in 2020 and 1,400 jobs in 2021. We expect job gains to strengthen once again from 2022 through 2024, adding an average of 4,900 jobs annually.

Information. The information sector is expected to add 2,800 jobs in 2020, having averaged gains of 4,400 a year from 2010 through 2019. IBO expects the sector to continue adding jobs in 2021 through 2024, albeit at a slightly slower pace, averaging 2,300 jobs annually.

All of these last three sectors—finance, professional services, and information—have average wages that are much higher than the citywide average. Finance, which has the highest average wage in the city, has had less stable employment growth and accounts for a shrinking share of the city's total employment. The sustained growth in professional services and information has led to a more diversified base of employment and income for the city's residents, and we expect this trend to continue.

Labor Force. As with payroll employment above, growth of the city's household employment (measuring the number of working-age city residents who are employed) remained positive through 2018, leading the local unemployment rate to reach a low of 4.1 percent. However, we estimate a decline of 17,200 in household employment in 2019, with the unemployment rate ticking back up to 4.2 percent for the year. IBO expects two additional years of household employment declines before a modest recovery begins in 2022, with the local unemployment rate remaining at 4.2 percent in 2020 and then rising to between 4.4 percent and 4.6 percent in 2021 through 2024.

Data from the U.S. Census Bureau indicate that after adding over 450,000 residents from 2007 through 2016, the city's population declined by 38,900 in 2017, by 34,000 in 2018, and by 15,500 in 2019. IBO projects a further decline of 13,800 in 2020, which is a larger decline than we estimated in December. These declines are some of the city's largest since the 1970s, and are mirrored in the size of the labor force, which has been declining since 2018 and which we expect to continue shrinking through 2021.

Census Bureau figures suggest that this population decline is primarily attributable to an increase in out-migration of New Yorkers to other U.S. locales, instead of a pronounced decline in international in-migration. New York City's economy relies heavily on the large number of foreign migrants who arrive in the city each year. Changes in federal immigration policy that would reduce the flow of foreign migrants to the city pose an additional risk to population and labor force expansion in New York, which in turn is a threat to the city's economic growth.

Wages and Personal Income. Measured in nominal terms, personal income in New York City grew by an estimated 4.7 percent in 2019. Consistent with our expectations for slowing economic and employment growth, IBO expects somewhat slower personal income growth of 3.3 percent and 3.5 percent, in 2020 and 2021, respectively. This is followed by stronger gains from 2022 through 2024, at an annual average rate of 4.2 percent. Growth in real personal income, adjusted for inflation, follows a similar path, slowing to 1.5 percent per year in both 2020 and 2021, before rebounding to an average of 2.2 percent through 2024.

Average wages in the city, in nominal dollars, are estimated to have risen 4.4 percent in 2019, considerably stronger wage growth than had been anticipated in IBO's December forecast. IBO now expects wage growth to slow to 2.6 percent in 2020 and 1.6 percent in 2021 and then strengthen from 2022 through 2024, with annual increases averaging 2.6 percent—well below the 2019 increase of 4.4

percent. After adjusting for inflation, increases in average wages are considerably lower but follow the same basic pattern. We estimate real wage growth to have grown by 2.7 percent in 2019 and project it to slow to 0.9 percent in 2020. After this, we expect a modest decline of 0.4 percent in 2021, before real wages recover to an average of 0.5 percent growth in each year from 2022 through 2024.

Just as trends in employment differ across industries, different industries exhibit very different patterns of wage growth. Two sectors—professional, business, and technical services, joined by health and education services—are expected to continue dominating aggregate wage growth. IBO projects that these two sectors, taken together, will contribute 59.6 percent of aggregate wage growth from 2020 through 2024. In contrast, the securities sector, which accounted for 50.8 percent of total wage growth from 2003 through 2008, is projected to provide just 5.7 percent of total growth during the forecast period. Although diminished as a source of new jobs and wage growth, given the financial sector's outsized wages and profits, it remains a critical source of economic strength for the city.

Wall Street. New York Stock Exchange member firms posted strong profits in 2018 ($27.3 billion) and based on the first three quarters of the year, IBO estimates that the firms are on track for an even stronger year in 2019, with aggregate profits of $30.2 billion for the full year. Profits are expected to contract to $22.2 billion in 2020 and then $19.7 billion in 2021, before recovering somewhat in 2022 through 2024, when they are projected to average $23.9 billion.

Very low net interest expenses (interest expenses paid offset by interest income earned) have supported profits of brokers-dealers. Net interest expenses hit a low of $6.1 billion in 2015 and are estimated to have crept back up to $69.3 billion in 2019, but this is still far below the heights of the market before the financial crisis, when net interest expenses averaged $183.7 billion (2005-2007). The recent increases in net interest expenses have been more than offset by the concurrent rise in net operating revenues (revenue other than interest earnings minus non-interest expenses) from $20.4 billion in 2015 to an estimated $99.5 billion in 2019. While IBO expects both net interest expenses and net operating revenues to slowly decline for the next two years, the latter will decline faster, leading to our projection of a contraction in overall Wall Street profits.

Real Estate. Taxable real estate sales totaled $99.8 billion in 2019, a drop of 10.7 percent from 2018. The years 2017 and 2019 stand out as the only years since 2014 in which sales have failed to exceed $100 billion. Sales peaked at $126.3 billion in 2015 thanks to record-setting commercial sales of $77.9 billion, which included the $5.5 billion sale of the Stuyvesant Town-Peter Cooper Village rental apartment complex. (Sales of rental apartment buildings are classified as commercial for tax purposes.) In 2019, commercial sales dropped by 17.5 percent and residential sales by 2.6 percent, with the result that both were essentially identical at just under $50 billion each. Residential sales fell in every borough in 2019, with the exception of Manhattan, where they rose 3.0 percent. However, the Manhattan increase came after a decline of 15.0 percent in sales value in 2018.

IBO projects that aggregate real estate sales will again be just under $100 billion in 2020, with commercial sales comprising slightly over half of total value. Modest sales increases are expected for 2021 through 2024, with total sales reaching just under $107 billion by the end of this period. While commercial sales are forecast to remain at just over half the total, the market for rent-regulated apartment buildings is expected to be weak. The Housing Stability and Tenant Protection Act of 2019, passed by the New York State Legislature, eliminated high-rent and high-income vacancy decontrol, and made it much more difficult to recoup the cost of improvements to rent-stabilized apartment buildings. As a result, interest in purchasing these properties is expected to wane—although by no means collapse entirely—and prices will likely weaken.

As explained in more detail in the section on real estate-related taxes, recent rate increases in the real property transfer tax (RPTT) will ultimately provide more revenue for the state (or more precisely, the Metropolitan Transportation Authority), but will likely also depress sales prices as well as the total value of real estate sales.

Taxes and Other Revenue

IBO's forecast of revenue from taxes and other sources including fines, fees, and state and federal aid totals $95.8 billion for the current fiscal year, with roughly two-thirds of the total ($64.4 billion) coming from city taxes. Non-city sources such as state, federal, and other categorical grants account for 26.8 percent ($25.7 billion) of total revenue, and the balance comes from nontax city revenues (primarily fees, fines, and asset sales).

Our 2020 revenue forecast is $3.3 billion (3.6 percent) greater than the total in 2019. (All years in this section and the following sections refer to fiscal years unless otherwise noted.) Most of the additional revenue this year comes from the projected $3.1 billion (5.0 percent) increase in

IBO Revenue Projections
Dollars in millions

	Actuals 2019	Plan 2020	2021	2022	2023	2024	Average Change 2019-2024
Tax Revenue							
Property	$27,703	$29,799	31,262	32,627	33,979	35,803	5.3%
Personal Income	13,344	13,765	13,902	14,372	14,852	15,380	2.9%
General Sales	7,810	8,350	8,609	8,931	9,330	9,673	4.4%
Corporate	4,200	4,338	4,041	4,183	4,111	4,159	-0.2%
Unincorporated Business	2,029	1,956	2,071	2,155	2,198	2,283	2.4%
Real Property Transfer	1,547	1,381	1,436	1,485	1,479	1,504	-0.6%
Mortgage Recording	1,097	1,067	1,049	1,039	1,021	1,033	-1.2%
Utility	369	379	400	412	419	434	3.3%
Hotel Occupancy	625	643	647	660	681	703	2.4%
Commercial Rent	907	882	913	933	946	971	1.4%
Cigarette	29	29	28	27	26	25	-3.2%
Other Taxes and Audits	1,651	1,810	1,733	1,532	1,532	1,532	-1.5%
Total Taxes	**$61,312**	**$64,399**	**$66,091**	**$68,356**	**$70,574**	**$73,500**	**3.7%**
Other Revenue							
STaR Reimbursement	$181	$163	$167	$165	$163	$161	-2.3%
Miscellaneous Revenue	8,220	7,550	7,110	7,103	7,120	7,121	-2.8%
Unrestricted Intergovernmental Aid	151	111	-	-	-	-	n/a
Disallowances	113	(15)	(15)	(15)	(15)	(15)	n/a
Total Other Revenue	**$8,664**	**$7,809**	**$7,262**	**$7,253**	**$7,268**	**$7,267**	**-3.5%**
Less: Intra-City Revenue	**($2,222)**	**($2,126)**	**($1,852)**	**($1,844)**	**($1,842)**	**($1,842)**	
TOTAL CITY-FUNDED REVENUE	**$67,754**	**$70,082**	**$71,501**	**$73,765**	**$76,000**	**$78,925**	**3.1%**
State Categorical Grants	$14,970	$15,636	$15,829	$16,289	$16,746	$16,830	2.4%
Federal Categorical Grants	7,719	8,280	7,470	7,339	7,276	7,241	-1.3%
Other Categorical Aid	1,340	1,061	968	959	958	955	-6.5%
Interfund Revenue	652	719	676	676	676	676	0.7%
TOTAL REVENUE	**$92,436**	**$95,779**	**$96,444**	**$99,028**	**$101,655**	**$104,627**	**2.5%**

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

New York City Independent Budget Office

city tax collections, with large increases in the forecasts of real property tax, personal income tax (PIT), and sales tax collections, offset in part by projected declines in the real property transfer tax (RPTT), mortgage recording tax (MRT), and corporate taxes. The growth in tax revenue is partially offset by a projected decline of $855 million in nontax city revenue. Smaller contributions to total revenue growth come from a projected $666 million increase in state grants, mostly education-related aid, and a $561 million increase in federal grants.

Total revenue growth from 2020 to 2021 is projected to be modest—$665 million, or 0.7 percent. IBO expects tax revenue growth to be somewhat faster—2.6 percent ($1.7 billion)—but the city's nontax revenues for next year are projected to be $547 million lower than in 2020, due primarily to a lower forecast of miscellaneous revenue. Non-city revenues next year are also expected to be lower—2.9 percent, or $753 million—than in 2020 thanks largely to an anticipated drop in federal grants under OMB's assumption that much of the remaining Sandy aid is actually spent in 2020.

After 2021, IBO projects larger increases in total revenue, which is projected to grow at an average annual rate of 2.8 percent in 2022 through 2024 and reach $104.6 billion in the last year of the financial plan. City taxes are expected to outpace growth from other city revenue sources, as well as state and federal grants during these years. Taxes are forecast to increase at an average annual rate of 3.6 percent, while growth in non-city revenue sources is projected to average 1.0 percent a year.

Real Property Tax. IBO's forecast of real property tax revenue for this year is $29.8 billion, a gain of 7.6 percent from 2019. Based on the Department of Finance's tentative 2021 assessment roll released in January 2020, IBO forecasts $31.3 billion in property tax revenue next year, an increase of $1.5 billion, or 4.9 percent. If this forecast proves correct, it would be the smallest percentage increase in five years. This slower growth in property tax revenues is attributable to a relatively slow, 5.5 percent increase in the taxable assessed value of multifamily residences on the 2021 tentative roll. In the last five years, the value of multifamily residences has risen at an average annual rate of 9.0 percent and has been the largest driver of increases in property tax revenue. IBO forecasts revenue growth over the rest of the forecast period to average 4.6 percent a year, yielding $35.8 billion in 2024.

Background. The amount of tax owed on real property in New York City depends on the type of property, its value for tax purposes, and the applicable tax rate. Under New York State's property tax law, there are four classes of property in the city: Class 1 consists of one-, two-, and three-family homes; Class 2 comprises apartment buildings, including cooperatives and condominiums; Class 3 is exclusively real property owned by utility companies; and Class 4 consists of all other commercial and industrial properties.

The assessed value of a property for tax purposes (taxable assessed value) is established by the Department of Finance. The department first estimates each property's fair market value and then applies an assessment rate or percentage that reduces the amount of the property's value subject to the tax. For Class 1 property, no more than 6.0 percent of fair market value is taxable, while 45.0 percent of fair market value is taxable in Classes 2, 3, and 4. A property's resulting assessed value is then further reduced by any property tax exemptions in order to reach taxable assessed value. The amount of tax levied on a property is determined by multiplying the taxable assessed value by the applicable tax rate based on the property's tax class; the sum of this amount across all properties is the tax levy.

Tentative Assessment Roll for 2021. On the Department of Finance's tentative assessment roll for 2021, the aggregate market value, excluding fully tax-exempt properties, increased by 4.7 percent from 2020 to total $1.4 trillion. Class 2 and Class 4 saw the biggest increases at 6.1 percent and 4.5 percent, respectively, while Class 1 grew 4.3 percent. Similarly, Class 2 and Class 4 had the largest increases in total taxable assessed value—7.3 percent and 7.2 percent, respectively. Class 1 total assessed value increased by 5.4 percent.

After a period for appeals and review, a final roll for 2021 will be released in May 2020. Based on historical trends, IBO anticipates the final roll will show $270.4 billion in total taxable value. Class 4 properties would account for 47.8 percent of the total taxable value and Class 2 properties would account for 37.5 percent. We expect Class 1 properties, despite being nearly half of the city's total market value, will account for only 8.2 percent of total assessed value for tax purposes.

Revenue Outlook. IBO projects that property tax revenue will total $29.8 billion in the current fiscal year and $31.3 billion in 2021—an increase of 4.9 percent. Growth is expected to remain relatively constant over the remainder of the forecast period, averaging 4.6 percent annually from 2022 through 2024 to reach $35.8 billion.

IBO's property tax forecast for this year is just 0.4 percent greater than OMB's. However, the difference between the forecasts grows in 2021 and subsequent years. OMB forecasts $31.0 billion in 2021 revenue, $247.1 million less than IBO. OMB expects revenue growth to slow over the rest of the forecast period, with revenue reaching $34.0 billion in 2024, $1.8 billion below IBO's forecast.

Particularly in the near term, much of the difference between the two forecasts stems from factors other than estimates of property values. The amount of property tax revenue the city collects in any fiscal year is a product of the assessment roll, as well as the delinquency rate for current year tax bills, abatements granted, refunds for disputed assessments, and other property tax debits and credits. Collectively, these elements of property tax revenue are known as the property tax reserve. Some reserve components, such as delinquencies, are counted as debits, as they reduce expected tax revenue in the current year. Other components, such as payments made in a given fiscal year for liabilities from prior years, are counted as credits because they increase current-year tax revenue. Because the dollar value of the debits generally exceeds the dollar value of the credits, the net value of the reserve is nearly always negative. As a result, property tax revenue—and forecasts of it—are almost always less than the property tax levy.

For this year and next, most of the difference between IBO's and OMB's property tax revenue projections is attributable to differences in forecasting items included in the reserve. At this point in the current year, the entire gap between the two forecasts is due to differences in the projections of four reserve components: prior-year collections, refunds, delinquent accounts, and cancelled taxes. For 2021, about 80 percent of the difference between IBO and OMB is due to the reserve, while differences in the forecasts of the final roll and levy also contribute to differences in the revenue forecasts.

In later years of the forecast, differences in assessed value for tax purposes, particularly for Class 4 properties, account for much of the difference between IBO's and OMB's property tax forecast. Class 4 properties account for almost half of total taxable assessed value in any given year, and for the 2022 through 2024 period IBO forecasts faster Class 4 assessment growth than does OMB—3.8 percent average annual increases compared with 2.7 percent in the OMB forecast. IBO also projects faster taxable assessment growth for Class 2 properties. For 2024, when OMB is projecting levy growth of 2.1 percent in contrast to IBO's forecast of 3.9 percent, the four reserve components account for just under 12 percent of the difference between the two forecasts.

Real Estate-Related Taxes. The city receives revenue from two taxes related to real estate purchases or financing, and from a tax on commercial leases. The real property transfer tax is levied on the value of real estate sold, while the mortgage recording tax is levied on the value of mortgages, including certain refinancing activity. Together these two taxes are referred to as the transfer taxes. A third real estate-related tax, the commercial rent tax (CRT), is levied on the value of certain commercial property leases in parts of Manhattan.

Transfer tax revenue peaked at $3.3 billion in 2007, before the financial crisis strongly depressed the real estate market. While RPTT revenue has subsequently exceeded its 2007 level in 2015 and 2016, MRT revenue has never come close. As a result, the sum of RPTT and MRT has only exceeded $3 billion once in recent years (in 2016, and just barely), and is not projected to rise much above $2.5 billion within the next five years.

CRT revenue typically increases every year, independent of the overall condition of the commercial real estate market. From 2014 through 2019, CRT revenue increased an average of 5.0 percent per year. In 2020, however, IBO expects CRT revenue to decline 2.8 percent, to $882 million, due primarily to a reduction in the scope of the tax that became fully effective this fiscal year. We forecast growth will resume in 2021, but at a modest 2.4 percent average annual rate, with revenue reaching $971 million by 2024.

Real Property Transfer Tax. City RPTT revenue peaked at just over $1.7 billion in 2007, declined over the next three years in the wake of the financial crisis, and then began a recovery. After reaching an all-time peak of nearly $1.8 billion in 2016, revenue dropped sharply over the next two years, before rebounding to over $1.5 billion in 2019. (Actual and forecast amounts cited here do not include the portion of the city RPTT referred to as the "urban tax," which is imposed on commercial sales over $500,000 and is dedicated to the Metropolitan Transportation Authority.)

Year-to-year variations in RPTT revenue are driven primarily by trends in commercial property sales—especially office buildings, retail space, and rental apartment buildings. Commercial real estate sales and their corresponding RPTT revenue fluctuate much more—and are usually higher—than residential sales and tax revenue.

Until recently, commercial sales were consistently taxed at higher rates than residential transactions of the same value. While city RPTT rates continue to be higher for commercial than for residential properties, after recent hikes in state residential RPTT rates, New York City residences that are sold for $3 million or above actually pay more in combined city and state RPTT than do commercial properties selling for the same price. IBO expects the increase in residential RPTT to have a negative impact on sales of higher-valued properties.

In response to a softening of real estate sales in recent months, IBO lowered its forecast of RPTT collections for each year of the financial plan, though the general trajectory of revenue remains the same: a decrease in revenue during the current year and moderate increases thereafter. IBO projects city RPTT receipts of just under $1.4 billion in 2020, $166 million (10.7 percent) less than 2019 receipts, split almost evenly between residential and commercial sales. The decline is due to a projected 11.4 percent fall in tax revenue from commercial sales, combined with a small increase in residential RPTT. At the borough level, IBO projects the strongest increases in residential RPTT in Queens and Brooklyn (10.5 percent and 4.9 percent, respectively), an increase of 2.3 percent in the Bronx, virtually no change in Staten Island, and a decline of 4.8 percent in Manhattan. Modest growth in RPTT is projected starting in 2021, with collections from commercial transactions slightly outpacing those from residential sales. Total RPTT revenue is projected to reach just over $1.5 billion by 2024, considerably below the peak years of 2007, 2015, and 2016.

Although IBO has lowered its RPTT projection since last fall, OMB has reduced its RPTT projection by even more, leaving IBO's forecast above OMB's for each year of the financial plan period. Our 2020 forecast is $45 million (3.4 percent) above OMB's. From 2021 through 2024, IBO expects RPTT revenue to grow at twice the average annual rate forecast by OMB: 2.2 percent versus 1.1 percent.

Mortgage Recording Tax. Based on stronger-than-expected revenue in recent months, generally solid macroeconomic conditions, and a downward revision to our short-term forecast of mortgage rates, IBO has raised its MRT forecast for 2020 and 2021 by 3.1 percent and 2.2 percent, respectively, from our December projection. However, IBO's forecast still calls for MRT revenue to decline from its 2019 level during this year and next. The revised forecast of almost $1.1 billion in 2020 is $30 million (2.7 percent) less than 2019 collections. Modest declines are projected to continue through 2023, followed by a small uptick in 2024. IBO's forecast of 2024 MRT revenue—$1.0 billion—is considerably below both the prerecession peak of $1.6 billion in 2007 and the more recent peak of $1.2 billion in 2016.

MRT revenue does not follow the value of real estate sales as closely as does RPTT revenue, because not all sales involve a mortgage, and for sales with a mortgage, only the fraction of the purchase price financed by the mortgage is taxed. In addition, mortgage refinancing, which may be subject in whole or in part to the MRT, is not connected to the sale of a property. Finally, loans to purchase coop apartments are not considered mortgages under New York State law, and are thus not subject to the MRT.

Mortgage rates are an important determinant of the volume of taxable mortgages, but the strictness of residential lending standards also plays a role. In addition, changes in federal tax policy have reduced the number of households that can benefit from the deductibility of mortgage interest, which—all else equal—has decreased the demand for residential mortgages.

Although IBO projects year-over-year declines in MRT revenue through 2023, our forecast of MRT revenue exceeds OMB's in each year of the forecast period. OMB projects much steeper declines in mortgage recording tax revenue than IBO in 2020 through 2022. IBO's 2020 forecast is just $26 million (2.5 percent) above OMB's. The difference grows to $117 million (12.6 percent) in 2021 and $133 million (14.7 percent) in 2022. After 2022 the differences between the two forecasts decrease but remain substantial, with IBO's 2024 projection $75 million (7.8 percent) above OMB's.

Commercial Rent Tax. IBO's commercial rent tax forecast has barely changed since December. We project that CRT revenue will total $882 million in 2020, a decrease of $25 million (2.8 percent) from 2019. The forecast year-to-year decline in CRT would be the first in more than 20 years and is due in part to legislation enacted by the City Council that reduces the scope of the tax. IBO expects CRT revenue growth to resume next year, with growth averaging 2.4 percent a year to reach $971 million by 2024.

The CRT is a tax imposed on tenants who rent space for business, professional, or commercial purposes in certain areas of Manhattan below 96th Street. Not-for-profit entities, subtenants, tenants located in the World Trade Center area, and tenants located in the Commercial Revitalization Program abatement zone are all exempt from the tax.

Over time both the tax rate and the geographic area subject to the tax have been reduced. A bill passed by the City Council in 2017 created a credit that eliminates the tax for tenants paying from $250,000 to $499,999 in annualized rent, provided the total income of the tenant is $5 million or less. Under the new law, tenants paying rents of $250,000 to $499,999 but with income of $5 million to $10 million are eligible for a partial tax credit, as are tenants paying from $500,000 to $550,000 whose income does not exceed $10 million.

Although the new law took effect on July 1, 2018, because of the timing of CRT receipts, its full impact was not felt until the current fiscal year. In addition to the reduction in the scope of the CRT, tax receipts have also been negatively affected by a softening in average rents, due to factors that include newly built commercial space and a decline in brick-and-mortar retail sales.

Compared with OMB's, our latest forecast is slightly higher in 2020, 2021, and 2022, and slightly lower in 2023 and 2024. Looking at cumulative CRT revenue for the 2020 through 2024 period as a whole, IBO's forecast is just $11 million (0.2 percent) below OMB's.

Personal Income Tax. IBO forecasts $13.8 billion in net personal income tax revenue (gross collections minus refunds) in the current fiscal year, $421 million (3.2 percent) greater than 2019 receipts. Based on our expectations of a slowdown in U.S. economic growth in calendar year 2020, accompanied by the weakest local employment growth over the past decade, we project that PIT revenue will increase just 1.0 percent in fiscal year 2021, yielding $13.9 billion in revenue. IBO expects PIT revenue to grow at a more robust average annual rate of 3.4 percent over the following three years, reaching $15.4 billion in 2024.

Despite the economic weakness we forecast for this year and next, we have increased our forecast of personal income tax revenue by $153 million from our December outlook. This increase is mainly rooted in stronger-than-expected withholding collections through late January. Based on year-to-date collections, IBO now expects total withholding revenue to rise 6.1 percent in 2020. Another factor contributing to stronger 2020 PIT collections is installment payments, which are made by taxpayers who are self-employed and those realizing capital gains from the sale of real property or financial assets. With equity markets having performed much more solidly in calendar year 2019 than in the previous year, we project that installment payments will increase in fiscal year 2020, a move back towards more typical growth rates and in sharp contrast to the decline seen in 2019.

Stronger growth in PIT withholding and installment payments in 2020 will be partially offset by an anticipated decrease in extension payments, which are typically made in the spring by taxpayers who need more time beyond the April 15 deadline to file their taxes. With the enactment of the Tax Cuts and Jobs Act (TCJA), many changes to federal income tax law first took effect in calendar year 2018. Fiscal year 2019 revenue included an exceptionally high level of extension payments since many taxpayers were not able to accommodate the changes to file their 2018 returns on time. With taxpayers likely to have largely adjusted to the TCJA changes by now, IBO expects this year's extension payments to be lower than in 2019.

IBO projects that local economic growth will slow sharply in calendar years 2020 and 2021, with New York City forecast to add fewer jobs in 2021 than in any year since the Great Recession. We expect a combination of slow growth in the U.S. and city economies to constrain increases in PIT revenue to just 1.0 percent in fiscal 2021. Withholding receipts, the largest component of PIT revenue, are forecast to rise 3.6 percent next year, 2.5 percentage points below this year's rate. Similarly, we project that slower growth in employment and incomes will result in less revenue from final returns and extension payments. IBO expects slower real GDP growth to limit capital gains realizations, thereby weakening the growth of installment payments.

It is noteworthy that while growth in gross PIT revenue is expected to decelerate in 2021, we project a lower dollar volume of refunds to be issued as well. This is because the expected decline in total estimated payments (the sum of extension and installment payments) will likely reduce the amount of over-paid tax during the year, leading to lower refunds issued to over-payers. IBO's expectation of a smaller total amount of refunds will offset the expected slowdown in gross collections, leaving net collection growth still marginally positive.

During the latter part of the forecast period, we project a return of employment and wages in the city to steadier growth, following the uptick in U.S. economic growth in 2021. As a result, we forecast PIT revenue growth to accelerate, rising at an average annual rate of 3.4 percent in 2022 through 2024. Increasing collections of withholding, estimated payments, and final returns are all expected to contribute to steady growth. We estimate PIT revenue will reach $14.4 billion in 2022, $14.9 billion in 2023, and $15.4 billion in 2024.

IBO's personal income tax forecast exceeds OMB's for every year of the forecast period. Both forecasts have been increased since last fall, but since the sum of OMB's increases over the five years is more than twice IBO's increases ($2.1 billion compared with $1.0 billion), the differences in the two forecasts have become smaller. Our forecasts are greater than OMB's by $31 million (0.2 percent) this year, $90 million (0.7 percent) in 2021, and an average of $55 million a year in 2022 through 2024.

Business Income Taxes. IBO forecasts $6.3 billion in total revenue from New York City's business income taxes in 2020—the sum of collections of corporation taxes and the unincorporated business tax (UBT). While business income tax revenue as whole is expected to grow by $65 million (1.1 percent) from 2019 levels, the trends of the two taxes differ as they continue the patterns seen last year with corporate tax receipts increasing and UBT receipts decreasing.

Corporate Taxes. With $4.2 billion in net collections (gross collections minus refunds), 2019 was a standout year for the city's corporate taxes.[1] An increase of $763 million (22.2 percent) over 2018 receipts pushed 2019 corporate tax revenue to its highest level since 2007, prior to the financial crisis. Much of 2019's growth has been attributed to changes in federal tax law resulting from the 2017 Tax Cuts and Jobs Act, which for federal tax puposes broadened the tax base and, in turn, the city's tax base as well.[2]

Corporate tax collections to date this year have remained robust, but are expected to slow in the coming months. The waning of the fiscal stimulus from the tax cut and federal deficit-funded spending, along with other economic indicators suggest more modest growth for the remainder of 2020, and IBO forecasts $4.3 billion in corporate tax revenue, an increase of $139 million (3.3 percent) over 2019 collections. With U.S. economic growth projected to slow through calendar year 2020, IBO forecasts a $297 million (6.8 percent) decline in revenue, to $4.0 billion, in fiscal year 2021.

Modest growth is expected to return in 2022, with collections increasing by $142 million (3.5 percent). In the later years of the forecast, projected revenue changes are muted. We forecast a $72 million (1.7 percent) decline in 2023 followed by a $48 million (1.2 percent) gain to yield $4.2 billion in corporate tax revenue in 2024.

Both IBO and OMB have substantially increased their corporate tax projections for 2020 collections, with IBO's forecast exceeding OMB's by $15 million (0.4 percent). After that, OMB projects a steeper decline in 2021 and a weaker recovery in 2022, and IBO's forecast exceeds OMB's by $43 million (1.1 percent) in the former year and $129 million (3.2 percent) in the latter. OMB's more sustained growth path in the out-years reduces the difference in forecasts to $7 million in 2023 and $79 million in 2024.

Unincorporated Business Tax. The unincorporated business tax is levied on the profits of sole proprietorships, partnerships, and limited liability companies. Unlike the recent strength in corporate tax revenue, collections of the city's unincorporated business tax sank by $153 million (7.0 percent) to $2.0 billion in 2019. The decline in UBT receipts has continued into the current year, and while UBT revenue is expected to begin recovering in the coming months, it will not be enough to generate net growth for the year. For 2020, IBO currently projects a smaller, $73 million (3.6 percent) decline in UBT revenue, to yield just under $2.0 billion in collections.

UBT revenue is generally responsive to changes in earnings in the professional services sector and growth in proprietorship income. Given that both have either remained stable or grown in recent years, IBO projects a rebound in UBT revenue from its two-year slump, with growth of $115 million (5.9 percent) in 2021, followed by continued but slower growth of $85 million (4.1 percent) in 2022, $43 million (2.0 percent) in 2023, and $85 million (3.8 percent) in 2024. By the last year of the financial plan, we expect UBT revenue to reach $2.3 billion.

Since last fall, both IBO and OMB have reduced their UBT forecasts for 2020. IBO's 2020 unincorporated business tax forecast is now lower than OMB's by $37 million (1.9 percent). We expect a slightly stronger recovery of revenue growth than does OMB after 2020, resulting in a negligible difference between the two forecasts for 2021. For 2022, IBO again expects UBT revenue to grow faster than does OMB (4.1 percent vs. 2.7 percent) and our UBT forecast exceeds OMB's by $26 million (1.2 percent). Differences are smaller in 2023 and 2024, when IBO predicts $5 million and $20 million more revenue than OMB, respectively.

Sales Tax. Collections of the city's sales tax to date this year have been stronger than previously anticipated, and IBO has modestly increased its forecast of 2020 sales tax revenue to $8.35 billion, $540 million (6.9 percent) more than collections last year. We have also increased our forecast of sales tax revenue in each year after 2020, but the general growth pattern remains the same as in our December forecast: a much smaller increase in revenue in 2021, followed by faster but still moderate growth through the end of the financial plan period.

The large increase in sales tax revenue this year is in part due to the end of a three-year period during which the state retained a portion of the city's sale tax collections—an action that reduced city tax revenue by $150 million in 2019 but will have no effect on 2020. Most of the increase, however, is attributable to strong economic conditions. The long-running U.S. expansion coupled with steady personal income and employment growth in New York City since the end of the 2008-2009 recession have strengthened consumer confidence, driving spending by residents and commuters alike. Also fueling spending in the city is the strong positive wealth effect generated by Wall Street's bull market. Finally, consumer spending received a short-term boost from changes in the federal income tax that took effect at the beginning of calendar year 2018. On balance, the changes increased aggregate household disposable income of city residents, commuters, and domestic visitors alike despite limiting state and local tax deductions against federal taxable income for many high-income taxpayers.

Another factor likely contributing to recent growth in sales tax receipts is the expanded taxation of online purchases, which for years have been accounting for a growing portion of total consumer spending. The Supreme Court's June

2018 decision in South Dakota v. Wayfair granted states permission to require out-of-state sellers to collect sales taxes on goods sold to in-state customers, even if the seller has no stores or other facilities in the state. The ruling enabled New York State to put into effect already existing state law requiring most out-of-state vendors of tangible goods, including those with no physical presence in the state, to collect and remit state and local sales taxes to New York. In addition, as part of the 2019-2020 budget, the state adopted a provision to require online marketplaces such as eBay, with annual sales exceeding $300,000 and 100 sales of tangible goods to New York customers, to collect and remit state and local sales taxes.

With the outlook for slower economic growth in calendar years 2020 and 2021, IBO expects only a modest 3.1 percent increase of sales tax revenue in fiscal year 2021—less than half the rate of increase we forecast for this year—to reach $8.6 billion. Stronger city and national economic growth starting in calendar year 2021 is expected to boost sales tax collections after fiscal year 2021, although the projected increases will fall short of the 6.0 percent average annual growth we forecast from 2017 through 2020. IBO projects 3.7 percent sales tax revenue growth in 2022, yielding a total of $8.9 billion in revenue for the year. With a projection of 4.1 percent average annual growth in the following two years, IBO forecasts sales tax revenue of $9.7 billion in 2024.

IBO and OMB have very similar forecasts for 2020 through 2022, with the biggest difference in 2021, when IBO's forecast is only $10.6 million (0.1 percent) less than OMB's estimate. Starting in calendar year 2022, IBO forecasts faster GDP growth for the nation, and greater employment and personal income growth in the city, than does OMB. As a result, IBO's sales tax forecast is somewhat higher than OMB's after 2022, with differences of $122 million (1.3 percent) in fiscal year 2023 and $152 million (1.6 percent) in 2024.

Hotel Occupancy Tax. Hotel tax collections to date this fiscal year have been greater than previously expected, prompting IBO to raise its 2020 forecast from our December outlook. We now forecast $643 million in hotel tax revenue this year, a 2.8 percent ($18 million) increase over 2019 receipts. IBO projects only minimal revenue growth in 2021, followed by faster though still modest growth, yielding $703 million in hotel tax revenue in 2024.

The hotel tax is levied on hotel room charges in addition to state and city sales taxes. Projected hotel tax growth rates this year and in subsequent years of the forecast period are modest in comparison to revenue growth since the 2008-2009 recession. The long economic expansion, the accompanying growth of disposable income, and a robust flow of foreign visitors (who typically spend more than domestic tourists) have fueled annual increases in hotel tax collections over the last decade. From 2010 through 2019, collections increased to 5.875 percent of hotel bills, and revenue grew at an average annual rate of 6.2 percent, with the strongest growth occurring in the first half of that span. In comparison, IBO projects only 2.4 percent average annual growth of revenue during the forecast period.

IBO projects that hotel tax revenue will grow by 2.8 percent in 2020—nearly 2 percentage points below the 4.7 percent gain in 2019—and then essentially remain flat in 2021. IBO's 2021 hotel tax forecast is $647 million, a gain of only $4 million (0.6 percent) over our 2020 projection. Economic growth has slowed in some of the countries that send large numbers of foreign visitors to New York, including the U.K., China, Germany, and Japan, which we expect to take a toll on the number of hotel stays. The slowdown we project for the U.S. economy will also slow increases in domestic tourism and curtail business travel to New York by the end of this calendar year.

In addition to the number of overnight stays in the city, hotel tax revenue reflects the average price per room. The expanded inventory of hotel rooms, particularly outside of Manhattan where room rates are less expensive, is putting downward pressure on hotel rates. Competition from the continued growth of rentals through platforms such as Airbnb is also pressuring hotels to keep prices down. As a result, IBO forecasts only modest revenue growth even after 2021 when U.S. economic growth is expected to pick up, spurring an increase in domestic visitors to the city.

IBO's forecast of hotel tax revenue exceeds OMB's in each year, though the differences in the 2020 and 2021 projections are minor. After 2021, we forecast faster revenue growth than OMB, in line with the divergence of IBO's and OMB's macroeconomic outlook. The difference between the two forecasts grows from $3.7 million (0.6 percent) in 2021 to $34.1 million (5.1 percent) in 2024.

Projected Surpluses and Gaps

Based on the proposals included in the Mayor's Preliminary Budget and IBO's re-estimates of city spending and revenues, we project that the budgets for 2020 and 2021 will end with surpluses of nearly $2.7 billion and $240 million, respectively. Assuming the 2021 surplus is used to prepay expenses in the following year, we forecast budget

Pricing Differences Between IBO and the de Blasio Administration Items that Affect the Gap *Dollars in millions*					
	2020	**2021**	**2022**	**2023**	**2024**
Gaps as Estimated by the Mayor	-	-	**($2,433)**	**($2,686)**	**($2,659)**
Revenue					
Taxes					
Property	$127	$247	$356	$728	$1,845
Personal Income	31	90	72	39	53
General Sales	(4)	(11)	7	122	152
Corporate	15	43	129	7	79
Unincorporated Business	(37)	(2)	26	5	20
Real Property Transfer	45	140	170	125	107
Mortgage Recording	26	117	133	91	75
Utility	-	-	-	-	-
Hotel Occupancy	5	4	10	23	34
Commercial Rent	2	16	3	(13)	(19)
Cigarette	-	-	-	-	-
Other Taxes and Audits	-	-	-	-	-
Total Taxes	**$210**	**$644**	**$906**	**$1,127**	**$2,345**
STaR Reimbursement	-	-	-	-	-
Misc. Revenue	3	24	24	24	24
TOTAL REVENUE	**$213**	**$668**	**$930**	**$1,151**	**$2,369**
Expenditures					
Debt Service	$39	$28	$-	$-	$-
Fringe Benefits:					
Health Insurance - Education	(99)	(47)	39	155	247
Health Insurance - City University	(1)	(2)	20	17	13
Health Insurance - All Other Agencies	92	43	164	247	307
Public Assistance	20	21	21	20	20
Education	(96)	(63)	(74)	(144)	(173)
Fire	(50)	(50)	(50)	(50)	(50)
Police	(75)	(50)	(50)	(50)	(50)
Homeless Services	(124)	(216)	(216)	(216)	(216)
Parks	(12)	(15)	(15)	(15)	(15)
Sanitation	33	5	(6)	(30)	(30)
Housing	(4)	(6)	(6)	(6)	(6)
Campaign Finance Board	-	(30)	(20)	(3)	(2)
Small Business Services	-	(45)	(45)	(4)	(4)
TOTAL EXPENDITURES	**($277)**	**($427)**	**($238)**	**($79)**	**$42**
TOTAL IBO PRICING DIFFERENCES	**($65)**	**$240**	**$692**	**$1,072**	**$2,411**
IBO Prepayment Adjustment 2020/2021	-	-	-	-	-
IBO SURPLUS/(GAP) PROJECTIONS	**$2,658**	**$240**	**($1,741)**	**($1,614)**	**($247)**

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

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gaps of $1.7 billion in 2022 (2.0 percent of projected city-funded expenditures), $1.6 billion in 2023 (2.1 percent), and $247 million (0.3 percent) in 2024.

These gaps would be largely offset by the $1.25 billion of reserves already built into the budgets for each of these years. These reserves are included in the projected expenditures for each year but are not allocated to specific programs. Assuming that the reserves are not needed to cover shortfalls or unanticipated needs that emerge during the year, the reserves would be available to help close outstanding gaps.

IBO's projections include an additional $277 million in city-funded expenditures in 2020 as a result of our re-estimates of spending in the Preliminary Budget. This forecast of higher expenditures is partly offset by our tax and miscellaneous revenue forecast for 2020, which is $213 million above the estimate in the Mayor's financial plan. IBO's estimates of city revenues and expenditures result in a 2020 surplus of $2.66 billion, which is $65 million less than projected by the Mayor's Office of Management and Budget. Barring any significant new needs emerging in the remaining months of the fiscal year, we assume this surplus will be used to prepay some 2021 expenditures, helping to bring that year's budget into balance.

IBO estimates that city-generated revenues in 2021 will exceed planned city-funded expenditures. We expect city-funded spending in 2021 to total $427 million more than the de Blasio Administration has budgeted. The difference between the two spending forecasts for 2021 primarily stems from IBO's expectation that it will cost more than OMB projects to provide shelter for the homeless, overtime for uniformed employees, and pay tuition for charter school students. This additional spending is more than offset by IBO's projection that the city's 2021 tax and miscellaneous revenues will be $668 million greater than OMB has forecast. As a result, IBO projects that city-generated revenues will exceed planned city-funded expenditures in 2021, generating a surplus of $240 million that would be available to be rolled into 2022, reducing that year's budget gap.

For 2022, IBO's forecast of city-funded spending is $238 million greater than the Mayor's while our city-generated revenue forecast exceeds the Mayor's by $930 million. As a result, we expect that $692 million in additional resources will be available in 2022, lowering the projected budget gap to $1.74 billion. For 2023, IBO's forecast includes an additional $1.2 billion of city-generated revenues and $79 million more in city-funded expenditures for a net of $1.1 billion in additional resources, reducing the estimated budget gap to $1.61 billion. For the final year of the financial plan period, IBO expects an additional $2.37 billion in city-generated revenue coupled with $42 million less in city-funded expenditures, resulting in a total of $2.41 billion of additional resources and reducing the projected 2024 budget gap to $247 million.

IBO Expenditure Projections
Dollars in millions

	Actuals 2019	Plan 2020	2021	2022	2023	2024	Average Change 2019-2024
Agency Expenditures	**$66,769**	**$69,486**	**$67,412**	**$67,777**	**$68,080**	**$68,139**	**0.4%**
Fringe Benefits	10,212	11,362	11,802	12,607	13,416	14,227	6.9%
Labor Reserve	-	1,011	2,147	1,526	1,986	2,455	n/a
Total Agency Expenditures	**$76,981**	**$81,859**	**$81,361**	**$81,910**	**$83,482**	**$84,821**	**2.0%**
Other Expenditures							
Debt Service	$6,373	$5,646	$4,749	$8,158	$8,906	$9,366	8.0%
Pensions	9,941	9,832	9,939	10,422	10,458	10,112	0.3%
Judgments and Claims	706	733	727	742	758	775	1.9%
Subtotal Recurring Expenses	**$94,001**	**$98,070**	**$96,775**	**$101,232**	**$103,604**	**$105,074**	**2.3%**
General Reserve	-	$300	$1,000	$1,000	$1,000	$1,000	n/a
Capital Stabilization Reserve	-	-	250	250	250	250	n/a
Other Adjustments	-	(400)	31	130	257	393	n/a
Subtotal Non-Recurring Expenses	-	**($100)**	**$1,281**	**$1,380**	**$1,507**	**$1,643**	**n/a**
Less: Intra-City Expenditures	($2,222)	($2,126)	($1,852)	($1,844)	($1,842)	($1,842)	n/a
TOTAL EXPENDITURES	**$91,779**	**$95,843**	**$96,204**	**$100,769**	**$103,269**	**$104,875**	**2.7%**

NOTES: Other non-recurring adjustments include reserve funds, energy, lease, and non-labor inflation adjustments. Debt service growth is unadjusted for prepayments of current year expenses with resources from the prior year. Figures may not add due to rounding.
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Spending

IBO projects that under the policies and programs expressed in the Mayor's latest financial plan, city spending adjusted for prepayments and other non-recurring expenses will total $97.4 billion in 2020, $97.6 billion in 2021, and grow to $103.2 billion in 2024; from 2019 through 2024, we expect total spending to increase an average of 2.2 percent a year. Similarly, we expect adjusted city-funded spending, which totaled $68.6 billion in 2019, to grow to $71.8 billion in 2020 and $77.5 billion in 2024, an average annual increase of 2.5 percent from 2019 through 2024.

After adjusting for prepayments and non-recurring expenditures, IBO expects city-funded agency spending, which excludes expenditures that are not centralized, to increase by nearly $974 million (1.8 percent) between this year and next.

Sources of Spending Growth. IBO estimates that agency expenditures will increase from $77.0 billion in 2019 to $81.9 billion this year, growth of 6.3 percent. In contrast, we expect agency expenditures to rise more slowly from 2019 through 2024, increasing at an average annual rate of 2.0 percent from 2019 through 2024.

Labor Settlements. Part of the explanation for this year's spike in agency spending is attributable to the settlement of the city's labor contracts with the uniformed unions, which established a pattern of wage increases for all uniformed union contracts for the 2017-2021 round of collective bargaining. The contracts, which are similar to the settlements reached with the civilian unions, provided the unions' members with wage increases totaling roughly 8 percent over the length of the contract. The Mayor's January Financial Plan includes an additional $72 million in the current year increasing to $100 million in 2024 to cover the cost of these settlements.

Fringe Benefits. Over the course of the financial plan, the primary driver of growth in agency spending is an increase in fringe benefit costs—in particular the cost of providing health care for city employees. In 2019, the city spent $10.2 billion on fringe benefits for city employees, $6.2 billion of which was the cost of health insurance for active and retired city employees. IBO estimates that 2020 fringe benefit costs will total $11.4 billion, $7.0 billion of which will be for health insurance expenses, comprising approximately 12 percent of the city's budget. By 2024, the city's fringe benefit costs are expected to increase to $14.2 billion, or nearly 14 percent of all city expenditures. We estimate that the cost of providing health insurance will increase by nearly 27 percent from 2020 through 2024, while fringe costs in total will increase by 25 percent during the same period.

Debt Service. Although the cost of debt service—payment of principal and interest on the funds the city borrows to finance capital projects—is currently lower than was estimated when this year's budget was adopted last spring, over the course of the financial plan IBO expects debt service to rise substantially as the city issues additional debt to finance its capital program. After adjusting for prepayments, debt service is projected to grow at an average annual rate of 7.8 percent, from $6.4 billion in 2019 to $9.4 billion in 2024, an increase of over $3.0 billion. In contrast, from 2014 through 2019, actual debt service costs increased an average of 3.2 percent annually.

The projected increase in debt service costs is almost entirely a product of OMB's estimate of new long-term bond issuance over the plan period. Debt service on new long-term bonds issued during the plan period is expected to add a total of approximately $2.2 billion to debt service costs by 2023, less any savings accrued from the retirement of older debt and refundings that may occur during that period. OMB's debt service forecast assumes the issuance of $3.0 billion of new debt for the remainder of the current year, increasing to $11.6 billion of new debt in 2024, for a total of $44.5 billion of new long-term debt issued during the plan period.

Salaries. In 2019, the city spent approximately $29.1 billion on wages and salaries for employees. The 2019 expenditure was over 6 percent greater than in the preceding year, primarily because a number of agreements with municipal labor unions on wage increases were finalized. Currently, nearly 80 percent of all city employees are working under labor agreements for the 2017-2021 round of bargaining. The Mayor's financial plan includes funding for the estimated cost of settlement of labor contracts that remain outstanding for the current round. These expenses are not specifically allocated to agency budgets, but rather are included in the centrally managed labor reserve fund. The January plan includes slightly over $1 billion for the current year and $2.1 billion for 2021 in the labor reserve, partly to cover the costs associated with settling the remaining labor contracts at the pattern set by the other contract agreements.

Pension Spending. In recent years there has been much critical discussion about the cost and viability of municipal pension funds. In the last 10 years New York City's contribution to its five pension systems has risen by over 55 percent, or an average of 4.5 percent annually, from $6.4 billion in 2009 to $9.9 billion in 2019. But as a result of the addition of a new pension tier and some actuarial changes, annual growth in the city's pension expenditures has slowed considerably in the last few years. The current financial plan budgets $9.8 billion for city pension costs in 2020. IBO estimates that increases in pension expenses across the plan period will average less than 1 percent a year, with expenditures rising to $10.1 billion in 2024. Despite this relatively small percentage increase, in dollar terms the rising cost of the city's pension contributions remains one of the major drivers of increased city spending through 2024.

Spending Re-estimates. IBO estimates that the Mayor's January plan understates the amount of city-funded expenditures needed in 2020 by $277 million. We expect city-funded spending will exceed the current plan for 2021 by $427 million and by $238 million in 2022. In the last two years of the financial plan, IBO's estimates of city-funded expenditures are very similar to those presented by the Mayor.

While IBO's estimates of expenditures funded with state and federal dollars do not directly affect the city's budget gaps, shortfalls in state and federal revenues can result in service reductions or a need for additional city dollars to replace funding that is not available from these other sources. IBO estimates that the January Financial Plan underestimates state and federal funding by $85 million in the current year. For 2021 through 2024, our estimate of the extent to which the financial plan underestimates state and federal aid ranges from $326 million in 2023 to $383 million in 2021. These underestimates are primarily the effect of OMB's customary under-budgeting of out-year federal and state funding, particularly in the police and fire departments. IBO's estimates of greater state and federal funding within these agencies' budgets is based on our analysis of actual levels of federal and state allocations in recent years.

Areas where IBO projects less-than-budgeted spending:

Debt Service. After adjusting for prepayments, the Mayor's January plan reduces current-year planned debt service expenditures by $129 million, nearly $47 million of which results from reducing the assumed rate of interest on the city's variable rate bonds to 2.8 percent. This rate is still above most interest rate projections for the current year. Moreover, OMB's rate assumption for 2021 remains at 4.25 percent. Using historical data and forecasts from financial institutions to project interest rates on variable rate bonds, IBO estimates that the city's debt service costs will be $39 million less than forecast by OMB this year and $28 million less in 2021.

Health Care Costs. The Mayor's January plan includes $7.1 billion for the city's provision of health care for current and retired city employees in 2020, rising to $9.5 billion in 2024. Based on historical increases in health care costs and federal forecasts, IBO's estimates of health care spending over the financial plan period are slightly lower than OMB projects. Although our estimate of the city's cost of providing health benefits in 2020 and 2021 are nearly identical to those of the de Blasio Administration, we expect the costs to be lower than presented in the Preliminary Budget by $223 million in 2022, $419 million in 2023, and $567 million in 2024.

Public Assistance Spending. IBO expects that city-funded spending on cash assistance for the poor will be lower than projected in the current financial plan. The city's cost estimates for public assistance are based on caseload projections that are nearly a year old. Because caseloads have been declining since the last projections were released, IBO expects that the cost to the city of public assistance will be lower than OMB estimates by approximately $20 million in each year of the financial plan period. In addition, we project that state and federal funds for public assistance will be $29 million lower each year than forecast by OMB.

Areas where IBO projects greater-than-budgeted spending:

Homeless Services. As in our analysis of prior plans, IBO's estimate of the cost of providing services for the homeless is the most notable difference between our forecast of expenditures and the Mayor's. IBO projects that the Department of Homeless Services (DHS) will require an additional $124 million in city funds for the current year, rising to $216 million in each of the subsequent years in the financial plan period.

IBO's forecast of greater-than-expected DHS expenditures is primarily the product of two factors. The first is IBO's assumption that the city is underfunding the provision of shelters, particularly for single adults. The city's current shelter cost estimate does not account for continued growth in the size of the single adult shelter population or for increases in the per diem cost of shelter. IBO estimates that increases in these shelter populations will require the city to provide an additional $117 million in 2020 and approximately $206 million for each year from 2021 through 2024. Our estimate of savings from a decline in the population of homeless families with children slightly offsets this cost increase.

In addition to costs related to understating growth in the homeless population, the Governor's Executive Budget also threatens to increase the city's cost of shelter provision. The Governor proposes to increase the city's share of the cost of services for families in shelters who are receiving Temporary Assistance for Needy Families from 10 percent to 15 percent. IBO estimates that the proposal—which would only affect the city among all of the localities in the state—would cost the city an additional $28 million. This change in share would also cost the city an additional $40 million in cash assistance, child welfare, and other expenditures.

Uniformed Overtime. We expect overtime costs for the police and fire departments will be higher than estimated in the Mayor's plan. Based on recent historical overtime usage in both departments, IBO anticipates that overtime costs for the police department will exceed the amount budgeted by $75 million in the current year and $50 million in each subsequent year of the financial plan. Similarly, we estimate that the city will spend an additional $50 million each year from 2020 through 2024 on fire department overtime costs.

Department of Education. IBO estimates that the city will have to provide an additional $96 million to the department in 2020, $63 million in 2021, $74 million in 2022, $144 million in 2023, and $173 million in 2024 for costs largely related to the city's funding of charter schools. Estimates of charter enrollment and basic tuition cost projections are the factors that drive IBO's charter school funding forecast. Our projections of charter school enrollment exceed the city's estimates by over 1,800 pupils in 2021, increasing to nearly 7,000 more pupils in 2024. Additionally, IBO projects modest increases in charter schools' basic tuition cost per pupil, which is set by the state. In contrast, the city's current estimates assume that per pupil costs remain constant.

Small Business Services. The budget for the Department of Small Business Services (SBS) has routinely been underfunded in the out-years of the financial plan. IBO estimates that SBS's city-funds budget will be $45 million more than budgeted in 2021 and 2022, and $4 million more in 2023 and 2024. Our assumption of higher costs is primarily the result of the budget not accounting for funding of the NYC Bus Program beyond the current year of the plan. The program, established in 2014, provides funds to reverse sharp cuts in wages for certain school bus drivers, attendants, dispatchers, and mechanics. Initially the grant was just for one year and capped at $42 million, but funding has been allocated every year since its implementation.

The January plan includes $41 million in funding for the program in 2020 but none in the remaining years of the plan period. Given the de Blasio Administration's support for this program, IBO assumes it will continue through 2022 at $41 million per year. We have not estimated this expenditure past 2022 as we do not know whether the Mayor and City Council who take office in January 2022 will continue to support this expenditure.

Campaign Finance Board. IBO projects that the Campaign Finance Board (CFB) will spend $30 million more than budgeted for 2021 and an additional $20 million in 2022 for matching funds for candidates running for city offices. CFB's current plan includes minimal funding for the provision of matching funds to candidates for city office. The next citywide election cycle will include elections for a new Mayor, Comptroller, and approximately two-thirds of the City Council. Term limits will also mean open races for four of the city's five Borough President offices. IBO's re-estimate of CFB spending for 2021 and 2022 is generally in line with expenditures in 2014, the last citywide election cycle without an incumbent Mayor running for re-election. In addition, our estimate takes into account recent legislation that raised public matching of campaign funds from 6:1 to 8:1.

Other Agencies. IBO projects that the Department of Sanitation (DSNY) will spend slightly less in 2020 and 2021 than currently planned and more than planned in the remaining years of the forecast period. We estimate that the department will spend $33 million less in 2020 and $5 million less in 2021, but $6 million more in 2022 and $30 million more in both 2023 and 2024.

The reduction in expenditures in the current year primarily results from our expectation that snow removal costs this year will be relatively modest. To date this year the city has seen very little in terms of snow and ice accumulation. Even after accounting for the possibility of a major snowstorm before the end of winter, IBO projects that the city will spend approximately $24 million less than currently budgeted for snow removal costs. Additional reductions in DSNY's budget for 2020 and 2021 result from IBO's expectation that the closure of the Fresh Kills landfill is proceeding more slowly than planned. IBO projects that the cost of closing Fresh Kills will be lower than currently budgeted in the first two years of the plan, although the entirety of the savings results from a delay in expenditures, with commensurate increases in expenditures for 2022 and 2023. Finally, IBO assumes that DSNY's budget for costs other than staffing related to recycling will require additional funding because these items currently cost considerably more than the city has budgeted.

Certain areas within the Department of Parks and Recreation's budget are typically underfunded or—in certain cases—not funded at all in the financial plan. Based on past expenditures, IBO estimates that the department's budget will increase by $12 million in 2020 and approximately $15 million in each year from 2021 through 2024. We re-estimate planned expenditures primarily within such areas as auto maintenance, funding for the Wildlife Conservation Society, and human resources.

IBO estimates that the Department of Housing Preservation and Development's (HPD) budget will require an additional $4 million of city funds in the current year and $6 million in each succeeding year of the financial plan period. HPD pays for housing expenses when households are unable to inhabit their homes due to fire, flood, or the presence of other dangerous structural conditions. Our estimate is in line with historical spending levels. In addition, we assume that the city will supplement these city funds with federal Community Development Block Grant funding of $1.4 million in 2020 and $4 million in each year from 2021 through 2024.

Citywide Savings Plan. As in each of his previous financial plans, Mayor de Blasio has called on city agencies to suggest initiatives that provide the city with additional resources either through reduced city expenditures or increased revenues. For the first time in the Mayor's tenure, last spring's Executive Budget had a Program to Eliminate the Gap (PEG), which included an expansion of the city's partial hiring freeze. While last year's PEG was scheduled to yield savings resulting from the hiring freeze in the current year and beyond, nearly a year later the de Blasio Administration has yet to release any details on where and if the savings accrued.

The Mayor's January Financial Plan includes a Citywide Savings Plan (CSP) that provides $456 million of additional resources in the current fiscal year, $259 million in 2021, $183 million in 2022, $203 million in 2023 and $235 million in 2024. Including the initiatives from the November 2019 Financial Plan's CSP, the additional resources attributed to the CSP for 2020 and 2021 total approximately $1.2 billion.

IBO estimates that nearly 77 percent of the January plan's CSP for 2020 is the result of savings from reduced debt service costs and the realization of additional revenue, resources that would have likely materialized without agencies having to be proactive. Only slightly more than 1 percent of the current year resources in the CSP are the result of agency efficiency efforts, defined by OMB as "active changes to agency practices that improve the City's finances without reducing service levels." Efficiencies make up a larger share of the 2021-2024 CSP, comprising nearly 19 percent of the total for 2021 and 25 percent for 2022. But nearly all of this increase is the result of what the Department of Education describes as staffing efficiencies, which OMB estimates will save the city $39 million each year from 2021 through 2024.

Citywide Savings Program, January 2020
Dollars in thousands

	2020	2021	2022	2023	2024
Accruals	($7,762)	($2,261)	($2,000)	($2,000)	($2,000)
Additional Revenue	(221,593)	(8,963)	(3,230)	(3,230)	(3,230)
Debt Service	(129,157)	(12,333)	(15,050)	(35,876)	(67,839)
Efficiency	(5,765)	(48,654)	(46,351)	(46,351)	(46,351)
Funding Swap	(16,085)	(12,490)	(8,600)	(8,600)	(8,600)
Reestimates	(54,631)	(158,999)	(104,819)	(104,819)	(104,819)
Underspending	(6,247)	(2,188)	(1,000)	(1,000)	(1,000)
Vacancies	(14,621)	(12,697)	(1,500)	(1,500)	(1,500)
Total	**($455,861)**	**($258,585)**	**($182,550)**	**($203,376)**	**($235,339)**

SOURCE: IBO categorizations based on Mayor's Office of Management and Budget data

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Pressure Points

IBO's forecast of continued, albeit slower, economic growth for the city yields estimated revenue growth that exceeds the growth in city-funded expenditures over the plan period. Coupled with our re-estimates of expenditures, these trends lead us to forecast relatively small and manageable out-year budget gaps. Yet, even with manageable gaps, a number of uncertainties exist that could greatly affect the stability of the financial plan. Primary among these uncertainties is the impending adoption of a state budget and the Governor's proposal for sweeping changes to the formula for funding the state's Medicaid program. Additional fiscal uncertainty arises from the status of the city's municipal labor contracts, many of which will begin to expire in 2021 and 2022. The persistent financial instability of the Metropolitan Transportation Authority and NYC Health + Hospitals (H+H) as well as the large-scale capital needs required by the New York City Housing Authority (NYCHA) continue to pose risks to the city's finances as each continues to require a sizeable city financial contribution. Finally, the possibility of recession and an accompanying contraction of the local economy remain a threat, although less so than in the recent past.

State Budget. Governor Cuomo's Executive Budget proposal seeks to tackle an over $6 billion gap in the state budget for the upcoming fiscal year. It is widely estimated that nearly half of that gap is the result of rising costs in the state's Medicaid program. The Governor has proposed various changes in an attempt to rein in the program's costs, starting with a 1.0 percent cut to the program that took effect in January. His Executive Budget proposal would alter the state policy of capping localities' annual cost increases for Medicaid. The Governor has stated that the changes he has already proposed for Medicaid would not cost the city more than $221 million. Although the Governor's revised budget legislation clarified some aspects of the local share proposal, much remains unknown about how growth in local Medicaid spending will be measured making it difficult to provide robust estimates of the fiscal impact of the change on the city. Still, it is quite likely that the change would cost the city hundreds of millions of dollars annually.

The Governor is also counting on implementing recommendations from his Medicaid Redesign Team to generate $2.5 billion in savings in the upcoming state fiscal year. With the proposals due by April 1 and little information as to what reforms the redesign team will consider and recommend, it is impossible to estimate how any changes would affect the city's financial plan. The small window of time in which decisions on adjustments to the state's Medicaid program need to be made increase the likelihood that such decisions will not be thoroughly considered through the lens of their effects on local budgets.

Labor Costs. Currently, nearly 80 percent of all city employees are working under the terms of labor agreements for the 2017-2021 round of bargaining. The Mayor's financial plan includes funding for the estimated cost of settling the remaining outstanding labor contracts following the already established civilian and uniformed patterns for the current round of collective bargaining. Funding for labor contracts that are not yet settled is included in the centrally managed labor reserve fund, rather than allocated to the budgets of specific agencies. The January plan includes slightly over $1 billion in the current year and $2.1 billion in 2021 in the labor reserve, with much of that expected to be used as remaining contracts are settled.

The current financial plan also includes adequate funding for the cost of 1.0 percent annual salary increases in each year of the next contract cycle, which would begin in 2022. Given that annual salary increases have invariably exceeded 1.0 percent, it is very likely that the cost of future settlements will exceed the funding available in the labor reserve. Assuming the remaining outstanding contracts from the current round have been settled but no new contracts for the next round have been completed, IBO estimates that by the end of 2021, nearly 37 percent of the city's full-time workforce would be without a current labor contract. By the close of 2022, when a new mayoral administration will be in place, over 55 percent of the workforce would be working without a contract.

While IBO does not estimate wage increases that will be included in future labor contracts, we are able to estimate the total cost of each additional 1.0 percentage point wage increase. Because of the very small number of contracts expiring in fiscal year 2020, we estimate that each additional percent increase above the amount currently budgeted would cost the city only $1 million. By 2021, each additional percent of salary increase will cost the city $44 million, with subsequent years costing $258.2 million, $551.6 million, and $869.3 million in 2022, 2023, and 2024 respectively.

MTA and H+H. The city's contentious relationship with the state in regards to the MTA continues to be a source of fiscal uncertainty for the city. The transportation agency faces a number of financial challenges both in funding its operating expenses and financing and managing its capital program. In recent years the city has taken on a greater financial responsibility for the financing of the MTA's capital plan as well as providing the agency with additional funding for its operations.

Last year the city was compelled to provide $400 million for the MTA's "Action Plan" for emergency repairs to stabilize the subway system. This year the MTA has requested $3 billion from the city for the transportation authority's new five-year capital plan and an increase of approximately $100 million a year in the city's contribution towards operation of the MTA's paratransit system. The latter request is one of the "adjustments" needed to balance the MTA's 2020 operating budget. The MTA's operating shortfall is projected to grow to $1.9 billion in 2023, and pressure on the city to help close that gap may mount. Financing the balance of the 2015-2019 MTA capital plan and the start of the 2020-2024 plan, even if revenue from congestion pricing begins to flow in 2021, is likely to further increase the pressure on the transportation authority's operating budget. The risk for the city is that additional demands from the state to support the MTA will up-end the city's own fiscal balancing act.

New York City Health + Hospitals' still fragile fiscal health also continues to be a potential threat to the city's financial stability. While the state grapples with a large budget deficit, attributable in part to the rising cost of Medicaid, the Governor has already implemented a program that cuts Medicaid payments to hospitals by 1.0 percent. H+H estimates that this cut will cost the city's public hospital system approximately $65 million over the next two years. The Governor's panel of experts, the Medicaid Redesign Team, will likely propose further changes to the Medicaid program that could lead to even greater financial strain on H+H. In addition, potential changes in federal health care financing policies for Medicaid and Medicare, including some stemming from legal challenges to the Affordable Care Act, could further destabilize H+H's financial status.

NYCHA. Early last year NYCHA was compelled by the U.S. Department of Housing and Urban Development (HUD) to accept the terms of an action plan aimed at resolving the dangerous physical conditions that exist in NYCHA properties after years of underfunding, neglect, poor management, and lack of oversight. The agreement between HUD and NYCHA installed a federal monitor at NYCHA to ensure that the authority complied with its obligations under the plan.

In the year since the agreement was signed, NYCHA has developed plans to address some of the most critical deficiencies, including breakdown-prone heat and hot water systems and frequently broken elevators. These plans are the first steps in enhancing the quality of life for NYCHA tenants, but the cost of implementing the plans remains unknown. Estimates for the cost of bringing the entire public housing system up to standards are enormous. NYCHA's most recent five-year capital needs assesment calls for $32 billion of critical capital upgrades and a total capital need of $45 billion to bring all NYCHA properties into a state of good repair over the next two decades—the current five-year capital need has nearly doubled since its last assessment.

While the majority of NYCHA's capital funding has traditionally been an obligation of the federal government, in recent years the share of the agency's capital plan funded by Washington has diminished. In its current capital commitment plan for 2020 through 2024, the city is providing a total of $2.8 billion, slightly under half of NYCHA's $6.4 billion capital plan for the four years; notably the authority's capital plan covers only 20 percent of what the agency has identified as its critical capital needs over the next five years. The city is likely to face pressure to increase its capital contribution to NYCHA in order to prevent further deterioration of the city's public housing stock.

In Reserve

The Mayor and City Council continue to place substantial funds into reserve that would be available to help balance the budget in the face of either a sharp drop in revenue or the need for unexpected spending. The January plan includes $300 million in reserve funds for 2020—dollars budgeted as expenses but not attached to any specific budget function. At the start of the year, these reserves stood at $1.40 billion, but as is typically done at this point in the fiscal year, the city has drawn down some of the reserve and used it to bolster the surplus for the current year, which in turn will be used to balance the budget for 2021. If the remaining reserve funds go unused, they will also become part of the surplus. The financial plan also contains unallocated reserves of $1.25 billion in each year from 2021 through 2024.

In addition to these budgeted reserves, the de Blasio Administration has put aside an estimated $4.8 billion in the Retiree Health Benefits Trust (RHBT). While funds in the trust can only be used to pay all or part of the cost of retiree health benefits in a given year, a sizable sum would be available: $2.1 billion in 2020 and $2.3 billion in 2021. Retiree health costs paid with funds from the trust free up an equal amount of city funds in the budget for other needs, although dipping into the trust fund to provide budget relief makes the city's challenge of funding its future health care obligations to retirees more difficult.

If IBO's economic forecast and our re-estimates of city revenues and expenditures prove generally correct, then the city's fiscal condition should remain stable, with revenue growth exceeding expenditure growth over the financial plan period and current-year budget surpluses and future-year gaps of a size that the city has routinely managed in past years. We estimate that the city will end 2020 with a total surplus of over $2.6 billion before drawing down the remaining $300 million in unallocated reserves in this year's budget. This surplus could be used to prepay 2021 expenses, creating a 2021 surplus of $240 million. These funds, along with $692 million in additional resources IBO expects in 2022 above what OMB has projected, could reduce the budget gap in that year to $1.5 billion (2.0 percent of estimated city-funded expenditures). Similarly, our forecasts of revenues and expenditures in the remainder of the financial plan reduce the city's budget gap in 2023 to $1.6 billion (2.1 percent of estimated city-funded expenditures) and $247 million (0.3 percent of estimated city-funded expenditures) in 2024. If the city is unable to close these gaps with additional revenues or savings, the $1.25 billion in reserves budgeted for each year of the financial plan and the funds allocated to the RHBT are available to help bring the budget into balance.

New York City's current economic expansion, measured by payroll employment, is entering its 11th year, making it the longest period of uninterrupted job growth on record. From 2015 through 2019, New York City added an average of 95,700 jobs annually and city tax revenue grew by over $10 billion, averaging 4.3 percent growth annually. IBO's current projections signal a sharp decline in job growth over the next two years, with slower growth across all private-sector industries. The sharp slowdown in New York City's job market is a product of our expectation that U.S. economic growth will slow in 2020 and 2021 and recover only slightly in 2022, combined with factors specific to New York, including a shrinking labor force, weaker property markets, and signs of contraction in the retail and tourism sectors.

Moreover, there are significant downside risks to IBO's economic and tax forecasts. The national economy is still facing headwinds from trade disputes and now may be effected by the spread of the coronavirus. Closer to home, there are threats posed by proposals in the Governor's budget that would shift some of the cost of closing the state's budget gap to the city. Fiscal challenges at the MTA, H+H, and NYCHA—agencies not under the city's direct control—could also put more pressure on City Hall for aid and further strain the city's budget.

ENDNOTES

[1]Prior to 2015, all corporations were taxed under either the general corporation tax (GCT) or banking corporation tax (BCT). With state and local tax reform, C-corporations are now taxed under the combined business corporation tax, while S-corporations are still taxed under the original GCT or BCT. The projections here refer to the sum of revenue from all three corporate tax mechanisms.

[2]Relevant base-broadening measures that have flowed through to the city's tax definitions include a limit on deductions for interest expenses and the inclusion of global intangible low-tax income.

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

TESTIMONY OF NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER

COMMENTS ON NEW YORK CITY'S
FY 2021 PRELIMINARY BUDGET
AND FY 2020-2024 FINANCIAL PLAN
BEFORE THE
NEW YORK CITY COUNCIL FINANCE COMMITTEE

March 2, 2020

Good afternoon, Chair Dromm and members of the Finance Committee. Thank you for the opportunity to discuss the City's FY 2021 Preliminary Budget. Joining me is our Director of Budget Research, Tammy Gamerman.

Each year we have an opportunity to consider how to ensure our city is best serving working families and promoting policies that give our most vulnerable residents the resources they need to succeed. The budget is a statement of our values, and I hope that my testimony today will help you craft a budget that lifts up our communities.

At the same time, we must also manage our City finances for the long term. Because if we fail to put our financial house in order today, we run the risk of failing the residents of our City tomorrow.

The national economy is experiencing the longest expansion on record. Since the end of the Great Recession, New York City has added close to 900,000 private-sector jobs. A booming economy and growing tax revenues have enabled us to invest in critical initiatives such as Universal Pre-K.

This year we saw additional positive new investments, including the implementation of criminal justice reforms, pay parity for early childhood educators, and fair funding for our contracted social services providers.

But I want to use this opportunity to address the coronavirus and its impact on our city finances and the pension funds. As the City's chief fiscal officer, it is my responsibility to monitor events that affect the markets.

Global equity markets have sold off significantly and U.S. equity markets have fallen by nearly 12 percent off their recent highs in the face of concerns about the impact of the pandemic on economic activity. Last Thursday saw the largest single point loss in the U.S. stock market in history. Conversely, U.S. government bonds and gold have rallied with the 10-year U.S. Treasury yield marking a new all-time low.

Impacts to public equity and bond market returns affect our pension fund investments. We are actively monitoring the markets. Our Rebalancing Committee reviews global market trends and determines if any adjustments to the target allocation of a specific public market asset class are warranted, within the ranges set by each Board of Trustees. This committee, which ordinarily meets monthly, is now meeting daily to assess current market developments and respond if necessary.

For perspective, we should recall that we are coming off one of the longest stock market growth periods in history, and historic highs. And as investors, the pension funds take a long-term view and our asset allocation is designed to protect against instability.

As long-term investors, it's worth remembering that we have gone through similar episodes many times, and the most likely outcome is that markets will resume growth and regain their losses once the outbreak has been contained and run its course. In the meantime, we continue to monitor markets carefully and are prepared to take any appropriate steps.

But even setting aside the impact of the coronavirus on the economy, the rate of economic growth is slowing. We have to recognize that we will not see the level of economic growth we have enjoyed in recent years forever. Locally, my office predicts that over the next four years, job growth in the city will decline to half the rate of the last decade. Risks and uncertainties loom, from the impact of the coronavirus to the outcome of the presidential election this fall.

But it is our job to manage the world's greatest city through the good times and the bad times. Fiscally responsible management of the City's budget requires taking the long view to be ready for the bad times: to not just balance this year's budget, but to ensure we take actions today that protect our ability to provide the critical services that New Yorkers rely on tomorrow.

I remain concerned that we simply have not done enough to hedge against future risks. We know from experience that a downturn will hurt our most vulnerable residents the most. The window for action is closing.

With this in mind, I want to begin with a review of the City's Fiscal Year 2021 Preliminary Budget and the Financial Plan.

Over the City's Financial Plan through FY 2024, spending is projected to grow at an average annual rate of 2.3 percent. In contrast, revenues are projected to grow at an average rate of 1.6 percent each year resulting in budget gaps of $2.4 billion in FY 2022 and $2.7 billion in each of fiscal years 2023 and 2024.

My office expects tax revenues to rise by 3.1 percent per year on average, slightly higher than the Administration's assumption of 2.6 percent per year average growth. As a result, we expect additional revenues of $281 million this year, $520 million in FY 2021, and higher amounts in the subsequent years. The biggest contributor to our higher forecast is the property tax, due to both higher anticipated growth in assessed values in the near term, and a lower level of reserves than what the Administration is forecasting.

However, it's worth noting that both our and the Administration's forecasts of revenue growth rates have declined compared to last year – another indication of the expected slower economic growth going forward.

In addition, we have also identified several large risks on the spending side of the budget including overtime, charter school tuition, and special education contract schools. The Fair Fares program, which I support, remains unfunded in the out years, and possibly underfunded next year.

Taken together, our revenue and expense projections result in a minimal surplus in the FY 2021 budget and modestly smaller gaps in the last three years of the plan.

But this Preliminary Budget was released before the State Executive Budget – and the State budget has added new reasons for concern. Since 2015, actions in the State Budget to shift costs and unfunded mandates onto New York City have piled up, resulting in nearly $800 million in higher City spending in the FY 2021 budget.

The trend continues this year, with proposals that would make the City pay more for family assistance and child welfare services and for public education. Taken together with past actions, that's over a billion dollars more in City-funded spending next year to meet critical service needs.

But of even greater concern are proposals that would shift hundreds of millions of dollars of Medicaid spending onto New York City – as much as a billion dollars next year. This is untenable and wrong to balance the Medicaid budget on the backs of local governments that do not set the terms of eligibility or benefits.

As you work with the Mayor to adopt a final budget, I urge you to take action to protect the important gains we have made toward creating a more equitable and just city.

As I've said every year that I've testified before this body, my office has determined, based on analysis of historical experience and the advice of credit rating agencies, that the City should have a budget cushion of between 12 and 18 percent of spending. But since FY 2017, progress in increasing the cushion has stalled at around 11 percent.

At the start of the last recession in FY 2009, the City's budget cushion was equivalent to over 17 percent of adjusted spending. Despite those resources, and even with the help of the Obama stimulus bill, we were still forced to raise taxes and cut services to weather the storm.

In order to be prepared to meet any future challenge, we need to generate more recurring agency savings.

The most recent Citywide Savings Plan is expected to provide budget relief totaling $456 million this year, and $220 million per year on average through FY 2024. But, as in past rounds, much of the savings relies on re-estimates of spending, identifying federal, state or other funding sources, and on debt service savings, and too little from agency savings.

I'm proud of the over $2.2 billion in debt service savings my office, working with the Mayor's office, have achieved for the City over the last six years. But this cannot take the place of real agency savings. City agencies must work harder to identify recurring efficiencies. Too much of the savings from efficiency initiatives rests on just a handful of actions at a couple of agencies, and not enough on a broad-based effort to look at every nook and cranny of City agency spending to identify savings.

Not only must city agencies contribute more to savings, they must be accountable for the public money they spend.

Two years ago, I introduced the Comptroller's Watch List to highlight areas of high spending growth and lackluster results. The watch list includes the Department of Correction and homeless services spending. This year we have also added the Office of ThriveNYC.

This year we will spend more than double what we spent in FY 2014 on homeless services – $3.3 billion dollars across all agencies. But the shelter population remains near 60,000 people every night. We simply cannot continue to spend more than $3 billion a year without accountability for results. And we are just not seeing those results.

Similarly—as we have reported for six years in a row— even while the jail population has been steadily falling, the cost per incarcerated individual is going up, and the culture of violence has not abated. Last year we spent nearly $340,000 per year to house one person on Rikers Island.

With bail reform and changes to discovery laws, the jail population is declining even more rapidly. Now is the time to take the savings from reducing the incarcerated population on Rikers and invest in expanded programming and treatment, and in communities that have been harmed by decades of disinvestment, neglect, and the criminalization of poverty.

With respect to ThriveNYC, I want to be clear – I fully support the intention of ThriveNYC, and I applaud the Mayor and the First Lady for bringing attention to the mental health needs of New Yorkers – especially those who have fallen through the cracks of our mental health systems in the past.

But the very nature of ThriveNYC means that we need more than the usual level of information about spending and outcomes to evaluate the success of its 30-plus programs. And yet – the Office of ThriveNYC has missed its own outcome reporting deadlines, posted outdated budget information on its website, and failed to provide an accounting for FY 2019 spending – 8 months after the end of the year.

If Thrive cannot provide this basic and critical information in a timely fashion, then I question whether it is the appropriate framework for delivering mental health services.

To conclude, I hope my message today is clear because it's urgent. The economic growth we've relied on in recent years is slowing down, especially when we look ahead to 2021. And as we have seen with the coronavirus, an unexpected shock can upend economic growth forecasts in ways that are difficult to predict today.

We can, and must, do more to prepare for the risks and uncertainties that lie ahead. Today we face critical challenges in keeping our City affordable for our working families, as the costs of housing and child care soar. If we are not actively preparing today for the future, those challenges will only get more daunting. We cannot allow that to happen. We must ensure that we can continue to provide the promise of New York, today, and in the future.

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

Bowen Public Affairs Consulting

Testimony before the New York City Council Committee on Finance
Daniel Dromm, Chair
March 2, 2020

My name is Andrea Bowen, Principal of Bowen Public Affairs Consulting. I advocate on policy matters that advance the cause of economic justice. Thank you Chair Dromm, Council members and staff of the Committee on Immigration, for this hearing, and for the opportunity to speak today.

I am making budget requests in favor of several clients and causes this year, and I'd like to highlight them for your briefly.

Council of Family and Child Caring Agencies (COFCCA):

- **$50,000** for an array of technical assistance (TA), customized trainings, and coaching for Child Welfare staff in order to improve staff retention, competencies, and skills.

COFCCA is the principal representative for nearly all the not-for-profit organizations providing foster care, adoption, family preservation, and juvenile justice services in New York State. COFCCA is comprised of over 100 member organizations, ranging in size from small community based programs to the nation's largest multi-services agencies — all of which share the mission of serving children and families. COFCCA works with its members and government to ensure quality services for children and their families.

Although there are resources available to Child Welfare agencies and workers, there remain many gaps. COFCCA— with its reach, reputation, and neutrality is uniquely positioned to respond. The services provided here are complementary to, and not duplicative of, other support and training available through ACS and the provider agencies themselves. Training will be customized according to staff needs. We would also offer reflective coaching and motivational interviewing: targeted short-term interventions currently not available to Child Welfare workers. Research supports the promise and effectiveness of these interventions.

The NYC Council noted in its FY20 preliminary budget report on ACS that "there is 40 percent caseworker turnover, suggesting that ACS has work to do to develop an experienced workforce and curb a steep rate of attrition." Meanwhile, while the staff of COFCCA's membership is approximately 75%-80% people of color, most of the management is generally white. Drawing from a wealth of research, Casey Family Programs (https://bit.ly/2OCtqV5) has identified that a comprehensive training system and efforts to address racial equity are vital to addressing high turnover in the Child Welfare field. This research reflects COFCCA's experiences with its members. COFCCA member experiences, along with the evidence base, inform the approach outlined in this proposal.

Sex Workers Project at the Urban Justice Center:

- **$110,000** for a lawyer to focus on workers' rights, labor and employment law issues in the legal sectors of the sex trades including wage theft, sexual harassment, racial discrimination, stalking, digital privacy and police misconduct.
- **$48,000** to fund the operation of sex worker community empowerment groups, which will meet regularly with a curriculum that includes financial literacy and planning, safety

planning for the sex trades, job skills for the sex trades, job readiness for jobs in the formal economy, and other leadership skills (e.g., how to speak to media, community fundraising and organizing, organizational governance). These skills could also help members of these groups eventually join staff of the Sex Worker Project or a stipended client and community advisory board.

Sex Workers Project at the Urban Justice Center (SWP) provides client-centered legal services to individuals who engage in sex work, regardless of whether they do so by choice, circumstance, or coercion. One of the first programs in the nation to assist survivors of human trafficking, the Sex Workers Project has pioneered an approach to service grounded in human rights, harm reduction, and in the real life experiences of our clients. We engage in policy advocacy, education, media, and organizing to build a movement to protect the human rights of sex workers. We aim to create a world that is safe for all workers and where human trafficking does not exist.

As regards the ask for the attorney, sex workers, as with other workers, are subject to a variety of abuses at the hands of clients, managers and employers: wage theft, sexual harassment, and racial discrimination to name a few. We intend to use this legal funding to address these issues.

As regards the ask for sex worker community empowerment groups, sex workers marginalized as they are from the formal economy, are in need of services that build leadership skills and provide affirming pathways to both safer work experiences within the sex trades, and skill-building for the formal economy depending on their own goals. The majority of workforce programming provided by the City is for youth, provided by DYCD. While Workforce1 Centers are helpful in connecting adults directly to employment, and other organizations provide workforce services that reach sex workers, we are the only organization specifically directed toward sex workers, and that is sex-worker-led, that also provides employment skill-building services such as this. We are also the only organization that does not ignore the real life financial and safety planning skills needed while people are working in the sex trades.

Transgender, Gender Non-Conforming, Non-Binary Immigration Legal Services Initiative:

- **$800,000** worth of funding, ideally in a new initiative, spread among six organizations, that will bolster the resources of agencies that have experience providing legal direct services to transgender, gender non-conforming, non-binary (TGNCNB) immigrants. Below is the breakdown of asks:

Organization	Application ID	Amount Requested
New York City Anti-Violence Project (AVP)	90199	$200,000
Brooklyn Defender Services (BDS)	86845	$100,000
Bronx Defenders (BxD)	92642	$100,000
Make the Road New York (MRNY)	91969	$200,000
Sylvia Rivera Law Project (SRLP)	93053	$100,000
Urban Justice Center - Peter Cicchino Youth Project (PCYP)	93418	$100,000

Funds will be used to strengthen both the specific needs of individual legal services providers, and also strengthen the overall system of the small community of legal services providers that have experience serving TGNCNB immigrants. This means the group of organizations will, with differentiations among each organization's specific asks:

- fund new attorney staff lines;
- fund staff that can provide supportive services in legal cases;

- backfill immigration legal positions that lack dedicated funding, which will free up resources that can be used for wraparound services;

Organizations will represent TGNCNB clients in affirmative immigration applications and non-detained removal proceedings. This representation will range from applications for asylum to applications for U and T visas for victims of serious crimes and human trafficking to deportation defense, all with a culturally competent lens to affirm the experiences of TGNCNB clients and translate those experiences into the immigration legal system's context, which will increase the likelihood of success in their cases.

What is the need/focus/urgency?

- A systemic lack of resources, even for the most experienced providers:
  - There is a lack of free legal service providers that are affirming of TGNCNB people, and understand the complexity of immigration cases of TGNCNB people.
  - This proposed new initiative would support these affirming and knowledgeable providers to strengthen a system of support for TGNCNB immigrants.
- Increasing numbers of TGNCNB clients over the last few years, even the last year:
  - AVP's legal department has experienced escalating demand for services: a 30% increase in the number of clients seeking assistance with immigration matters last year over the year prior, with demand only continuing to increase. 44% were full legal representation for a transgender/gender nonconforming/non-binary (TGNCNB) client (compared to 38% in the previous year).
  - SRLP estimates that it received 167 requests for representation in immigration cases, among legal helpline calls, emails, and walk-ins/community referrals. SRLP was only able to take 35 cases for full representation in 2019. Of those 35,

SRLP's positive outcomes were: 1 permanent residency, 1 naturalization, 3 asylum, and 1 T visa. Others remain pending, either with USCIS/immigration court, or other wraparound services yet to be completed.

- Peter Cicchino Youth Project (PCYP), which also receives other immigration legal funding from the NYC government, has a wait list going back almost a year, which can be problematic to people seeking asylum or special immigrant juvenile status.
- BDS and BxD have both seen significant increases in the number of TGNCNB immigrants seeking representation in legal cases.
- This is a long-recognized need. In 2016 and 2017, several TGNCNB-serving organizations engaged in five borough needs assessment forums. TGNCNB community members identified a need for increased immigration legal services, identifying an overstretch of legal resources for TGNCNB immigrants.

- TGNCNB immigrants present with more complex legal cases than other immigration clients, <u>requiring more cases per client</u>, <u>more time to work on those cases</u>, and <u>greater need for wraparound services.</u>
    - TGNCNB immigrants, unlike people who identify as cisgender, do not come with networks of families.
    - The need for individual survival, both in escaping violence in home countries and in surviving economically in the United States, indicates client services and cases that are not necessarily seen in other immigration cases:
        - cases relating to identity documents,
        - to criminal cases arising out of survival activity,

  - and to complexities of reengagement that are specific to the TGNCNB experience (greater levels of homelessness and unemployment than cisgender people, stressing the importance of building a trusting bond with an affirming provider and also providing resources to find clients who have fallen out of contact).

American LGBTQ+ Museum:

- Finally, in my capacity as a volunteer board member, I support Council funding the American LGBTQ+ Museum's request of **$250,000** in Council discretionary expense funding to support the museum in building its organizational infrastructure and allowing it to begin unveiling its public presence.

The mission of the American LGBTQ+ Museum will be to preserve, investigate, and celebrate the dynamic histories and cultures of lesbian, gay, bisexual, transgender, and queer people, as well as the emergent and adjacent identities among our communities. Using exhibitions and programs, we seek to advance LGBTQ+ equality through the lens of social justice movements, including, but not limited to, race, gender, class, immigration, and disability.

Thanks to you, Chair Dromm, New York City Council Speaker Corey Johnson, and other Council Members' generous and enthusiastic support of the American LGBTQ+ Museum, the growth and success of the Museum project thus far means we will be primarily funding staff and, within Council rules, consulting fees, to move this project toward a public phase. Our Council funding thus far has allowed us to build the Museum concept with ample public participation and the hiring of a highly respected museum consultant, Amy Kaufman.

With the Council's support thus far ($125,000 in City FY19 and $145,000 in City FY20), we have been able to build to the point of:

- Pursuing viable and credible partnerships which will allow us to open doors to a physical location within a few years;
- Securing our Museum charter from the New York State Education Department Board of Regents;
- Creating a detailed strategic and business plan (known within the museum planning field as the "museum concept") for the American LGBTQ+ Museum;
- Finalizing a dedicated working board that reflects the LGBTQ+ community, with members reflecting a broad range of racial, gender, and professional diversity;
- Being ready to hire an Executive Director, a necessity due to the increasing complexity of our incoming potential partnerships and serious pursuit of major individual and institutional philanthropic donations.

In the FY21 fiscal year, this staff and consultants, along with the Museum's Planning Committee, will plan and execute several tasks, including:

- public unveiling of the Museum, via website launch and social media;
- continued community engagement, among other forms of pilot programming;
- selection of the Museum's design team;
- search for real estate for the Museum's eventual home;
- further business planning (e.g., identifying expenses associated with ramping up Museum planning and operations); and
- development of strategic partnerships to allow for both museum growth and elaboration of the Museum's collection development.

COFCCA, Sex Workers Project at the Urban Justice Center, the organizations involved in the TGNCNB immigration legal services initiative, and the American LGBTQ+ Museum Planning Board members look forward to working with you, your staff, and fellow Council Members and staff, as budget season proceeds to provide more detail to these asks. I appreciate the opportunity to go on the record presently and outline this issue and request. You can ask me further questions at andy@bowenpublicaffairs.com.

LiveOn NY

Making New York a better place to age

New York City Council
Committee on Finance, Chair, Council Member Daniel Dromm
March 2, 2020
Preliminary Budget and Oversight Hearing

Thank you, Chair Dromm and the Finance Committee, for the opportunity to testify on how we can work together to make New York a better place to age. LiveOn NY also thanks Mayor de Blasio, Speaker Johnson, DFTA Commissioner Lorraine Cortés-Vázquez, Aging Committee Chair Margaret Chin and the entire City Council for their consideration of the needs of older adults in the FY21 budget.

LiveOn NY would not want to miss an opportunity to testify on record to the significant budgetary investments needed to best serve New York's older adult population.

With a base of more than 100 community-based organizations, LiveOn NY's members provide core services that allow older adults to thrive in their communities, including senior centers, congregate and home-delivered meals, affordable senior housing, elder abuse prevention services, caregiver supports, transportation, NORCs and case management. DFTA's network provides services to over 50,000 older adults daily. *Let's be clear: these services are vital to the well being of older adults.* Studies have shown that services such as senior centers, home delivered meals, and many others help prevent social isolation and positively impact health outcomes.

LiveOn NY recognizes and is encouraged by initial investments in senior services by the de Blasio Administration and ongoing investments by City Council. With that said, the DFTA budget still accounts for less than half of 1% of the total City budget, a point that is only exacerbated by the fact that aging New Yorkers now outnumber school-aged children. It is imperative that we continue to develop and maintain a robust system that will serve the rising number of older adults in the City. Aging is a multifaceted process, and supports need to be in place to address the nutrition, housing, and overall well-being of older New Yorkers. As the City continues to grow and prosper, we must not leave behind the people who helped build it. The need is urgent, especially when we consider that according to a study by Center for an Urban Future, 20% of older adults in New York City are living in poverty.[1] **To truly show our commitment to the older adult population, the City must properly invest in the Department for the Aging, and go #AllInForAging.**

LiveOn NY's priorities are attached to our testimony, and are briefly highlighted below:

Invest $16 Million for Home Delivered Meals

First, it is important to note that the Home-Delivered Meals program is currently in the middle of an RFP solicitation, in which nonprofits are poised to determine their ability to continue participating in the program. From a mission driven standpoint, this is an easy decision. The program is invaluable, as the majority of individuals utilizing the program are women of limited means who live alone, and on average, these meals account at least half of their total food for the day. Nationally, 59% of meal recipients live alone, and the person delivering the meal is often the only person they will see that day

[1] Center for an Urban Future, *New York's Older Adult Population is Booming Statewide*, February 2019

and provide much needed social interaction.[2] However, despite the clear importance of this work, from an economic standpoint the decision to continue participating in the City's home-delivered meal program becomes much more treacherous.

Currently, providers are losing hundreds of thousands of dollars each year through these contracts. At the $9.58 funding rate provided in the current RFP, nonprofits will continue to lose money on every meal they serve. At this rate, NYC will be reimbursing providers approximately **20% below the national average of what a meal cost in urban areas five years ago.**[3] Evidence of the inadequate funding available is also displayed through the Human Services Council RFP rating, which scored the RFP at 75% in overall risk — the highest scoring of risk in the history of the rater — with financial adequacy being the greatest driver of risk.

With more than 27,000 older adults having received these life sustaining meals in 2019 alone, we must ensure that the program is kept solvent for years to come by making the necessary investments. According to the Mayor's FY19 Management report, 4,554,828 meals were delivered to 27,065 homebound older New Yorkers, numbers that have consistently grown over the past few years.

An investment of $16 million in new funding is needed to support the home-delivered meals system across the five boroughs. Of this, $13 million is needed to solve the shortfall for weekday meals and $3 million will support weekend meals. These funds will help account for increases in raw food costs, including the associated costs of providing more diverse, culturally competent meals, and to support increase in costs for environmentally conscious disposables to serve food. Further, funding is necessary to account for the overall increase in meals served and rising costs of labor. It is critical that funds are provided to support fair salaries for home delivered meals staff, without whom this incredible program would not be possible.

Invest $1.7 Million to Achieve Pay Parity for NORC Staff

Naturally Occurring Retirement Communities (NORCs) are housing developments or neighborhoods where a large number of older adults are aging in place. By providing support services such as case management, assistance with benefits applications, support groups, health and wellness services, older New Yorkers are able to remain in their homes and communities. NORCs help older adults avoid nursing home stays that can cost as much as $142,000 annually per person. Currently, there are 11,000 older adults spread across dozens of NORCs across New York City.

However, the NORC staff that provide who these critical support services earn, on average, $15,000 less than their DFTA-funded senior center counterparts, even if they are performing the same duties. As a result, the nonprofit organizations who run these critical programs often grapple with staff recruitment and retention. $1.7 million in new funding is necessary to achieve pay parity across DFTA programs and ensure fairness not only for staff, but for the older adults living in these NORCs.

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[2] Meals on Wheels of America, *Delivering So Much More than Just a Meal Fact Sheet*, United States, 2018

[3] For home delivered meals, in FY17 DFTA reimbursed providers on the average $9.58 compared to the national average rate of $11.06.

LiveOn NY

Making New York a better place to age

Invest $1.8 Million for Service Coordination in Senior Housing

LiveOn NY recommends an increase to the per-unit allocation of service funds through the SARA service program administered by HRA. Currently, only $5,000 in funding is awarded per SARA unit that is occupied by a formerly homeless senior, which makes up 30% of a building's units. Units occupied by older adults coming from the general Housing Connect lottery system are not eligible for any City funding for services, though it is expected that services are made available to these tenants. While LiveOn appreciates and strongly prefers the inclusive nature of the program as it stands, we do not believe that the currently-available funding is sufficient to ensure the type of robust programming that is required for older adults.

More specifically, in order to make budgets work, providers are often having to offer less services than are believed to be preferred by older residents or are unable to offer the predominantly female human service workers in their buildings the competitive salaries they deserve—and that providers want to give—due to the lack of funds. For example, many older adults would prefer an individual at the front desk at all times to support the physical wellbeing of tenants in the event of emergency. However, most budgets cannot allow for this 24/7 service, and there is no mandate to include such a position.

To address these challenges, and ensure funding is available for senior service providers to keep wages on pace with the recent prevailing wage increases, we recommend that HRA also make available a minimum of $3,000 per year per non-formerly homeless SARA unit, in addition to the $5,000 currently available for services for formerly homeless tenants. This funding would show a recognition from the City that older adults of all housing backgrounds can benefit from the light-touch services offered by a social worker in their place of residence. Further, the funding would recognize that while an individual might not initially present with significant need for assistance, we all can benefit from additional supportive services as we age. **A $1.8 million increase in FY21 would allow an initial 600 SARA general lottery units to receive funding.**

Invest $3.2 Million to Further Increase Equity Across Senior Centers

In 2017, when the Department for the Aging analyzed the budgetary needs of senior centers as part of the 'Model Budget' process, 38 centers were left out of this analysis. These were satellite senior centers and social clubs that will need to compete in the forthcoming RFP process, yet will be hamstrung from doing so due to the upfront disparity of funding. Using the average funds received by senior centers during the initial process, **LiveOn NY estimates that $3.2 million in new senior center funding is needed to promote equity within these spaces.**

Invest $3 Million for DFTA Infrastructure Funds

The FY19 Mayor's Management Report saw an "increased utilization" of of the 249 DFTA contracted and 38 affiliated senior centers that served more than 124,000 older adults. Over 30,000 New Yorkers frequented these centers for activities and meals daily. A baselined ***capital*** fund is necessary for replacements, repairs, and upgrades that are critical to the continued functioning and ADA friendliness of the facility. For example, the release of the new home delivered meals RFP introduced the chilled or refrigerated meals format in addition to hot and frozen meals. In order to accomodate the production and the storage of this new format, home delivered meal providers need funding for equipment and increase their capacity to supply these meals. Meanwhile, as the hot summer moments approach and senior centers are often requisitioned into doubling as cooling centers, aging HVAC will need to be replaced or repaired especially because older adults are more vulnerable to heat stress. **This $3 million new, baselined capital investment will ensure that the services contracted through the Department for the Aging are able to make needed repairs or investments, and do not fall into disrepair, today or in the years to come.**

Invest $2 Million for DFTA Innovation Funds

Likewise, in order for senior centers to implement age-friendly improvements to their facilities, innovation ***expense*** funds are essential. In addition to more modest age-friendly improvements, funding can streamline the home delivered meal process and enhance efficiency with the purchase of new technology. For instance, home delivered meal providers are still tediously tracking their routes using pen and paper. Software would enable meal providers to track their deliveries in real time and allow for GPS mapping. Data would also be easier to see, collate, and analyze, which can be used to improve service delivery to the client and prioritize their needs. **Further, the continued availability of $2 million in innovation expense funds will ensure that DFTA contract programs can continue to invest as new technology becomes available that can enhance the wellbeing of the older adult population.**

Restore and Baseline One-Time $9.7 million funds

As the older adult population steadily grows, funding for services need to be maintained permanently to prevent any sort of disruption in critical programs. The $2.8 million for senior centers, $2.84 million for home delivered meals, $1 million for NORCs, and the $2.1 million for NYCHA community spaces should all be baselined and to sustain these programs moving forward. Further, by only making these investments on an annual basis rather than baselining the investments, providers are unable to use them to increase salaries or fill budgetary gaps as is most urgently needed.

Further, City Council's $1 million case management investment should be baselined, as waiting lists for this program continue to grow, as they have done for years, indicating continued investment will be required to meet demand.

Fulfill Existing Promise of $10 Million in New Funds For Senior Centers

In 2017, $10 million was promised in the Model Senior Center process in FY21. Senior Centers even received documentation from DFTA and OMB indicating the amount of funding that they would receive. **However, this $10 million promised was not included in the preliminary budget.** This must be rectified, especially given the upcoming senior center RFP. Senior centers are cornerstones in their communities for older adults that provide everything from congregate meals to mental health services. Undercutting their funding would mean undercutting the seniors that frequent them.

Council Restorations and Investments in Senior Services Through Schedule C

City Council has long been a staunch supporter of City and district-wide senior services programs through allocations in Schedule C. **We thank you for your investments and advocate for full restoration for all Senior Service Programs funded in Schedule C.** These include NORCs, Support our Seniors, SuCasa, Senior Centers for Immigrant Populations, Health Aging Initiative, Social Adult Day, and others. We also support the growing call for an expansion of the Geriatric Mental Health Initiative by adding $950,000 to this Council initiative.

Continued Investments in Human Services Sector

Years of underfunding the sector have resulted in the entire human services workforce being some of the lowest compensated workers in New York City's economy. A 3% COLA on the personal services line of all human services contracts at the cost of $48 million is needed in the FY21 budget to ensure this vital workforce does not slip further into poverty. The Mayor and City Council have taken important steps to begin to address this crisis with previous multi-year cost-of-living investments, but there is no COLA in place for future years. The 3% COLA is a needed investment while workers, advocates, providers, and elected officials continue to work together on more comprehensive solutions to ensure that human services workers finally earn fair pay for their labor.

LiveOn NY looks forward to working with Mayor de Blasio, City Council, DFTA, and all City agencies to make New York City a better place to age through a strong network of community-based services.

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

LiveOn NY also administers a citywide outreach program and staffs a hotline that educates, screens and helps with benefit enrollment including SNAP, SCRIE and others, and also administers the Rights and Information for Senior Empowerment (RISE) program to bring critical information directly to seniors on important topics to help them age well in their communities.

LiveOn NY

Making New York a better place to age

FY21 ALL IN FOR AGING

$27.7 MILLION IN FY21 NEW NEEDS NOT INCLUDED IN THE PRELIMINARY BUDGET PLAN

$16 million for Home Delivered Meals Programs

Currently, an estimated 18,000 homebound older adults receive home delivered meals across NYC. However, many of the community-based organizations who administer this program lose thousands of dollars every year providing these meals. **$13 million** is needed to help close the gap for weekday meals and **$3 million** is needed for weekend meals, so that our city's nonprofits can do what they do best — meet the needs in their communities — without incurring significant losses.

$1.7 million to achieve salary parity for NORC Staff

NORC program staff make, on average, $15,000 less than their senior center counterparts. Because of this, the nonprofit organizations who run these important programs have trouble recruiting and retaining staff. **$1.7 million** is needed to achieve equity across DFTA-funded programs.

$1.8 million to expand Service Coordination in Senior Housing

The Senior Affordable Rental Assistance Program (SARA) administered by HRA currently does not provide service coordination funds for seniors being referred to the program for the general lottery system. A $1.8 million investment would allow for expanded services to an initial cohort of roughly 600 SARA units.

$3.2 million to further increase equity across Senior Centers

A total of 38 senior centers were not given consideration for new funds during the 'model senior center budget process'. To remedy this so that all centers can compete in the upcoming RFP, an estimated $3.2 million is needed.

$3 million for DFTA Infrastructure Funds

A baselined **capital** fund is needed for nonprofits to address key replacements, repairs, and upgrades, such as purchasing modern Home Delivered Meals equipment, HVAC replacements, and ADA-friendly facility improvements.

$2 million for DFTA Innovation Funds

This baselined **expense** fund would allow , for example, centers to make age-friendly improvements, to purchase new technologies, and allow Home Delivered Meal providers to purchase software to create efficiency and improve routes.

BASELINE ONE-TIME ADMINISTRATION FUNDS & FULFILL EXISTING PROMISES

$9.7 million restoration & baselining of previous one-time funds

This includes **$2.8 million for Senior Centers**, **$2.84 for Home Delivered Meals**, **$1 million for NORCs**, and **$2.1 million for NYCHA community spaces.** Additionally, the City Council's **$1 million Case Management** initiative should be baselined.

$10 million in new funds promised for Senior Centers

Not included in the preliminary budget, but promised as part of the Model Senior Center Budget process that took place in 2017, **the Administration must add the remaining $10 million for Department for the Aging (DFTA) senior centers in FY21.**

FY21 COUNCIL DISCRETIONARY FUNDING

Schedule C Funding

***Thank you to the New York City Council** for the continued, significant investment in senior services throughout the five boroughs. Each year, the Council puts in more than $28 million in funding for senior services initiatives, in addition to individual discretionary investments. Below are a few of the major initiatives that are integral to the success of this sector:*

$5,100,000 for Support Our Seniors

Currently, 1 in 5 New Yorkers are over the age of 60. Continue to support senior services through the Support Our Seniors Initiative.

$2,000,000 for Immigrant Senior Centers

Continue to provide culturally competent and sensitive programs and services to our City's diverse older adults.

$3,315,000 for SU-CASA

Continue to support the City's community arts engagement initiative serving older adults in senior centers in the five boroughs.

$2,040,000 for Healthy Aging Initiative

Continue to support health promotion programming for older adults.

$2,860,000 for Geriatric Mental Health Initiative

Expand mental health services for older New Yorkers by restoring $1.9 million and **adding $950,000 in new funds.**

Questions?

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Greg Berman, Director

Center for Court Innovation Testimony
New York City Council
Committee on Finance
Preliminary Budget Hearing
March 2, 2020

Good afternoon Chair Dromm and esteemed members of the City Council. My name is Shane Correia and I am the Deputy Director of Strategic Partnerships at the Center for Court Innovation ("Center"). Thank you for the opportunity to speak today.

I am here to request Council's support as the Center seeks to renew its work with justice system involved New Yorkers in early diversion, youth and adult alternatives-to-incarceration, and mental health. In addition, the Center is seeking much needed expansion funds so that it can adequately serve more individuals given the changes in the justice system in 2019, namely the closure of Rikers Island, and in response to the justice reforms that went into effect at the beginning of this year. We are also proposing new programming to address persistent public safety issues in our communities, including more intensive mental health support for frequent repeat offenders and expansion of our intimate partner violence prevention work.

Regarding renewal, our City Council funded work has provided individuals with meaningful off-ramps from a cycle of poverty and recidivism to real integration back into their communities. To continue to accomplish this work, we seek continuation funding for our core Citywide Speaker request, our pre-arraignment diversion (Project Reset) programing, Driver Accountability Programming, and Brooklyn Felony Alternatives to Incarceration program.

We also seek new funding. Project Reset ("Reset") specifically permits New Yorkers to resolve low-level misdemeanors without ever setting foot in a court. The case disappears from the criminal justice system as a declined-to-prosecute, avoiding many of the collateral consequences associated with a prosecuted case. Our current funded capacity can serve roughly 13,000 individuals, but with changes in legislation and prosecutorial policy, we project nearly 19,000 referrals. Additionally, Reset engages individuals before they get to court, but due to distrust, roughly half of eligible individuals do not provide contact information to the police, but do show up to court. To respond to this reality, we propose piloting of "Reset at Arraignment." We want to pilot this program in the Bronx and Brooklyn so that cases can be quickly disposed of in order to safeguard individuals from the myriad consequences of having a pending case.

The Center also proposes a pilot mental health court part that will help address the needs of individuals with three or more arrests within a year, or more than thirty convictions. Individuals with mental health needs who frequently come into the justice system often come before multiple judges and receive no support tailored to their underlying issue. We wish to merge the power of judicial sanctions with mental health care, so that when a person comes back to court, they are seeing the same judge and the same clinical team that is familiar with the underlying issues. We also have submitted several applications to permit us to increase mental health access in the outer boroughs where demand outstrips our current capacity. We therefore request Council to expand funding available under the Mental Health Initiatives for Vulnerable Populations, and for Court-Involved Youth.

We also hope to offer the same cutting edge and effective central court services we offer in Brooklyn, Bronx, and Manhattan in Staten Island by creating a Staten Island Justice Initiatives program. This program will have a court presence, giving judges an array of alternative mandate options and thereby increasing the use of these alternatives over jail placement. Defendants, however, will also be engaged nearby in a community environment setting with desirable pro-social programming, similar to the Center's work in Brownsville, and as is forthcoming in Far Rockaway.

Next, we request that Council to expand our Intimate Partner Gun Violence Prevention model that we operate in Cure Violence sites throughout the City to a boroughwide pilot in the Bronx. Domestic Violence accounts for 1 in every 5 homicides according to the NYC Domestic Violence Task Force. We want to focus programming on those who are likely to be impacted by such violence with direct community-based outreach. Rather than centralize resources in a single location that individuals must come to, we want to go directly to the communities where violence is most prevalent and work to support victims, and batterers, directly with services – similar to how the effective Cure Violence addresses gun violence by going to the source.

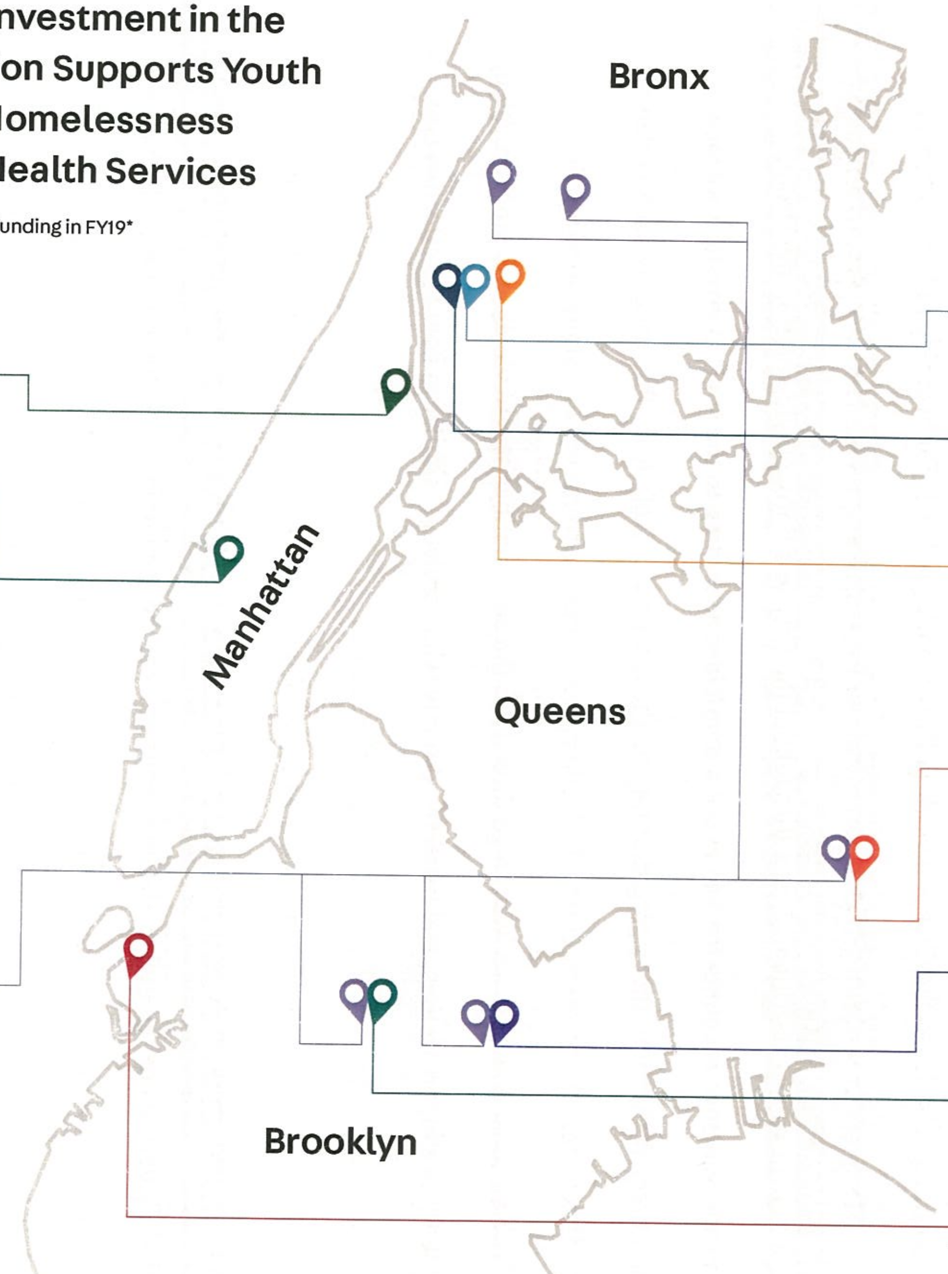
Finally, we still have a jail in our Midtown Community Court. Thanks to bold changes in our justice system, we thankfully have less use for several of the holding cells. We ask for support to our capital request to change those cells into space that can be used to improve community well-being and promote healing. We have secured the commitments of the Museum of Modern Art and other community groups to fill that space with programming, but we need City Council's assistance to realize its full potential.

The City Council's support has been invaluable to our work in improving public safety and building trust in the justice system. We respectfully urge you to continue to support our work and thank you again for the opportunity to speak.

New York City Council's Investment in the Center for Court Innovation Supports Youth Development, Reentry, Homelessness Prevention, and Mental Health Services

Center for Court Innovation

Selected Results of Citywide Speaker Initiative Funding in FY19*



Harlem Community Justice Center

197 reentry court hearings held

Midtown Community Court

110 hours of group and individual therapy and support

Bronx Child Trauma Support

66 families engaged in therapy after being victims of violent crimes

Bronx Community Solutions

200 Driving While Intoxicated screenings and assessments completed

Save Our Streets (S.O.S.) South Bronx

10 youth engaged in S.O.S. Basketball Clinic

Citywide

Training Institute

22 trainings provided

Youth Justice Board

20 youth met weekly for a year to learn about and advocate for policy reform

Access to Justice

50 community members equipped with information about their rights

Queens Youth Justice Center

26 youth engaged in justice trainings and as youth court members

Brownsville Community Justice Center

25 events and rehabilitations made public spaces safer

Neighbors in Action

50 community residents received walk-in services

Red Hook Community Justice Center

150 youth court service learning hours

Staten Island

Staten Island Justice Center

14 youth trained to facilitate youth court hearings

*Outcomes in FY20 and FY21 may differ based on funding allocations. The Center serves close to 77,000 New Yorkers each year.

The Center seeks a continuation of its $500,000 Citywide Speaker Initiative funding for FY21. For more information, contact Shane Correia at correias@courtinnovation.org.

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Center for Court Innovation Major Proposal Summaries

- **Center Core-Ask: #91832 - *$500,000*** This is an application to support the continuation of our alternative-to-incarceration, youth-diversion, and access to justice programs across all five boroughs in New York City. The Council's support allows us to serve tens of thousands of New Yorkers with mental health services, family development, youth empowerment, workforce development, and housing, legal, immigration and employment resource services. Our goal continues to be improving safety, reducing incarceration, expanding access to community resources and enhancing public trust in government to make New York City stronger, fairer, and safer for all.

- **Project Reset: #91917 - *$5,232,579*** This proposal will support Project Reset in continuing to divert New Yorkers with misdemeanor arrests away from the court system through community-based programming. In collaboration with the District Attorney offices of the Bronx, Brooklyn, Staten Island and Queens, Project Reset is preparing to serve more New Yorkers than ever as a result of the sweeping criminal justice reform legislation that went into effect in January 2020. To ensure that Project Reset can serve all eligible individuals, this application also includes funding to expand the program footprint in Brooklyn and the Bronx, and launch a pilot to offer Reset programming at arraignment in Brooklyn and Bronx criminal courts to serve eligible individuals who were unable to be contacted prior to their court date. This pilot will provide same day programming to quickly dispose of the underlying case, and protect those who do not trust law enforcement to provide contact information - but who do show up to their arraignment - to be diverted out of the justice system and avoid the many consequences that comes from a pending case.
    - **City Council Renewal - *$710,000***
    - **Mayoral Renewal - *$2,153,674***
    - **Expansion of Reform Capacity - *$1,619,452***
    - **Reset at Arraignment Expansion - *$749,453***

- **Driver Accountability Program #91911- *$1,177,535*** The Driver Accountability Program provides a constructive and restorative response to dangerous driving and works to change the risky driving behavior of people charged with driving-related offenses in criminal court. Preliminary research suggests that the program changes participant behavior and encourage safer driving. Piloted at the Red Hook Community Justice Center

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in 2015, the program has since expanded throughout Brooklyn, Bronx, Manhattan and Staten Island with funding from City Council. This application seeks funding to sustain those operations and expand into the borough of Queens as well. Funding will also be used to pilot a second tier of the program that offers a more intensive version used to respond to the most serious cases involving serious injury or death.

- **Renewal - *$951,080***
- **Queens Expansion - *$226,455***

- **Brooklyn and Bronx Felony ATI Courts #91904 - *$1,998,347*** The Brooklyn and Bronx Felony ATI Courts will offer community-based interventions and rigorous judicial monitoring to felony cases (which are otherwise ineligible for drug, mental health, and domestic violence courts), that can decrease the use of jail and prison sentences and potentially lead to reduced criminal dispositions. The courts will be staffed by a team of resource coordinators and social workers who will conduct independent assessments, prepare recommendations for programming and supervision, provide referrals to community-based providers, offer ongoing case management, supervision, and compliance monitoring, and pilot new services, such as restorative justice interventions. The programs seek to significantly increase the use of ATIs and supervision offered to felony defendants and provide a model for jurisdictions across the country interested in enhancing public safety and reducing incarceration.
  - **Brooklyn Renewal & Expansion- *$1,187,696***
  - **Bronx - *$810,651***

- **Strong Starts Court Initiative #91839 - *$446,230*** This proposal is for the Strong Starts Court Initiative for infants and toddlers involved in neglect petitions. Funding will support the presence of a full time Clinical Coordinator in the Manhattan and Brooklyn Family Courts, with expertise in infant mental health, the program gets all parties to meet on a monthly basis with updates to the court. Additionally, the clinician provides individualized assessments and service plans aimed at stabilizing the family and the child's placement, preventing removals and promoting family reunification wherever possible, while addressing underlying needs that range from treatment for mental health to substance use.

- **RISE - Reimagining Intimacy through Social Engagement. A Bronx Community-Based Intimate Partner Violence (IPV) Prevention Program #91859- *$705,904*** The

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Bronx Community-Based Intimate Partner Violence (IPV) Prevention initiative is based on our RISE work throughout New York City's Cure Violence sites aimed at providing specialized services to potential victims of domestic violence who are connected to individuals who may have gun violence linkages. The pilot will work to reduce IPV violence in Bronx neighborhoods by engaging individuals who are causing abuse in voluntary programing to stop violence and change behavior, changing community norms to reduce tolerance for IPV, training credible messengers to promote healthy relationships, and providing a restorative justice process for appropriate situations. The initiative will incorporate components of Cure Violence and restorative justice models.

- **Staten Island Justice Initiatives #91872 - *$1,146,673*** In 2018, the Center for Court Innovation (the Center) partnered with the Richmond County District Attorney (RCDA) to create a Strategic Action Plan that explored bringing problem-solving justice to scale in Staten Island. The study found strong support for a problem-solving justice model that could improve outcomes for defendants across the borough, deliver a wide array of social services to all Staten Island residents in need, and help improve the quality of life in targeted neighborhoods. Building on the plan's recommendations, the Center now proposes to create Staten Island Justice Initiatives, a project that would expand alternatives-to-incarceration options and include crime prevention programming geared towards the neighborhoods of St. George, Tompkinsville, and Stapleton.

- **The Family Healing Project, Reentry after Prison #91877 - *$310,000*** This program uses restorative justice to reimagine reentry after prison as a whole family project. Moving away from individualized reentry models, the Family Healing Project acknowledges that for a returning citizen to be successful after release, the whole family needs to be engaged and supported. This program will facilitate restorative justice processes for the returning citizen and their family members during this crucial time of reintegration, addressing both the harms of crime and incarceration, as well as the practical challenges of navigating the conditions of parole. By strengthening connections among family, this initiative aims to decrease rates of homelessness and technical parole violations, and to offer meaningful support and healing to the entire family. Funds will be used to support program staff and provide MetroCards, stipends and food to participating families.

- **Queens Community Links #91886 - *$300,000*** Queens Community Links is a comprehensive program that will serve the Queens residents, ages 18-21, held in pre-trial

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detention within the George R. Vierno Center on Riker's Island. The program will provide evidence-based programming and support services to individuals while incarcerated starting from the moment of remand, as well as to individuals during the discharge and reentry process, through the Center for Court Innovation's Queens Youth Justice Center and the Far Rockaway Community Justice Center. The underlying premise of the project acknowledges that individuals held on remand will ultimately be released into community and should receive services that start in confinement and maintain continuity once released into community.

- **Misdemeanor Mental Health Court #91892 - *$358,800*** The Center for Court Innovation proposes to pilot two misdemeanor mental health courts: one at the Red Hook Community Justice Center and the other at the Midtown Community Court. Studies show that those who come into most frequent contact with the criminal justice system tend to do so for low-level offenses and often have a complex combination of substance use, mental health, and housing needs. This pilot would offer individualized sanctions to serial defendants, providing continuity of care, consistency in dispositions, and graduated outcomes and sanctions for a high-needs population. Defendants would appear before the same judge and be linked with the same social service team each time they have a new arrest. This intervention team would include a range of community-based organizations, social workers, peer support specialists, a consulting psychiatrist, and city agencies such as DHS, DOHMH and HRA.

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RISE Project

While gun violence overall has decreased in New York City, the use of guns in intimate partner violence remains unchanged—and in some neighborhoods is rising. In the past, people have looked at intimate partner violence and gun violence as separate problems requiring different responses, but the fact is that neighborhoods impacted by high rates of gun violence also have the highest levels of reported domestic violence incidents.

A partnership between the Center for Court Innovation and the Mayor's Office to Prevent Gun Violence, the RISE Project is a part of the New York City's Crisis Management System anti-gun violence network and works in partnership with gun violence prevention programs throughout the city. The RISE Project seeks to break down siloes and respond to the intersection of gun violence and intimate partner violence to support healthy relationships. RISE's approach is community-centered, survivor-informed, and holistic, rooted in principles of safety, accountability, and transformative justice.

Supporting Healthy Community Norms

The RISE Project supports healthy relationship norms and the prevention of intimate partner violence at the community level through public education campaigns, community programming, and efforts focused on community healing. RISE draws on public health, community organizing and transformative justice models to create a holistic approach to violence. We provide:

- *Community workshops* on intimate partner violence and healthy relationships to local organizations, schools, and the community at large;
- *Youth programming* that provides education and intervention around dating violence and healthy relationships at local schools and in partnership with community-based programs;
- *Community events*, such as open mics, sip 'n' paints, and yoga, to create a space for community dialogue, healing, and a focus on healthy relationships;
- *Public messaging* supporting healthy relationships through neighborhood-level media, print, and social media campaigns.

Engaging Individuals Who Cause Harm

There are few non-mandated programs for individuals who have caused harm. RISE staff focus on voluntary engagement with individuals who have caused harm, working to increase accountability and shift behaviors through:

- *Individual counseling* on a voluntary basis for individuals who are looking for support and assistance to change unhealthy behaviors and prevent violence in their intimate relationships;
- *Gender-based groups* focused on reducing and preventing violence in intimate relationships and covering issues including complex trauma, gender identity, power, and control.

Crisis Response

RISE staff are available to respond in crisis situations. This may include a brief intervention to provide short-term safety planning, connection to resources for individuals experiencing harm, connection to services for other affected community members, and strategic community activations such as community responses, speak outs, and healing events when incidents occur.

Capacity Building
The RISE Project aims to build community capacity to prevent violence, support healthy relationship norms, and reduce tolerance for intimate partner violence through:

- *Tailored training*: RISE provides training on intimate partner violence and healthy relationships to all of the Mayor's Office to Prevent Gun Violence sites and is available to the community at large. Project staff serve as an on-site resource for strengthening the sites' response to intimate partner violence.
- *Coordination of resources*: By coordinating resources, we build connections and increase community access to domestic violence and intimate partner violence services in marginalized neighborhoods.
- *Technical assistance*: We provide assistance to anti-gun violence initiative staff who need guidance on responses to situations that arise among participants, family, or neighbors. Staff serve as neighborhood resources, working to strengthen community response to intimate partner violence.

Outcomes
In the RISE Projects first year the project engaged over 5,000 residents throughout the city. It provided over 75 trainings and workshops and participating in over 100 community events.

For More Information
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UPROSE

Testimony of Summer Sandoval

Energy Democracy Coordinator

UPROSE

NYC City Council Committee on Finance - Budget Hearing

March 2nd, 2020

Thank you for the opportunity to submit testimony today before the NYC City Council Committee on finance, Committee on Environmental Protection, and the Committee on housing and buildings. My name is Summer Sandoval and I am the Energy Democracy Coordinator at UPROSE. I am here today on behalf of UPROSE and Climate Works For All, to support the request and echo the urgency of committing 1 billion dollars this year to Fund our Future by funding equitable climate action for environmental justice and frontline communities. Founded in 1966, UPROSE is Brooklyn's oldest Latino community-based organization. We are an intergenerational, multi-racial, and nationally recognized organization that promotes sustainability and resiliency in Sunset Park, Brooklyn. We focus on climate justice and all of our work is rooted in the Just Transition model.

Climate Works For All passed local law 97 last year; the law is positioned to help us achieve New York City and State's climate goals. This year we must allocate 1 billion dollars annually to address energy efficiency in buildings that were left out of the law. This billion dollar budget allocation will create thousands of climate jobs, ensure long-term benefits for frontline communities, and invest in the City's climate resilience. Funding and implementation of LL97 is also an opportunity to honor community-based planning efforts and frontline leadership.

Last year, UPROSE partnered with the Collective for Community, Culture, and Environment to develop a community-led proposal for Sunset Park and the industrial waterfront, home to NYC's largest SMIA, called the Green Resilient Industrial District (GRID). The GRID is a holistic vision that plans for existing and long-term climate impacts in Sunset Park. The GRID outlines the process of how to move from an extractive economy dependent on fossil fuels to a green industrial economy that trains local residents for renewable energy, green retrofit, and energy efficiency climate jobs while promoting equity.

The GRID is aligned with and operationalizes plans such as the Sunset Park Brownfield Opportunity Area, NYC Climate Mobilization Act (LL97), the Climate Leadership and Community Protection Act. The GRID has the opportunity to catalyze regional climate engagement from eco-industrial jobs, green ports, sustainable manufacturing, food security, and renewable energy.

UPROSE and the implementation of the GRID supports the 1 billion dollar annual demand for ten years to operationalize LL97 and ensure local benefits, opportunities, and leadership from frontline communities.

Testimony
New York City Council
Committee on Finance
Preliminary Budget Hearing
Monday, March 2, 2020

Submitted by Penni Bunyaviroch
Director, Contracts Management
Catholic Charities Archdiocese of New York

Good morning to Councilman Dromm and the members of the New York City Council Committee on Finance. I am Penni Bunyaviroch, Director of Contracts Management for Catholic Charities of the Archdiocese of New York. Thank you for the opportunity to submit testimony on behalf of Catholic Charities as a contracting agency and provider of social services, and on the challenges we face entering the FY 2021 budget season.

The Catholic Charities of the Archdiocese of New York seeks to uphold the dignity of each person as made in the image of God by serving the basic needs of the poor, troubled, frail and oppressed of all religions. We collaborate with parishes, as well as non-Catholic and Catholic partners, to build a compassionate and just society. Through a network of administered, sponsored, and affiliated agencies, Catholic Charities delivers, coordinates, and advocates for quality human services and programs touching almost every human need.

Indirect Contract Rates and Cost of Living Increases - Progress and Prognosis:

New York City engages a broad range of private non-profit agencies – large, small, faith-based and other – to meet critical human service needs. These partnerships are an efficient and effective use of public funds to meet the needs of millions of vulnerable New Yorkers. Increased funding constraints, redundant regulations and reimbursement redesigns seriously threaten the operation and facilities of these programs. New government mandates, such as minimum wage increases, are well-intentioned but not accompanied by contract increases that affect the entire human services sector, leading to agreements that do not fully fund the cost of providing vital services. Fortunately, there are positive signs, including the NYS Non-Profit Infrastructure Capital Investment Program and the Federal Office of Management and Budget guidance to states and cities on indirect cost rates for non-profits.

We are grateful to Mayor de Blasio, Speaker Johnson and the City Council for including funding for the Indirect Implementation initiative in the FY2020 budget. As stated in the "Fiscal 2020-2024 Preliminary Financial Plan Overview," "The November Plan added $54 million across twelve agencies in Fiscal 2020 and in the outyears for this initiative." As a member of the Nonprofit Resiliency Committee, Catholic Charities proudly worked with the city and over 100 nonprofits and coalitions to develop an *Indirect Cost Manual* that provides uniform standards and a model for determining direct and indirect and allowed and disallowed costs that promote easier collaboration between nonprofits and city agencies. By allowing four indirect cost claiming options and forming a City Implementation Team to guide nonprofits and city agencies in following the *Indirect Cost Manual*, the City has demonstrated a commitment to the human services sector and provided additional funds for us to continue serving our city's most vulnerable people.

Sadly, this progress does not extend to City Council Discretionary Contracts, which provide much needed resources for many providers but do not fully cover the cost of providing services. This has a disproportionate effect on smaller providers within the Catholic Charities federation who do not have dedicated contract staff and consequently have more difficulty enduring contract registration delays while providing advance services below cost. We ask you to consider expanding the successful Indirect Cost Initiative to include discretionary contracts.

Catholic Charities also joins with the Human Services Council in asking the Council renew its commitment to human services workers by including a 3% COLA across the personal services line of all human services contracts for FY 2021. The three-year COLA included in the FY2018 budget gave much needed support to sector workers, 60% of whom qualify for some public assistance, but it expires at the end of FY2020. Renewed investment in human services personnel will deliver significant savings by reducing staff turnover and the consequent need for recruiting and retraining workers to replace staff that would otherwise flee to higher paying jobs that require less stress, education and training.

At the state level, Catholic Charities has joined with FPWA, the Human Services Council, and over 400 nonprofit human services organizations as part of Strong Nonprofits for a Better New York, a coalition calling for increased State investment in the sector's workforce and infrastructure. As part of this coalition, we support the *3 for 5 Campaign*, which asks the Governor and legislature to commit to a three percent increase across rates and contracts each year for the next five years. This aligns with annual investment increases allotted to Medicaid and education.

Welcoming New Americans: Pay Parity for Legal Services Attorneys

There is consensus that the United States immigration system is broken. Failure to fix the system has caused prolonged and difficult separation of families. It abets fraud and exploitation, creates fear and leaves many in uncertain shadows. Even in the absence of federal reform, New York State and its localities can do much to protect, welcome and integrate immigrants, through providing access to quality immigration legal services, assistance for learning English, civics and naturalization support and strengthening the New York State New Americans Hotline.

Catholic Charities focuses on the concrete needs of families, and especially children, and works with federal and state officials and localities to protect, welcome and integrate immigrants. The decision to include pay parity for public defense and civil legal service providers comes at a critically sensitive time in our nation. At this time, the immigration legal services workforce is a vital part of the legal services being provided in New York. The ongoing immigration crisis, with its heart-wrenching images at the southern border and its deep-seated causes in the Northern Triangle, continues to result in a surging need for services here in New York City. Catholic Charities continues to be at the forefront of orienting and representing the many families and children that arrive here and we are committed to continuing to meet this growing need.

Attrition is an undeniable problem for legal service providers in the public interest sector. According to the "Fiscal 2020-2024 Preliminary Financial Plan Overview," "The November 2019 Plan included $7.3 million for pay parity across the Public Defense Provider contracts that are managed by MOCJ and HRA's Office of Civil Justice (OCJ), with $3.69 million and $3.7 million for each Office's contracts respectively." While we have not yet seen contract adjustments to reflect this additional funding, we responded to information requests from our funding agencies, and it appears that our programs are in line for funding of salary increases averaging about $3,500 per year for our junior level staff attorneys, to bring them into line with the New York City Law Department pay scale.

We are grateful for this initiative, but we have two additional cautionary notes. One is that, just as with the Indirect Cost Initiative, the pay parity effort excludes City Council Discretionary Contracts. We urge the Council to expand pay parity to cover those as well, especially since you fund a very significant component of the direct legal representation work in the immigration area. Organizations frequently assign attorneys to work across multiple contracts. We cannot, from a practical standpoint, offer a "parity" salary to an attorney funded under certain specific contracts, while denying such an increase to a colleague supported by discretionary funds. A second caveat is that the initiative seems to be limited, at least in its initial phase, to the more junior attorneys, i.e., law graduates and those with up to 5 years of experience. We urge the Council to consider applying this parity initiative to cover at least those attorneys with up to 10 years of experience, not only because recruitment and retention continues to be a major issue at all levels, but because those more senior members of our team provide critical mentorship and guidance to their colleagues who are just starting out in this highly stressful area of work.

The report acknowledges that the Council "fought for parity for all attorneys," and we urge it to do so again this year. Pay parity for legal services attorneys will help balance the loss of valued staff members, often to higher public sector salaries, and ensure we can recruit and retain the talented and dedicated individuals who are needed to serve.

Thank you for this opportunity to testify and for your partnership on all issues impacting our community.

SHELTERING
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Children and Family Services

Testimony delivered by Nadine Duncan, Controller
Prepared for the NY City Council Finance Committee jointly with the Subcommittee on Capital
Fiscal Year 2021 Preliminary Budget Hearing
March 2nd, 2020

Good morning. My name is Nadine Duncan and I am the Controller at Sheltering Arms Children and Family Services. Thank you to Chair Dromm, members of the New York City Council Finance Committee, and members of the Subcommittee on Capital Budget for the opportunity to submit testimony.

Sheltering Arms is one of the City's largest providers of education, youth development, and community and family well-being programs for the Bronx, Manhattan, Brooklyn, and Queens. We serve more than 15,000 children and families each year, and employ nearly 1,300 staff from across New York City.

Investment in Human Services Workforce

The New York City Council is no stranger to the sustainability crisis in the human services sector. Chronic, compounding underinvestment in human services means that service providers have faced stagnant contracts that have lost value over time (often close to 10 years with no cost-escalators), resulting in unjustifiably low wages, crumbling infrastructure, and staff turnover that significantly impact the ability of providers to maintain and improve the quality of services for more than 2.5 million New Yorkers in need.

We are grateful to the City Council and Mayor for taking an important step toward addressing decades of chronic underfunding by committing funds in the FY20 budget last year to support providers' true indirect costs. This investment, along with previous multi-year cost-of-living-adjustments (COLAs) show the City's commitment to addressing underfunding, and we hope that commitment will continue this year. However, the FY21 budget does not include a COLA, meaning the cost of underfunded contracts will continue to fall disproportionately on our workforce.

The disinvestment in the human services workforce is fundamentally a justice issue that has real impacts for the future of New York City communities. Our workforce, which is 82% women and 80% people of color, has become some of the lowest compensated workers in New York City's economy. Over 60% of our workforce qualifies for some form of public assistance. The average human services worker makes only $37,000 annually ($2,725/month), far below the Self-Sufficiency Standard[1] for a family living in any borough in NYC. To make matters worse, City agencies often pay their own staff significantly more than they contract providers to pay for identical positions. In our Close to Home programs, for example, entry-level Youth Specialists can make up to $15,000 more annually working for the Administration for Children's Services. And if they travel just a bit further to Westchester and Nassau counties right outside the City, where providers are paid per diem rates that are almost double the City rate through State-funded Raise the Age programs, they can earn even more.

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[1] The Self-Sufficiency Standard measures how much income I needed to meet families' basic needs at a minimally adequate level, including the essential expenses faced by workers, but without any public or private assistance. *New York City Self-Sufficiency Standard Report, United Way NYC*

So, it should come as no surprise that across the human services sector in New York City, turnover rates of 30-40% each year are the norm. The impact that 30% turnover has on continuity of services and care for our clients and the destabilizing effect it has on our operations is not sustainable, and does not support the values of New York City. Imagine how much more stable our organizations and our services would be for New York City's children and families if our turnover rates were reduced.

A 3% COLA on the personnel services line of all human services contracts at the cost of $48 million in the FY21 budget is necessary to begin to address our sector's longstanding needs and to prevent our vital workforce from slipping further into poverty. We also ask the City Council to also join us and other providers, workers, and advocates in the fight for more sustainable solutions to ensure fair pay for the human services workforce, including model budgets and mandated cost escalators.

Our workforce is vital to the overall functioning and health of New York City, and they have been blatantly undervalued and drastically underpaid for far too long. We urge the Council to include a 3% COLA in the FY21 budget, while we work together to implement more comprehensive solutions.

Thank you again for the opportunity to testify before you today, and for the City Council's partnership on the issues impacting our sector and our communities. I am happy to answer any questions you may have.

Thank you,

Nadine Duncan
nduncan@shelteringarmsny.org

TESTIMONY
New York City Council
Committee on Finance jointly with the Subcommittee on Capital
Fiscal Year 2021 Preliminary Budget Hearing
Monday March 2, 2020

Submitted by:
MJ Okma
Policy and Campaign Strategist
Human Services Council of New York

Introduction

Good afternoon, Chairperson Dromm, members of the New York City Council Finance Committee, and to Chairperson Gibson and the membership of the Subcommittee on Capital. My name is MJ Okma and I am the Policy and Campaign Strategist of the Human Services Council, a membership organization representing over 170 human services providers in New York City.

HSC serves our membership as a coordinating body, advocate, and an intermediary between the human services sector and government. We take on this work so our members can focus on running their organizations and providing direct support to New Yorkers. These are the nonprofits that support our City's children, seniors, those experiencing homelessness, people with disabilities, individuals who are incarcerated or otherwise involved in the justice system, immigrants, and individuals coping with substance abuse and other mental health and behavioral challenges. We strive to help our members better serve their clients by addressing matters such as government procurement practices, disaster preparedness and recovery, government funding, and public policies that impact the sector.

Each year you hear from providers who are struggling due to the crisis of compounding underfunding of the human services sector. Last year's investment to cover the true indirect cost of city contracted providers was an important step forward in addressing this crisis, but indirect funding alone cannot address the full scope of this crisis.

Years of underfunding of the sector have resulted in the human services workforce being some of the lowest compensated workers in New York City's economy. These are workers who do some of the most important jobs in our communities; they take care of our aging neighbors, assist families in staying in their homes, work with people to overcome substance abuse and addiction, and help people from all walks of life in the event of an emergency. Yet despite all of this, they are drastically underpaid. A 3% COLA on the personal services line of all human services contracts at the cost of $48 million is needed in the FY21 budget to ensure this vital workforce does not slip further into poverty.

Because government contracts account for the vast majority of all funding of the human services sector, human services workers act as an indirect government workforce. Under this system, it is the workers themselves who have borne the brunt of decades of chronic underfunding all while ensuring programs with inadequate funding meet their targets. The

Mayor and City Council have taken important steps to begin to address this crisis with previous multi-year cost-of-living investments, but there is no COLA in place for future years. The 3% COLA is a needed investment while workers, advocates, providers, and elected officials continue to work together on more comprehensive solutions to ensure that human services workers finally earn fair pay for their labor.

State of the Human Services Workforce

New York City's nonprofit sector is one of the largest in the nation and it continues to grow to meet the needs of our City's diverse communities. **However, those who work in the nonprofit sector make less than half compared to those outside of the sector with similar credentials and experience.** While the human services sector can leverage private and philanthropic dollars and funding from the City, State, and federal government, to create dynamic programs at a bargain, the pay for these services needs to be sustainable. **When elected offices refuse to listen to providers and drastically undervalue the services they provide it is the human services workforce, which is 82% women and 80% people of color, who are disproportionately impacted.**

The City is not getting a deal by chronically underfunding homeless shelters, foster care agencies, food pantries, and senior centers to the point that 18% of New York City human services providers are insolvent[i]; it is directly harming the low wage workers who keep these programs running. Eighty percent of the largest human services organizations have budgets that are 90 percent or more dependent on government funding[ii]. **When contracts drastically underfund programs, set low rates per services unit and require high mandated targets, the City is relying on low-wage workers to fill in these gaps.** The average human services worker makes only $32,700 in New York City[iii], far below what the 2019 New York City Self-Sufficiency Standard found to be required to meet the basic needs and expenses of living in the City.

The median cost for rent in New York City has gone up over 20% since 2010[iv] yet in that same period the average pay for human services workers has increased less than any other low-pay industry in the City including retail, restaurants, and personal/laundry services[v]. Pay is so low that over 60% of the human services workforce qualified for some form of public assistance themselves[vi].

Overall Health of the Sector

The Mayor and New York City Council took an important step forward in undoing decades of chronic underfunding of the human services sector by committing to fund providers' true indirect costs in the Fiscal Year 2020 budget. The City also provided a two percent COLA in each of the last three years, but there is not a planned COLA going forward. These are two important investments that ease some burdens, but do not fully address the gravity of the funding issues experienced by providers and the workforce. The sector still faces core funding gaps that must be addressed:

1. Contracts are generally underfunded for the program, asking for an outright match from providers, or with a low rate per service unit, where providers must make up the difference.

2. Contracts neither provide for cost escalations on the OTPS (other-than-personal services) side, nor cost-of-living increases on the PS (personnel services) side. Contracts with government are often for five to seven-year terms, and even longer when RFPs are delayed, but providers are unable to account for unforeseen rising costs, such as a spike in electricity and water prices or an exceptionally cold winter, nor is there a mechanism to accommodate rising rent, health insurance, or other costs when contracts need to be extended.

Providers across all subsectors report that underfunded contracts are the main driver of their financial struggles. Fifty-two percent of New York nonprofits report that local contracts do not cover the full cost of the services they are required to provide.[vii] Additionally, fifty percent of New York City human services nonprofits have less than two months of cash on hand and operating reserves.

Under these fiscal binds, providers are unable to maintain salary budgets against market pressures or increase the pay of their workforce without significantly scaling back services. Organizations are forced to cope with government deficits by cutting staff benefits, not being able to give appropriate wages or give cost-of-living adjustments or scaling back on programs. The sector is also not able to make the necessary repairs and maintenance to buildings that the people coming through our doors deserve for quality programs. Providers are closing programs or not competing for programs, which does a disservice to communities. And finally, nonprofits are cutting administrative processes and staff, leaving them unable to adequately measure outcomes to understand if they are having an impact, undermining their ability to plan for the long-term, and preventing them from investing in career ladders for emerging talent.

Conclusion

The human services workforce, while being vital to the overall function and health of New York City, is undervalued and drastically underpaid. **The stark reality is that New York City is underfunding human services contracts on the back of low-wage workers.** Committing to a $48 million investment for a 3% COLA in the FY21 budget on the personal services line of all human services contracts will help prevent this workforce from slipping further into poverty, but it is not a comprehensive solution. Even with this needed COLA, these vital workers will still be making less than half compared to those outside of the sector with similar credentials and experience and the City's human services sector will still be running on a drastically underpaid labor. **No City contract should pay poverty wages. We ask the City Council to not only support this 3% COLA but to join human services workers, advocates, and providers in the fight for fair pay for the human services workforce.**

Thank you for providing me with this opportunity to testify about the state of the human services workforce. We greatly value our partnership with the City Council and know you stand with us in our call to address this crisis.

MJ Okma

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[i] https://humanservicescouncil.org/wp-content/uploads/Initiatives/HSCCommission/HSCCommissionReport.pdf
[ii] http://seachangecap.org/wp-content/uploads/2016/03/SeaChange-Oliver-Wyman-Risk-Report.pdf
[iii] https://humanservicescouncil.org/wp-content/uploads/Initiatives/RestoreOpportunityNow/RONreport.pdf
[iv] https://streeteasy.com/blog/august-2019-market-reports/
[v] http://www.centernyc.org/salary-parity-in-nyc
[vi] https://humanservicescouncil.org/wp-content/uploads/Initiatives/RestoreOpportunityNow/RONreport.pdf
[vii] http://survey.nonprofitfinancefund.org/

New York State NURSES ASSOCIATION One strong, united voice for nurses and patients

Testimony by the New York State Nurses Association
(Part of the Climate Works for All Coalition)
Finance Committee Budget Hearing – Public Testimony
March 2, 2020

Flandersia Jones, RN, MPH – BronxCare Health System

Good afternoon everyone. My name is Flandersia Jones and I work as a nurse in the Bronx for the BronxCare Health System. I am also a proud union member of the New York State Nurses Association. NYSNA represents 43,000 nurses across New York State, including 25,000 RNs in New York City, which includes nurses in the city's public hospitals.

As nurses on the frontlines of patient care we see firsthand the destruction that climate change and environmental degradation have on the health of our patients. Pollutants that are being discharged into our city air are causing a steady increase in chronic asthma conditions in our most vulnerable communities.

These marginalized communities, which are mainly made up of people of color, are disproportionately faced with a whole slew of environmental injustices like contaminated water supplies and tainted soil. They are the ones that are usually hit the hardest by catastrophic events such as Superstorm Sandy. This is not OK.

Climate change **is** a health crises and it ultimately affects us all. NYSNA is in support of a climate justice movement working towards a city not dependent upon fossil fuels. The victories we got signed into law with the Climate Mobilization Act and Local Law 97 are amazing, but if the funding, implementation and accountability are not in place, then the legislation doesn't really matter. We need to move ahead quickly like our house is on fire because **it is**!

We call upon the city to pass an equitable budget for our patients and communities. This would include 1 billion dollars annually for 10 years to retrofit affordable housing left out of Local Law 97 and public housing. This request might seem big, but to many of us we feel it is more than appropriate and a drop in the bucket considering what we are facing and what we could be facing in the future. It is incumbent upon us to make the necessary upfront investments now to prevent a much larger expense later.

For the sake of the public health of New York City, let's pass the boldest budget yet in regards to climate change. Let's make sure we show the rest of the country how we get things implemented and how we get them done! Thank you.

Testimony
New York City Council Finance and Capital Budget Hearing
March 2, 2020
By Ralph Palladino, Local 1549 2nd Vice President

This testimony is on behalf of the 14,000 members of New York City Clerical-Administrative Employees Local 1549. Our members work in nearly every city agency, New York Police Department (NYPD) and New York Health and Hospitals (NYC H+H).

Our requested items, if placed in the final budget document, **will save tax payers dollars** and enhance public services.

An additional benefit from our staffing requests to implementing staffing in the final budget is to provide meaningful jobs to those who need them the most, in the communities that we serve and represent. It will help people out of poverty into decent middle-class jobs. These jobs, in turn, will result in better services and greater tax revenues for the city.

Higher Paid Non-Competitive Titles Performing Civil Service Title Duties

The city, DCAS and various agencies are wasting over $3 million annually and under cutting the civil service system. They are doing so by replacing civil service employees, especially Clerical Associates with mostly higher paid non-competitive titles. (Please see the first addendum with the wage rate differences of these titles and Clerical Associates.) They are doing so with the non-competitive employees performing the same duties as the replaced Clerical Associates.

In the **HRA** they are taking people off the civil service lists for Eligibility Specialists (ES), and making them non-competitive titles. While these employees are not performing ES duties they do not have civil service protections. There has been an attrition of 269 Clerical Associate (33%) positions in HRA over five years and our members tell us those positions were turned over to non-competitive titles at a higher rate of pay though performing the same duties. The City Council should request that the city, DCAS and NYC H+H strictly adhere to the placement of employees in positions according to their job description and proper titles. These are higher paid titles performing clerical-administrative duties. Most are non-competitive titles taking civil service positions. But a significant amount are also higher titles including managerial and semi-managerial.

The City Council should ask that DCAS should send a memo to all city agencies to cease this practice. That this practice begun by the Bloomberg Administration which is a waste of city tax dollars must be ended. Local 1549 has filed numerous grievances against management in several agencies, including the NYPD (other than the ones already won at Arbitration) and the NYC H+H, for replacing Clerical-Administrative Employees with higher paid, mostly non-competitive titles while assigning those replacements the same routine work that our members perform. Our analysis of most, not all, of the grievances filed shows that the city, by conservative estimate, is wasting approximately $3,220,000 *annually* in just five city agencies and H+H (See the attached). This does not include the cost of processing and hearing the grievances nor the cost of arbitration.

This is an attack on merit, the civil service system and a waste of tax payers money. It needs to end!

Civilianization

Last year the NY City Council had requested a civilianization project over a few years beginning with 100 positions this year. This was taken off the table at negotiations. The reason I was told was that it was is that the NYPD said that there was a "clerical employee job freeze" for budgetary reasons.

The city and NYPD allegedly, in order to save tax dollars, decided to keep the 386 positions that they say (we say it is closer to 500) are able bodied uniformed employees who are performing Clerical-Administrative duties of a Police Administrative Employees. These uniformed employees cost the city and NYPD nearly double what a clerical employee would cost to perform these duties. These are 386-500 uniformed employees who could be out on the street keeping our citizens safe. These are positions that could be filled by applicants living in the city who took and paid for civil service tests but being denied jobs. This goes against three court ordered arbitration decisions.

There are 200 less PAA's and Supervising PAA's than there was five years ago. There are 16 less Clerical Associates. Uniformed employees are doing their work!

Civilianization of the NYPD will mean that New Yorkers from all across the city will have a chance at gaining meaningful employment. Those who fill the Police Administrative Aide positions live in the five boroughs of the city. Many of the able-bodied uniformed employees, who will be replaced, do not live in the five boroughs. Civilianization improves the morale of the Police Administrative Aides. It will do the same for those police officers who risk their lives in the streets every day, while others are sitting at desks performing clerical duties while taking jobs from others who need and deserve them.

It is estimated by various sources including former City Comptrollers, Public Advocates, Citizens Budget Commission and the Independent Budget Office that **NYPD Civilianization could save the taxpayers anywhere between $17 and $127 million dollars. Our latest figures factoring in our collective bargaining raises but NOT those of uniformed personnel show a saving of: Roughly $30 million recurring yearly.**

Additional Staffing for 911

250 additional Police Communication Technicians (PCT) for the two Public Safety Answering Centers will enhance public safety, reduce the rising cost of overtime ($1 million annually for the past three years) and increase the morale of 911 personnel. It will help to satisfy the increasing workload that will become more intense with the new 'text-to-911' requirements that are approaching quickly. Currently there are many empty cubicles in both PSACs that could be utilized to meet all needs. They should all be filled in order to provide better emergency services. **Since there are 46 less PCT/SPCTs than a year ago when they hired 100 this means close to 50 of the 250 are included in the number requested.**

Many of those eligible for retirement are retiring. Staffing must be monitored constantly. The additional staffing has helped alleviate overtime, sick leave and stress. The centers receive just over 9 million calls.

Now, however, the amount of overtime has begun to rise again by roughly $2 million from 2017 to 2018. This adds additional stress to these first responders. Now, texting has been added to their job requirements. Stress and burn-out, we believe is, partially responsible for absenteeism and the high turnover rate.

Hiring Interpreters

We are totally opposed to the New York City Comptrollers' and City Council proposals to further privatize the interpretation services throughout the city. To begin with this is an attack on the Civil Service system. Local 1549 represents the civil service Interpreter Title in the city. We also represent those who perform interpretation tasks in NYC H+H, Patient Representatives and Client Navigators. Currently outside of NYC H+H the entire interpretation function in the city agencies is by means of private telephone lines.

The City Council, Comptroller rightfully is concerned about language access for all New Yorkers. However the proposal to institute a "pool" consisting of CBO's for that purpose is opposed by Local 1549. If adopted it would mean a privatization of this essential service. Pooling itself is not efficient given all the worksites throughout the city. The city has a civil service Interpreter Title. A test should be given and list drawn from eligible applicants should be drawn from it. Currently all city interpreter service is contracted out to private vendors and done by phone lines. **It is critical that the various agencies have their own interpeters to draw from given the various different rules and laws governing servicing. For instance our members in HRA have complained about phone line interpreters egging on clients to challenge the rules that the ES's presented to the clients.** Local 1549 asked at this hearing last year to meet to discuss this but heard nothing back from the City Council.

Requesting Funding from the 911 Surcharge to Enhance Public Safety

Reach out to the Mayor's office and request that the city work with Local 1549 to develop a grant proposal to secure funding from the various 911 Surcharges that appear on telephone and cell phone bills. The 911 Surcharge should be used for the purpose it was intended, to enhance the 911 emergency system. The FCC report issued in December says that 42% of the $189 million of the funds collected were diverted from 911 use to the state General Fund. Use the surcharge to upgrade the 911 system and hire 500 additional PCT/SPCTs for the NYPD 911 System call centers. That the funding be sent on a recurring basis.

Well Paying Jobs are a 'Win-Win' for All

By calling for the hiring of more Police Administrative Aides, Interpreters, Eligibility Specialists and Police Communication Technicians, the City Council is appropriately calling for more middle-class jobs in the city. These jobs will help those who need them and increase the city's tax base. The public will receive better service. Therefore, it is a 'win-win' for all of New York.

Some political leaders talk about helping to create meaningful jobs and increasing middle class growth. You, the City Council, have put the tax dollars proposal forward to see that it becomes a reality for those on civil service lists. Hopefully, the city administration will do the same.

Thank you.

Addendum 1

Non-Competitive Titles (Community titles) vs Clerical Associates

Clerical Associate, Clerical Occupational Group Employees (Competitive Class) and Community Titles (Non-Competitive Class) Salaries as of 9/26/18

Office Associate, Clerical Occupational Group Employees (Competitive Class) Salary[a]

Title Code	Title	Hiring Rate	Incumbent Rate	Maximum Rate
05730[1]	Office Associate	$35,330	$40,629	$53,619

Various Community Titles (Non-Competitive Class) Salaries[b]

Title Code	Title	Hiring Rate	Incumbent Rate	Maximum Rate
560057[2]	Community Associate	$37,217	$42,799	$61,936
560585[3]	Community Coordinator	$52,524	$60,403	$81,535
56093	Community Liaison Worker	$40,275	$46,316	$61,936
560920[4]	Community Liaison Worker			
	Level I	$31,624	$36,368	$44,477
	Level II	$40,275	$36,368	$44,477
	Level III	$45,073	$51,834	$67,138

Level IV	$58,361	$67,138	$82,147

Source:

[a]128A 18-16; Unit: Clerical, CBU Code: 128, Union: DC 37, Effective Date 26, 2017 2%; September 26, 2018 2.25%.

[b]003PA 18-2/7; Unit: Social Services, CBU Code: 003, Union: DC 37, Effective Date 26, 2017 2%; September 26, 2018 2.25%.

[1] Other Title codes used 05703A, 10112, 960100

[2] Other Title code used 560570

[3] Other Title code used 560580

[4] Other Title code used 560930, 560940, 560950

Prepared by Local 1549, DC 37, AFSCME AFL-CIO, February 2020

ADDENDUM 2

Civil Service Abuse and Waste of Tax Dollars

A. Agencies using Non-Competitive titles, all with higher salaries to perform Clerical-Administrative Duties.

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

B, Non-competitive titles with little or no clerical work assigned in their city job discriptions currently being used to perform routine clerical work.

Assistant Coordinating Manager
Community Associates
Community Liaisons
Community Assistants
Community Aides
Healthcare Program Planner Analyst
Clinical Dietetic Technician
Nurse
Bio Medical Equipment Technician

Patient Care Associate
Patient Care Technician
Service Aide
Sanitation Worker

C. Higher Paid Civil Service Titles performing primarily routine Clerical-Administrative tasks thus *wasting tax dollars.*

Police Officers- NYPD
Traffic Enforcement Agents- NYPD
School Safety Agents- NYPD

Healthcare Investigators- NYC Health and Hospitals
Systems Analysts- NYC Health and Hospitals
Assistant System Analyst- NYC Health and Hospitals

Clerical-Administrative Employees Local 1549, District Council 37, AFSCME, AFL-CIO

Local 1549 Analysis of Projected Salary Difference Regarding NYC Health + Hospitals Employees in Non-Clerical Titles Performing Clerical Duties in Violation of Article VI, Section 15 of the Clerical Unit Contract For the Period 2012-2017

Titles of Non-Clerical Employees Performing Out-of-Title Duties	Salary Approx.	Clerical Associate	Difference	NYC Health + Hospitals Projected Savings
Coordinating Manager	$50K	$37K	$13K	10 Coordinating Managers reassigned would save approximately $130,00.
Hospital Care Investigators	$44K	$37K	$7K	10 Hospital Care Investigators reassigned would save approximately $70,000
Assistant Coordinating Manager	$50K	$37K	$13K	10 Coordinating Managers reassigned would save approximately $130,000.
Hospital Police Officer	$49K	$37K	$12K	10 Hospital Police Officers would save approximately $120,000.
Sr. Health Care Program Planner Analyst	$55K	$37K	$18 K	10 Sr. Health Care Program Planner Analysts reassigned

				would save approximately $180,000.
Community Associate	$41K	$37K	$4K	10 Community Associates reassigned would save approximately $40,000.
Service Aides Housekeeping Aides Institutional Aides	$37K	$37K	0	10 Service Aides Housekeeping Aides reassigned would save approximately $0 but would ensure clerical errors are reduced.

Clerical-Administrative Employees Local 1549, District Council 37, AFSCME, AFL-CIO

Local 1549 Analysis of Projected Salary Difference Regarding NYC Health + Hospitals Employees in Non-Clerical Titles Performing Clerical Duties in Violation of Article VI, Section 15 of the Clerical Unit Contract For the Period 2012-2017

Titles of Non-Clerical Employees Performing Out-of-Title Duties	Salary Approx.	Clerical Associate	Difference	NYC Health + Hospitals Projected savings
Bio Med Equipment Technician	$43K	$37K	$6K	10 Bio Med Equipment Technician reassigned would save approximately $60,000
Telecommunications Associate I	$47K	**$37K**	**$10K**	10 Telecommunications Associates reassigned would save approximately $100,000
Patient Care Associates	$41K	$37K	$4K	10 Patient Care Associates reassigned would save approximately $40,000.
Health Care Program Planner	$42K	$37K	$5K	10 Health Care Program Planner reassigned would save approximately $50,000.

Sr. Health Care Program Planner Analyst	$41K	$37K	$4K	10 Sr. Health Care Program Planner Analysts reassigned would save approximately $40,000.

Source: Pay Orders. NYS Civil Service Law, Article 61, Section 2: Prohibition against out of tile Work and Clerical Unit Contract: Article VI, Section 15.

Local 1549

Department of Environmental Protection

Grievances Regarding Employees of Other Titles Performing Clerical Duties in Violation of Article VI, Section 14 of the Clerical Unit Contract

For 2004, 2005, 2010, 2011, 2012, 2013, 2014

2004

No.	Date	Step	Representative/ Attorney	Agency	Article	Location/ Case No.	Number Non-Clerical Employees Performing out of title duties	∑
1.	1.16.04	II	J. Thomas	DEP	VI, Sec. 14	Various locations OLR File No 41931	Senior Community Liaison Worker (CLW), CLW, Assistant CLW, Community Associate	64

2.	2.25.04	Arb	A. Browne, Esq.	DEP	VI, Sec. 14	Call Center A-9829-01	Community Liaison	18

2005

3.	10.5.05	III	J. Thomas	DEP	VI, Sec. 14	Bureau of Environmental Engineering OLR No. 41931	Sr. Community Assoc.	2

2010

No.	**Date**	**Step**	**Representative**	**Agency**	**Article**	**Location/ Case No.**	**Number** Non-Clerical Employees Performing out of title duties	Σ
4.	9.29.10	III	E. Douglass	DEP	VI, Sec. 14	Pike Street	Principal Administrative Associate I	4

2011

5.	2.10.11	Arb	S. Sykes	DEP	VI, Sec. 14	Various A-11796-06 OLR No. 42255	Community Assistant 18 Community Assoc. 100 Community Coord. 6	124

6.	5.29.12	Arb	E. Douglass	DEP	VI, Sec. 14	Customer Services	Assistant Community Liaison Worker Community Liaison Worker	19

						Bronx, Queens Lefrak	Community Service Aide Seasonal Aide Staff Analyst	

2012

7.	9.18.13	III	E. Douglass	DEP	VI, Sec. 14	Timekeeping	Principal Administrative Associate	11

2013

2014

8.	4.2.14	III	E. Douglass	DEP	VI, Sec. 15	Water and Sewer Systems	Supervisors and District Supervisors	N.A.
9.	9.29.14	Arb.	E. Douglass T. Cooke, Esq.	DEP	VI, Sec. 15	Pike Street Yard Various facilities OCB Docket Number A-13717-11 to A-13721-11 and A-13777-11	Principal Administrative Associates	4

$\sum = 242$

Clerical-Administrative Employees Local 1549, District Council 37, AFSCME, AFL-CIO

Local 1549 Analysis of Projected Salary Difference
Regarding Department of Environmental Protection
Non-Clerical Titles Performing Clerical Duties in Violation of Article VI, Section 15 of the Clerical Unit Contract
For the Periods 2004, 2005, 2010, 2011, 2012, 2013, 2014

Titles of Non-Clerical Employees Performing Out-of-Title Duties	Salary Approx.	Clerical Associate	Difference	NYC DEP Projected savings
Senior Community Liaison Worker	$49K	$37K	$12K	10 Senior Community Liaison Workers reassigned would save approximately $120,000.
Community Associate	$41k	$37k	$4k	10 Community Associates reassigned would save approximately $40,000.
Sr. Community Associate	$47 k	$37K	$10k	10 Sr. Community Associates reassigned would save approximately $100,000.
Principal Administrative Associate	$62K	$37K	$25k	10 Principal Administrative Associates reassigned would save approximately $250,000.
Supervisor	$66k	$37K	$29k	10 Supervisors reassigned would save approximately $290,000.

District Supervisor	$72K	$37k	$35k	10 District Supervisors reassigned would save approximately $350,000.

Source: Current incumbent Pay rate. NYS Civil Service Law, Article 61, Section 2: Prohibition against out of tile Work and Clerical Unit Contract: Article VI, Section 15.

Local 1549
NYC Housing Preservation Department 2010
and
NYC Department of Sanitation 2014
Grievances Regarding Employees of Other Titles Performing Clerical Duties in Violation of Article VI, Section 14 of the Clerical Unit Contract
2010 and 2014

2010

No.	Date	Step	Representative	Agency	Article	Location/ Case No.	Number Non-Clerical Employees Performing out of title Duties	Σ
1.	6.11.10	III	R. Harris	HPD	VI, Sec. 14	Various OLR No. 46949	Community Associates	100

2014

2.	9.29.14	III	G. Johnson	Dept. of Sanitation	VI, Sec. 15	Medical Division	Office Temps	9

Local 1549 Analysis of Projected Salary Difference Regarding NYC Housing Preservation Department and NYC Sanitation Department

Employees in Non-Clerical Titles Performing Clerical Duties in Violation of Article VI, Section 15 of the Clerical Unit Contract For the Periods 2010 and 2014

Titles of Non-Clerical Employees Performing Out-of-Title Duties	Salary Approx.	Clerical Associate	Difference	NYC HPD Projected savings
Community Associate	$41k	$37K	$4k	10 Community Associates reassigned would save approximately $40,000.
Senior Community Associate	$47k	$37K	$10k	10 Sr. Community Associates reassigned would save approximately $100,000.
Titles of Non-Clerical Employees Performing Out-of-Title Duties	**Salary Approx.**	**Clerical Associate**	**Difference**	**NYC Sanitation Dept. Projected savings**
Office Temporaries*	NA	$37K	NA	Not Available

Source: Current incumbent pay rates. NYS Civil Service Law, Article 61, Section 2: Prohibition against out of tile Work and Clerical Unit Contract: Article VI, Section 15. * Office Temporaries are contracted in some Departments.

Local 1549
NYPD

Grievances Regarding Employees of Other Titles Performing Clerical Duties in Violation of Article VI, Section 14 of the Clerical Unit Contract

In 2004, 2007, 2008, 2012, 2013, 2014

2004

No.	Date	Step	Representative/ Attorney	Agency	Article	Location/ Case No.	Number Non-Clerical Employees Performing out of title duties	Σ
1.	9.2.04	Arb.	A. Browne, Esq.	NYPD	VI, Sec. 14	All Commands A-6683-97	Police Officers	100's

2007

2.	10.16.07	Arb.	A. Brown	NYPD	VI, Sec. 14	Various A-9711-02	Traffic Enforcement Agents	200

2008

3.	6.25.08	Arb.	L. Polletta	NYPD	VI, Sec. 14	School Security A-9712-02	Traffic Enforcement Agents	100's

2012

No.	Date	Step	Representative/ Attorney	Agency	Article	Location/ Case No.	Number Non-Clerical Employees Performing out of title duties	Σ
4.	3.20.12	III	D. Marenfeld	NYPD	VI, Sec. 14	Floyd Bennett Field OLR No. 48322	Police Officer	1

2013

5.	2.12.13	III	D. Marenfeld	NYPD	VI, Sec. 14	72nd PCT.	Police Officer	1
6.	10.15.13	III	D. Marenfeld	NYPD	VI. Sec. 14	70th PCT. Roll Call Crime Analysis	Police Officers	6

2014

7.	3.7.14	III	D. Marenfeld	NYPD	VI, Sec. 15	Brooklyn Courts OLR No. 49618	Police Officers	2
8.	4.9.14	III	D. Marenfeld	NYPD	VI, Sec. IC	Staten Island Medical Division OLR No. 49762	1 Sergeant 4 Police Officers	5

2014

No.	Date	Step	Representative/ Attorney	Agency	Article	Location/ Case No.	Number Non-Clerical Employees Performing out of title duties	∑
9.	4.12.14	III	D. Marenfeld	NYPD	VI, Sec. 15	67th PCT Roll Call OLR No. 49763	Police Officer	1
10.	5.6.14	III	D. Marenfeld	NYPD	VI, Sec. 14 and XIX	72nd PCT Roll Call OLR No. 49012	Police Officer	1
11.	9.11.14	III	D. Marenfeld	NYPD	VI, Sec. 1C and Art. XIX	Brooklyn North Traffic Command Payroll	Traffic Enforcement Agent	3

∑= estimate 500

Clerical-Administrative Employees Local 1549, District Council 37, AFSCME, AFL-CIO

Local 1549 Analysis of Projected Salary Difference Regarding NYC Police Department Employees in Non-Clerical Titles Performing Clerical Duties in Violation of Article VI, Section 15 of the Clerical Unit Contract For the Period 2004-2017

Titles of Non-Clerical Employees Performing Out-of-Title Duties	Salary Approx.	Police Administrative Aide	Differ ence	NYC NYPD Projected Savings
Sergeant	$87k	$37K	$50K	10 Sergeants reassigned would save approximately $500,000.
Police Officers Starting salary	$42k	$37k	$5k	10 Police Officers at Starting salary reassigned would save approximately $50,000.
5 1/2 years	$86k	$37k	$49k	10 Police Officers at 5 1/2 years reassigned would save approximately $490,000.
Traffic Enforcement Agent Level III	$43k	$37K	$6k	10 Traffic Enforcement Agents reassigned would save approximately $60,000.

Source: Current incumbent pay rates. NYS Civil Service Law, Article 61, Section 2: Prohibition against out of tile Work and Clerical Unit Contract: Article VI, Section 15.

Local 1549
NYC Buildings Department
Grievances Regarding Employees of Other Titles Performing Clerical Duties in Violation of Article VI, Section 14 of the Clerical Unit Contract
2006, 2009, 2012

2006

No.	Date	Step	Representative/ Attorney	Agency	Article	Location/ Case No.	Number Non-Clerical Employees Performing out of title duties	∑
1.	3.10.06	Arb.	R. Arnero A. Brown	Buildings	VI, Sec. 14	Various A-11796-06 OLR No. 42255	Community Assistant 18 Community Assoc. 100 Community Coord. 6	124

2009

2.	11.29.09	Arb.	A. Brown	Buildings	VI, Sec. 14	Various A-11796-06 OLR No. 42255	Community Assistant 18 Community Assoc. 100 Community Coord.. 6	104

2012

3.	1.17.14	III	J. Roberts	Buildings	VI, Sec. 14	Various OLR No. 48929	Community Assistants	64

∑=292

Local 1549 Analysis of Projected Salary Difference Regarding NYC Buildings Employees in Non-Clerical Titles Performing Clerical Duties in Violation of Article VI, Section 15 of the Clerical Unit Contract
For the Period 2006 to Present

Titles of Non-Clerical Employees Performing Out-of-Title Duties	Salary Approx.	Clerical Associate	Difference	Projected Savings
Community Associate	$41K	$37K	$4K	10 Community Associates reassigned would save approximately $40,000.
Senior Community Assistant	$47k	$37k	$10k	10 Sr. Community Associates reassigned would save approximately $100,000.
Community Coordinator	$48k	$37k	$11k	10 Community Coordinators reassigned would save approximately $110,000.

Source: Current incumbent pay rates. NYS Civil Service Law, Article 61, Section 2: Prohibition against out of tile Work and Clerical Unit Contract: Article VI, Section 15.

ADDENDUM 3 - CIVILIANIZATION

NYPD: PAA/ SPAA Headcount Comparison2014 - 2019

	1/13/14	1/28/15	1/8/16	1/12/17	1/1/18	1/1/19
P.A.A.	1479	1478	1414	1385	1330	1277
S.P.A.A.	852	866	874	887	888	862

P. A.A. = Police Administrative Aide
S.P.A.A. = Senior Police Administrative Aide

DC 37 HEADCOUNT NUMBERS

CIVILIANIZATION Cost Savings Documented

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

NYPD- 750 (this is the number set by the NYPD and City Council and we are agreeable to it)
500 (This is the approximate number of positions still not civilianized as of late 2014 as per the NY City Council)

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

See below:

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

500 positions civilianized this year would save $30 million per year for *each* future year

ADDENDUM 4:

911 SURCHARGE

Local 1549's EMERGENCY FY 2019 Budget Request:

In part the amount raised from this would be used to fund hiring of 911 PCT/SPCT Personnel. It is estimated that close to 500 more employees should be hired to offset rising Overtime Costs and to fill empty positions. This would lower the wait times for emergency calls, help lower the absenteeism caused in part by use of Overtime and burnout, and also be used to fund employees needed for the Next Generation initiatives including use of proposals for use of imaging and texting.

II. The Various 911 Surcharges Must Be Reviewed and a Fairer Amount Retained by New York City and Allocated to the NYPD

Communications Division. The NYS Department of Home Land Security should issue a Grant to Cover the Cost for the Additional PCTs.

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

Table 4

NYC 911 Tax Rate by Phone Service[4]:

Source: NYC Finance Department

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

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

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

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

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

Continuing (NYS) provisions

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

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

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

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

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

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

The Federal Perspective from The FCC[6]:

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

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

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

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

Notes:

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

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

METRO

FCC: New York is siphoning millions meant for emergency communications

By Gregory Bresiger New York Post

January 5, 2019 | 9:19pm

AP

New York's 911 communication services are in a state of emergency themselves as Albany siphons off hundreds of millions of dollars in much-needed funds to state coffers, an FCC commissioner says.

Under a federal statute, states are allowed to collect taxes on cellphones but must use all the money for emergency communications services.

However, New York "diverts" some of the money to other things, a federal regulator says in a new report.

The Federal Communication Commission's Michael O'Rielly complains that New York is now one of only three states that continue the practice.

New York uses these 911 funds "for either non-public safety or unspecified uses," according to the annual FCC report, titled "On State Collection and Distribution of 911 and Enhanced 911 Fees and Charges."

"This harmful behavior short-changes call centers and prevents necessary upgrades, thereby threatening the public's safety at their most vulnerable time, or it deceives consumers by stealing their money for other spending purposes," O'Rielly wrote in the latest report.

The FCC "has found New York to be a diverter of 911 fees every year since 2009," according to the latest report.

A spokesman for New York State Comptroller Thomas DiNapoli referred questions to the state Assembly, which initiates all money bills, and the governor.

A spokesman for the Assembly Speaker's office didn't respond to repeated questions. But a spokesman for Gov. Cuomo said the money is properly used.

Still, O'Rielly insists New York doesn't comply.

Indeed, the report found that about 90 percent of these emergency communications funds were not spent on 911 purposes in 2017.

Cellphone fees generated about $189 million in revenue for New York, the FCC report said, and about 42 percent of that went into the General Fund.

That "by itself provides sufficient basis to identify New York as having diverted 911 fees for non-911 purposes," the report said.

A spokesman for the governor at the New York State Division of the Budget challenges the FCC report.

"New York's cellular surcharge is used to upgrade public-safety communication systems and support emergency services operations statewide, including through the provision of interoperable communications grants," the spokesman said. "These programs are providing critical funding to help first responders at all levels of government communicate faster and respond sooner."

The state spokesman added New York officials are obligated to put large amounts of these charges into the General Fund.

“New York State Tax Law Section 186-f requires that the General Fund, being the primary funding source for the State’s public safety activities, receive 41.7 percent of the revenue from this fee,” the state spokesman said.

Still, a spokeswoman for O’Rielly said New York makes “excuses” for not complying and that most states now spend 911 money as prescribed by federal rules.

Lawyer Scott Mackey of the Tax Foundation think tank says, “New York is one of only a few states that diverts funds routinely.”

Mackey, who has studied the use of 911 money across the United States, warns that emergency communications services are affected.

“I am not a NY resident,” Mackey adds, “but I think New Yorkers might be concerned that 911 system improvements could be delayed because funds are used for other purposes.”

O’Rielly says he will keep pushing for states to use 911 funds only for the designated purposes.

“Having had some success this year eliminating diversion by some states and territories,” he writes, “this year’s list highlights how much more work remains and how it is clear that some repeat offenders cannot be shamed (e.g., New York, New Jersey, Rhode Island

FOR THE RECORD

the Network
Supportive Housing Network of NY

Testimony to the New York City Council
Finance Committee FY2021 Preliminary Budget Hearing
Submitted by the Supportive Housing Network of New York
March 2, 2020

Good morning Chairperson and members of the NYC Council Finance Committee. My name is Tierra Labrada, and I am here representing the Supportive Housing Network of NY. I am grateful for the opportunity to submit testimony on the FY 2021 Executive Budget.

My testimony today will focus on the urgent need to include a 3% cost of living adjustment ("COLA") on the personal services budget line of all city-funded human service contracts. The City previously recognized the need for this annual contract increase and responded with a multi-year investment. Unfortunately, the last year of that increase is FY20, and there is currently nothing in the budget that recommits to this investment. I am here today on behalf of our nonprofit members, their staff, and the residents they serve, to implore the City to include $48 million dollars in the FY21 budget to account for the 3% increase in human service contracts.

The Supportive Housing Network is a membership organization representing over 200 nonprofit developers and operators of supportive housing statewide. Supportive housing is permanent affordable housing with embedded social services for people who are experiencing homelessness and who also face barriers to maintaining stable housing. Thousands of New Yorkers who live with mental illness, substance use disorders, HIV/AIDS, as well as survivors of domestic and gender-based violence, families with dependents and unaccompanied youth rely on supportive housing to exit the homeless service system and have a safe, affordable place to call home.

Our members contract with city agencies to provide the social services in these residences. Unfortunately, these contract rates have been stagnant for years, with many of our providers operating at a deficit; being reimbursed only eighty cents for every dollar they spend on services. This chronic underfunding affects our providers' fiscal stability as well as their frontline staff. Simply put: poor wages means higher turnover, and high turnover will inevitably lead to inadequate care.

On average, case managers in supportive housing only earn between $38,000- $49,000. Recent studies conducted by our partners found that nearly 60% of government-contracted human service workers qualify for some form of public assistance. We believe that it is not only illogical for the government to subsidize poverty wages that would require workers to seek out additional subsidies, it also places an unnecessary strain on limited public resources.

Additionally, our providers are having difficulties recruiting and retaining staff, which, in this sector, often leads to negative impacts on the clients being served. Supportive housing residents have suffered from years of housing instability and homelessness, mental illness, substance use, and various traumas. Often, their first point of stability is supportive housing, and the first person to earn their trust is their case manager. Although supportive housing staff are dedicated and passionate about their work, they also have to provide for themselves and their families, in some cases changing jobs for as little as $3,000 a year in salary increases. Due to the low wages, filling vacancies for these positions is a difficult and lengthy process, burdening underpaid staff who take on additional cases in the interim. One tenant recently told me that he had four case managers in the last year, making it hard for him to form connections with anyone. Every time there is turnover it has the potential to further traumatize an already vulnerable population. Furthermore, supportive housing staff are quite literally changing the lives of their residents, becoming mentors, confidants, advocates, protectors and friends. They deserve to be compensated fairly for their work in ensuring formerly homeless New Yorkers stabilize and thrive in their communities.

I would like to note that this is a statewide issue. The human service sector has been disinvested in for decades, which is why we are also calling on the State to include a 3% COLA each year for the next five years through the 3-for-5 campaign. What we are asking for today is a short term fix within a broader conversation regarding comprehensive solutions to ensure that human service workers finally earn fair pay for their labor.

Lastly, I would be remiss if I did not frame this as not only an economic issue, but as a gender and race equity issue, as well. Our partners note that nearly 80% of human service workers in the city are women—that figure increases to 90% in supportive housing. Additionally, more than 60% of our case managers are women of color. Without a substantive investment in the sector, starting with the 3% COLA, the City would be exacerbating gaping wage inequities and acting counter to its commitment to social and economic justice.

Thank you for the opportunity to testify, and I welcome any questions.

Local Union No. 3
International Brotherhood of Electrical Workers
OF GREATER NEW YORK AND VICINITY

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AFFILIATED WITH AFL-CIO

NEW YORK CITY CENTRAL LABOR COUNCIL AFL-CIO

BUILDING & CONSTRUCTION TRADES COUNCIL OF GREATER NEW YORK AFL-CIO

AND ALL STATE AND CENTRAL BODIES

Statement of Benjamin Arana

Business Representative of Local 3 IBEW

Hearing of the Committee on Finance

Regarding Local Law 97

March 2, 2020

Good afternoon Chair and distinguished committee members thank you for the opportunity to testify at today's hearing. My name is Benjamin Arana, I am a Business Representative for Local Union #3 International Brotherhood of Electrical workers and I am responsible for the Solar PV Program in our industry.

Regarding Local Law 97 budget, Local 3 with the Climate Works For All Coalition is asking for an additional 1 Billion dollars for the next ten years for the retrofit work in Affordable Housing. We feel that this work was left out of the budget. The cost of these repairs should not be passed down to the tenants.

Local 3 IBEW and its affiliated electrical contractors are proud of its long history of constructing and maintaining the electrical grid infrastructure that powers New York City's vibrant economy. Our skilled trade's men and women continue to be ready and able to meet the new challenges brought about by technological advances through continued training in the latest renewable energy installation methods at our state-of-the-art training facility. In addition, Local 3 has been part of the installation of the geothermal system at Saint Patrick's Cathedral and the first Net Zero School built in Staten Island and not to mention a large number of photovoltaic systems installed throughout the 5 boroughs.

Our advanced green-jobs programs in solar, wind turbine and other renewable technologies enable us to continue providing the expert and professional services that our valued customers have grown accustomed to receiving. While we support the objectives outlined today we urge you to include principles that will create good local jobs. It ought to set wage standards that enable new entrants into the industry an opportunity to earn a good living wage, as well as receive safety training through a qualified pre-apprenticeship and apprenticeship programs.

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AFFILIATED WITH AFL-CIO

NEW YORK CITY
CENTRAL LABOR COUNCIL
AFL-CIO

BUILDING & CONSTRUCTION
TRADES COUNCIL
OF GREATER NEW YORK
AFL-CIO

AND ALL STATE AND
CENTRAL BODIES

I would like to ask if the NYC agency Project Labor agreements can be used for the future solar installations and all future retrofit work associated with reducing the carbon emissions and P.L.As already have language for local hire and minority participation in place.

The clock is ticking, and Climate Change is affecting our City. We have a tough deadline to meet by 2030 and as I stated above as these work opportunities become available to our contractors, we can increase our membership from the communities through the programs that are already in place, Construction skills, P2A (pathways into apprenticeships), NYCHA, Non Traditional Employment For Women, Helmets to Hardhats.

In closing I hope that NYC Government, communities and Local 3 can work together for a cleaner Planet.

Thank you for your time and consideration and allowing me to express these comments on this matter.

City Council Committee on Finance - Preliminary Budget Hearing
March 2nd, 2020

Thank you for the opportunity to testify. My name is Arielle Hersh and I am here on behalf of UHAB, the Urban Homesteading Assistance Board. For 45 years, UHAB has been creating, preserving, and supporting resident controlled housing. We work with low and moderate income residents in housing cooperatives, known as HDFCs, as well as tenant associations to build democratic participation, leadership, and community through cooperation.

UHAB is part of the Climate Works for All campaign because HDFC communities are on the front lines of the climate crisis. Most HDFC residents are disproportionately impacted by the legacies of redlining, disinvestment, and aging building conditions. Furthermore, many HDFC buildings are in the areas of the city most vulnerable to rising sea levels and increasingly powerful storms like Superstorm Sandy.

We are calling for the City to allocate 1 billion dollars annually to retrofit buildings that were left out of Local Law 97 because we cannot fight climate change without the affordable housing community. The City has already made some strides to fund energy efficiency and retrofit programs for affordable housing, but this is nowhere near enough to match the City's own ambitious climate goals and the reality of the impending climate crisis.

Through our Co-ops Go solar campaign, in which we help HDFC install solar on the roofs of their buildings, we've seen the impact access to renewable energy can have low-income homeowners. We've seen them use cooperative decision making to choose solar, and share strategies to keep their homes healthy and affordable. We have seen them invest in not only their futures, but the future of the next generation.

Residents of affordable housing, low income communities, and communities of color should not be forced to foot the bill of a crisis they played little role in creating. In this moment, we have an opportunity to begin to undo the legacy of environmental racism and in New York City. Instead of continuing the status quo, perpetuating inequities, and leaving frontline communities behind, we can create a just transition to renewable energy that focuses on protecting affordable housing, workers, families, and those most impacted by climate change.

We believe that these retrofits must occur equitably across NYC, in affordable housing and beyond. Local Law 97 is a good start, but we must be as aggressive as possible in efforts to slow climate change. The prescriptive measures outlined in this law that are imposed on affordable housing do not go far enough to significantly reduce emissions. These measures cannot happen without financial support—support which will help close the gap between maintaining affordability and increasing energy efficiency. We are not only asking for the money we need to fight climate change, but for programs that will make it easy for owners of affordable housing and residents alike to make these changes and retrofit their buildings.

Residents and owners of affordable housing cannot be left behind in this fight: they are the ones on the frontlines of climate change, and they need to be at the table to guide us through a just transition to a more sustainable New York City. Thank you.

JLUSA

justleadershipusa.org

March 2, 2020

Testimony to the City Council Committee on Finance
Submitted by Sarita Daftary, Senior Community Organizer, JustLeadershipUSA

Dear Council Member Dromm and Committee Members,

Thank you for the opportunity to testify today and your leadership on this issue. I'm an organizer with JustLeadershipUSA, working on the #CLOSErikers campaign. Today I want to highlight the opportunities New York City has, but is not currently taking, to immediately invest in the types of community resources that can create safety by strengthening and stabilizing communities. We can do this, even in the face of cuts from the state, by beginning the long-overdue work of divesting from overfunded systems of law enforcement.

New York City has prided itself on uplifting the values of equality, fairness and respect for its 8 million residents. The great reduction of the number of people in New York City jails has been a testament to these values, and to the power of grassroots advocacy. But the city's misalignment of its budget priorities still flies in the face of those values, and needs to change.

Each budget cycle, New Yorkers passionately and articulately make the case for desperately-needed funding for housing, education, libraries, healthcare, youth programs and more. In each budget cycle, they walk away with only a fraction of what is needed. Every time that happens, gaping holes widen in our social safety net, and law enforcement agencies are once again relied upon to respond to challenges they will never be equipped to address - challenges of public health, poverty, and inequality.

This is a choice, and our electeds have the power to make a different choice. The choices that created this misalignment in budget priorities have had serious and sometimes deadly consequences. While we are well aware that the State and Federal government have contributed to funding gaps, the truth is that New York City has the resources to address many of the needs that currently go unmet. With vision and political courage, we can move those resources to where they are truly needed. **The Mayor and City Council will need to decide that our city will once and for all stop relying on law enforcement agencies to address social problems**. You must develop and implement bold plans to fund community resources and infrastructure *to scale,* and in doing so, create new living wage jobs in the social and human services sector. **Only by making this shift can New York City truly end the tale of two cities.** This shift will not be completed in this budget cycle alone, but New York City must start this process, and we can lead the nation in doing so.

Decades of mass criminalization have extracted vast resources from Black, Brown, and poor communities. We all want to live in strong, safe, healthy neighborhoods, and our communities have long had the solutions, but not the support. The #buildCOMMUNITIES platform, launched in January 2019 and updated this month, draws on the collective wisdom of over 40 organizations and more than 200 residents of communities most impacted by mass incarceration. The platform highlights areas of need, as well as many programs that are already working, but in dire need of greater investment. I'm pleased to share a copy of that platform with you today. [jlusa.org/buildCOMMUNITIES]

We know that your committee would probably like to fund all of the areas named in our platform. And that New York City could. This year's budget allocates over $14 billion dollars annually into the New York City Police Department, the Department of Corrections, the New York City Department of Probation, and District Attorneys. The majority of the money is spent on the NYPD and the Department of Correction. New Yorkers - and even some police officers themselves - are increasingly aware of the overreach of the New York City Police Department. The enormous size of the NYPD means that police officers are inserted in situations where they are at best not effective, and at worst cause serious harm. Furthermore, though Governor Cuomo has refused to address many of New York City's most important urgent needs, he has insisted, despite broad opposition, on deploying 500 new MTA police officers to our subway system, at a cost of $249 million. The City should implement an NYPD hiring freeze this year which could, at minimum, balance out this unnecessary addition of law enforcement officers, and allow New York City to save our resources for things like the housing, education, and healthcare that the Governor routinely denies us.

In terms of the Department of Corrections, New York City recently implemented a hiring freeze for DOC, to address the extreme excess of correction officers. The administration has planned to further reduce this workforce only by attrition. But this transition must be addressed more quickly, and more intentionally. The hiring freeze combined with attrition should result in about $150 million in cost savings this year, the FY 2021, but the budget still reflects an excess of 5,000 correction officers, at a cost of nearly $1.2 billion <u>this year alone</u>. Those officers work within the notorious culture of violence and failed leadership that exists within DOC, and many of them would consider a transition if one were offered. The City should: conduct an assessment to determine which agencies are in need of more staffing; determine what training and qualifications would be necessary to work in new or currently vacant roles in these agencies, and what counseling may be necessary for officers leaving the Department of Corrections to fill those roles; and establish a fund to help correction officers transition to other work.

We need you, the Council members who understand the importance of resourcing other priorities, to urge the Mayor to make the boldest step he can towards a truly safer, fairer, and more progressive City.

Sincerely,

Sarita Daftary
JustLeadershipUSA

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/2/20

(PLEASE PRINT)

Name: Sarita Daftary

Address: 1900 Lexington Ave

I represent: Just Leadership USA

Address: 1900 Lexington

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/2/20

(PLEASE PRINT)

Name: KATELYN ANDREWS

Address:

I represent: LIVEON NY AGING ISSUES

Address: 49 W. 45th St., 7th Fl.

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Budget proposal for Climate Works for All

Date: 3/2/20

(PLEASE PRINT)

Name: Flandersia Jones

2085 Valentine Ave., 4D Bronx, NY 10457

Address: ~~[illegible]~~

I represent: New York State Nurses Assoc.

Address: 131 W. 33rd St., 4th Fl.

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ________

(PLEASE PRINT)

Name: Tierra Labrada

Address: 247 W. 37th Street

I represent: Supportive Housing Network of NY

Address: FY21 Prelim Budget - 3% COLA increase

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/2/2020

(PLEASE PRINT)

Name: NADINE DUNCAN

Address: ________

I represent: Sheltering Arms

Address: 305 7th Ave NY NY 10001

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ________

(PLEASE PRINT)

Name: Arielle Hersh

Address: 309-311 Washington Ave, 11205

I represent: UHAB

Address: 120 Wall St, Fl 20, 10005

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/2/20

(PLEASE PRINT)

Name: Jon Forster
Address: 355 Bergen St., Brooklyn
I represent: Local 375/DC 37
Address: 55 Water St., NYC

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. LL 97 Res. No. ________
☒ in favor ☐ in opposition

Date: 3-2-20

(PLEASE PRINT)

Name: Ben Arana
Address: 65-25 160th St.
I represent: Local 3 IBEW.
Address: 158-11 HVA JR. AVE.

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/2/20

(PLEASE PRINT)

Name: PASTOR DORIS JOHNSON
Address: 146-17 133rd Ave JAM NY 11436
I represent: MYSELF
Address: We are concern about ISSUES We wants to HAVE OUR Homes TESTED for MOLD + OTHER HEALTH ISSUES

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/2/20

(PLEASE PRINT)

Name: M J Okma

Address:

I represent: Human Services Council of NY

Address: 130 E 59th St.

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date:

(PLEASE PRINT)

Name: Ronnie Lowenstein

Address: IBO

I represent:

Address:

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/2/2020

(PLEASE PRINT)

Name: Shane Correia

Address: 520 8th Ave Floor 23

I represent: Center for Court Innovation

Address:

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: ______

(PLEASE PRINT)

Name: George Sweeting

Address: IBO

I represent: ______

Address: ______

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: 3/2/20

(PLEASE PRINT)

Name: Andrea Bowen

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

I represent: Council of Family & Child Caring Agencies (COFCCA); NYC Anti-Violence Project; Sex Workers Project at Urban Justice Center; American LGBTQ+ Museum

Address: ______

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: ______

(PLEASE PRINT)

Name: Summer Sandoval

Address: 462 36th St.

I represent: UPROSE

Address: "

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ________

(PLEASE PRINT)

Name: Scott M Stringer, NYC Comptroller

Address: Comptroller's Office

I represent: ________

Address: ________

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ________

(PLEASE PRINT)

Name: Tammy Gamerman, Budget Research Director

Address: Comptroller's Office

I represent: ________

Address: ________

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ________

(PLEASE PRINT)

Name: OLIVE HARRIELAL

Address: 133-26 INWOOD ST, SO. OZONE PK

I represent: ________

Address: ________

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

WATER

I intend to appear and speak on Int. No. SEWER DAMAGE/[illegible] Res. No. ______

☐ in favor ☐ in opposition

Date: ______

(PLEASE PRINT)

Name: JACQUELINE Cleveland

Address: 130-28 145 St.

I represent: MyselF

Address:

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

[illegible]

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

☐ in favor ☐ in opposition

Date: 03/02/20

(PLEASE PRINT)

Name: Willie Mae Holmes

Address: 145-29 130 Ave Jamaica, NY 11436

I represent: myself

Address: ______

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: 3/2/20

(PLEASE PRINT)

Name: HASSEN PinchBack

Address: 130-12 Inwood St.

I represent: mySelf

Address: ______

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ________

(PLEASE PRINT)

Name: Khari White
Address: 147-15 130 Ave South Ozone Park NY 11436
I represent: The 149st South Ozone Civic Association (President)
Address: P.O Box 200701 South Ozone Park NY 11430

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ________

(PLEASE PRINT)

Name: BENA BALGOBIN
Address: 145-45 N. CONDUIT AVE
I represent: MYSELF.
Address: ________

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/2/20

(PLEASE PRINT)

Name: Aracelia Cook
Address: 128-10 Inwood Street
I represent: ________
Address: ________

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ______

(PLEASE PRINT)

Name: Phoebe Flaherty
Address: 303 Dean St, Bk
I represent: Align
Address: 50 Broadway

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ______

(PLEASE PRINT)

Name: Melanie Hartzog
Address: 255 Greenwich
I represent: OMB
Address: ______

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ______

(PLEASE PRINT)

Name: Ken Godiner
Address: 255 Greenwich
I represent: OMB
Address: ______

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ________

(PLEASE PRINT)

Name: PENNI BUNYAVIROCH

Address: ________

I represent: CATHOLIC CHARITIES ARCHDIOCESE OF NY

Address: 1011 FIRST AVE., 6TH FL NYC 10022

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: March 2, 2020

(PLEASE PRINT)

Name: Ralph Palladino

Address: 125 Barclay Street NY NY 10007

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

Address: ________

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ________

(PLEASE PRINT)

Name: Tierra Labrada

Address: 241 W. 37th St

I represent: Supportive Housing Network of NY

Address: ________

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