

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY WITH
COMMITTEE ON FINANCE 1

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON OVERSIGHT AND
INVESTIGATIONS JOINTLY WITH
COMMITTEE ON FINANCE

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November 7, 2022
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HELD AT: COUNCIL CHAMBERS - CITY HALL

B E F O R E: Gale A. Brewer, Chairperson

COUNCIL MEMBERS:

Justin L. Brannan, Chair
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COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY WITH
COMMITTEE ON FINANCE 2

COUNCIL MEMBERS: (CONTINUED)

Chi A. Osse
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COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY WITH
COMMITTEE ON FINANCE 3

A P P E A R A N C E S

Christopher Blanco, Associate Director for Budget Resources and Recovery Grants Management at the Mayor's Office of Management and Budget

James Bristow, Deputy Assistant Director and Intergovernmental Relations Counsel

Logan Clark, Assistant Director of Budget Review at the New York City Independent Budget Office

Brian Cain, Budget Review Analyst at the New York City Independent Budget Office

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS JOINTLY WITH
COMMITTEE ON FINANCE 4

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2 SERGEANT-AT-ARMS ONE: Microphone test.
3 Today's date is November 7, 2022. Joint Committee on
4 Finance with the Committee on Oversight and
5 Investigations being recorded by John Biondo. City
6 Hall, Council Chambers. If our Zoom host could please
7 start the livestream?

8 SERGEANT-AT-ARMS TWO: Good morning and
9 welcome to today's hybrid joint New York City Council
10 hearing for the Committees on Finance jointly with
11 Oversight and Investigation.

12 To minimize disruptions, please place all
13 electronic devices to vibrate or silent mode.

14 If you'd like to submit testimony, please
15 send via email to testimony@council.nyc.gov.

16 Thank you for your cooperation. Chairs,
17 we are now ready to begin.

18 CHAIRPERSON BREWER: Good morning. I'm
19 Gale Brewer, Chair of the Committee on Oversight and
20 Investigations. [GAVEL] We're opening this hearing.
21 I'd like to welcome you to our joint oversight
22 hearing today with the Committee on Finance Chaired
23 by my wonderful Colleague Justin Brannan.

24 We all know that since COVID-19 struck,
25 we have placed our city and its finances under a

1 cloud of enormous uncertainty. We've lost untold
2 millions in revenue in the midst of a shutdown
3 despite all the support from the federal government,
4 and we've seen some prosperity return once we
5 reopened and adapted, but there are so many
6 challenges. We know that New York City shifts fiscal
7 fortunes all the time. It makes it very hard for
8 those of us who are serious policymakers to budget
9 for our city's needs, and the needs are tremendous.
10 Today, we want to get to the bottom of just what
11 federal resources we still have and how we need to
12 use them in the best possible manner.
13

14 We also know that there's an economic
15 forecast, there's a hint of a coming recession, and
16 it means we need to keep a very close eye on our
17 budget although we do that anyway. At the same time,
18 if we have access to federal funds, that could soften
19 the blow of any economic decline and hit to city
20 revenues. We need to use as many of these resources
21 as we can to ensure that the City continues providing
22 these very essential services to everybody. We hope
23 that the Office of Management and Budget and the
24 people testifying today can give us a clearer picture
25 of how we have used federal money from the American

1
2 Rescue Plan and the other two plans and any other
3 sources. We also want to understand how the
4 administration decided to use that aid, what's left,
5 we've never been able to get that from the Department
6 of Education, I know that's another hearing, what
7 obstacles the City has encountered in actually
8 spending this money, and whether any planned budget
9 cuts could be avoided by using currently unbudgeted
10 aid dollars. We're also looking forward, as I
11 mentioned earlier, to an Education Committee on this
12 topic on November 16th when we will talk about the
13 federal education aid which is the largest pot from
14 the federal government.

15 I'd like to certainly thank the central
16 staff team, Senior Counsel C.J. Murray, Policy
17 Analyst Alex Yablon, and my staff, Leo Bullaro, in
18 particular.

19 Now, I'd like to turn it over to my
20 fabulous Colleague, Chair Brannan.

21 CHAIRPERSON BRANNAN: Thank you, Council
22 Member Brewer. Good morning, everyone. I'm Council
23 Member Justin Brannan. I have the privilege of
24 Chairing the Committee on Finance. I also want to
25

1 welcome you to our hearing regarding New York City's
2 spending of federal COVID relief funds.

3
4 The hearing today will provide our
5 Committees with an opportunity to hear from the
6 Office of Management and Budget about the federal
7 funding the City has received in the wake of the
8 COVID pandemic and how that funding has been spent so
9 far, particularly those funds received through the
10 American Rescue Plan Act State and Local Fiscal
11 Recovery Fund. These funds are the most flexible in
12 how we can use them for the City's economic recovery
13 so we want to start there.

14 At the same time, a significant amount of
15 aid has been received and committed to the Department
16 of Education as Council Member Brewer mentioned.
17 Because of this, the City Council's Committee on
18 Education will hold further hearings, especially on
19 the DOE's use of COVID federal funding on a separate
20 hearing on November 16th.

21 On March 11, 2021, President Biden signed
22 into law the American Rescue Plan Act of 2021. It is
23 a 1.9-trillion-dollar economic stimulus plan of which
24 350 billion was allocated to state, local, to tribal
25 governments to counteract the pandemic's fiscal

1 impact to public budgets. The City received 5.88
2 billion from the State and Local Fiscal Recovery Fund
3 for recovery programs. This is in addition to the
4 1.45 billion the city received through the federal
5 Coronavirus Act Relief and Economic Security, the
6 CARES act, assistance package. In total, the City
7 expects to receive approximately 26 billion in
8 pandemic-related federal funding through FY-26. The
9 ARPA State and Local Fiscal Recovery Funds represent
10 a large portion of the federal relief funds
11 uncommitted by the administration. As of June 2022,
12 820 million dollars remains uncommitted out of a
13 planned spend of 3.68 billion. SLFRF monies have
14 primarily been utilized for replacing lost city
15 revenues resulting from the pandemic, but ARPA also
16 permits that these dollars go towards infrastructure
17 projects like broadband expansion or other necessary
18 investments that can accelerate New York's ongoing
19 economic recovery.
20

21 Today, we'll have the opportunity to
22 discuss the City's use of these federal resources.
23 This disease has inflicted and continues to inflict
24 deep personal costs on all New Yorkers and a
25 financial burden that we are still grappling with

1 today. Every dollar and assistance we receive is a
2 step closer to rebuilding our homes, our businesses,
3 our communities, and our lives. We can't afford
4 anything less than maximum and efficient use of these
5 resources. We look forward to hearing OMB's testimony
6 and answering our questions about progress in
7 spending the federal funds, how funding for these
8 projects has been prioritized, and how still
9 uncommitted funds can help lessen the financial
10 burden on other necessary city expenditures going
11 forward.
12

13 Before we begin, I want to thank my
14 Committee staff as always, Michael Twomey, Kathleen
15 Ahn, Jonathan Rosenberg, and my Senior Advisor John
16 Yenin (phonetic), and the Council staff from the
17 Committee on Oversight and Investigations for all
18 their hard work behind the scenes in putting this
19 hearing together.

20 With that, I'm going to hand it back over
21 to Chair Brewer.

22 CHAIRPERSON BREWER: Thank you very much.
23 I want to thank Council Members Barron, Carr, Kagan,
24 Hanks, Louis, and on Zoom Ayala for being here today,
25 and now I'll turn it over to C.J. Murray.

COMMITTEE COUNSEL MURRAY: Thank you,
Chairs. We'll now hear testimony from the Office of
Management and Budget. Before we begin, I will
administer the affirmation.

Panelists, please raise your right hands.
I'll read the affirmation once and then call on each
of you individually to respond.

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

ASSOCIATE DIRECTOR BLANCO: I do.

COMMITTEE COUNSEL MURRAY: James Bristow.

JAMES BRISTOW: I do.

COMMITTEE COUNSEL MURRAY: Thank you. You
may begin.

ASSOCIATE DIRECTOR BLANCO: Good morning,
Chairs Brannan, Brewer, Members of the Finance and
Oversight and Investigations Committees and Members
of the City Council. My name is Christopher Blanco. I
am the Associate Director for Budget Resources and
Recovery Grants Management at the Mayor's Office of
Management and Budget. My responsibilities include
oversight and management of the City's federal COVID-

1
2 19 relief funds. I'm joined by my colleague James
3 Bristow, Deputy Assistant Director and
4 Intergovernmental Relations Counsel.

5 In March 2020, New York City became the
6 epicenter of the epicenter of the COVID-19 pandemic,
7 an unprecedented event that presented new healthcare
8 and fiscal challenges to governments across the
9 country. On top of the pandemic's terrible human
10 cost, the economic crisis caused the City to lower
11 revenue forecast by billions of dollars while
12 simultaneously incurring billions of dollars in
13 unplanned costs related to fighting the virus and
14 protecting the health and safety of New Yorkers.

15 In response to the unprecedented
16 financial emergency faced by states and localities
17 nationwide, the federal government allocated grants
18 that supported a wide variety of urgent needs. This
19 funding was critical to our COVID response and has
20 been key to the recovery in part because the programs
21 were designed to give states and localities great
22 flexibility in using and reallocating funds. The
23 primary source of stimulus dollars were the
24 Coronavirus Aid Relief and Economic Security
25 Coronavirus Relief Funds, or CRF, and the American

1 Rescue Plan State and Local Fiscal Recovery Funds, or
2 ARPSLFRF, which directed nearly 340 billion and 350
3 billion respectively to states and localities and
4 tribal governments across the country to support
5 their response to and recovery from COVID-19 public
6 health emergency. New York City was allocated 1.45
7 billion in CARES funds. While this was appreciated,
8 it did not cover the City's extensive needs. The 5.88
9 billion in ARPA funds has had a far greater impact on
10 our survival and recovery. CARES funds have already
11 been expended, and we must use ARPA funds by the end
12 of 2024. The federal government's COVID-19 grant
13 programs are unprecedented in both size and scope and
14 the speed at which they were implemented. We have
15 adapted in real-time, which has led to changes in
16 both budgeting and allocations. Fortunately, as I
17 have noted, these funds are designed to be used and
18 allocated flexibly, and we have moved quickly to move
19 funds as needed. OMB plays a critical role in the
20 federal grant funding process. Our staff worked
21 closely with federal entities and agency partners to
22 navigate the shifting eligibility requirements that
23 accompanied the various funding streams. We ensure
24 that the City follows allocation, spending,
25

1 compliance, and reporting guidelines, and make sure
2 funds are applied in a fiscally responsible manner.
3 Our fiscal goals are to maximize grant awards, cover
4 as much of our city's COVID-19 costs as possible,
5 minimize or avoid cuts to city services, and pursue
6 the least administratively burdensome programs.
7

8 Finally, I would like to discuss the
9 City's effort to publish stimulus allocations and
10 spending. On March 1, 2022, OMB launched a web-based
11 funding tracker as required by Local Law. The tracker
12 describes each of the major funding sources and
13 provides allocation and programmatic information. We
14 also link to spending data submitted to the Open Data
15 Portal and ARP-related reports filed with the
16 Treasury Department. The site can be accessed through
17 OMB's homepage. This data-supported tracker is
18 updated quarterly based upon available information.

19 Thank you for inviting me to speak today.
20 I now look forward to your questions.

21 CHAIRPERSON BREWER: Thank you very much.
22 One question that I should know the answer to which
23 is I was in the federal office for Dinkins, and we
24 always want to have money go directly to the City,
25 and I should know this. I think in the past it was

1 only CDBJ that went directly so all this money did
2 not through the State. It went directly to the City.

3
4 ASSOCIATE DIRECTOR BLANCO: With regards
5 to the COVID funding, there's more than 35 different
6 grant-funding streams. I think each of them function
7 a little bit differently. With regards to FEMA, which
8 is the largest funding stream, that does pass through
9 the State, and the New York State Department of
10 Homeland Security and Emergency Services is the State
11 Grantor and we're a sub-Grantee. For the stimulus
12 dollars, namely the CARES Act, CRF, and the American
13 Rescue Plan State and Local Fiscal Recovery Funds, we
14 are a direct recipient so that funding flows directly
15 to us.

16 CHAIRPERSON BREWER: Okay. That's good
17 news. As I understand it, and you mentioned this,
18 13.3 billion was given to the City through the
19 American Rescue Plan, ARPA, and the Coronavirus
20 Response and Relief Supplemental Appropriations,
21 which is CRRSAA. According to the IBO, and they have
22 a tracker also, the total amount spent as of now is
23 8.7 billion so by the calculation of the staff, that
24 means that 4.6 billion of our ARPA and CRRSAA are
25 currently available to be spent. Now, you may

1 disagree or agree with these numbers, but the real
2 issue for us is what's been spent and what still
3 needs to be spent?
4

5 ASSOCIATE DIRECTOR BLANCO: Thank you,
6 Council Member, for the question. I can't speak
7 specifically to the numbers that are reflected on the
8 IBO chart.

9 CHAIRPERSON BREWER: You can give us your
10 numbers.

11 ASSOCIATE DIRECTOR BLANCO: Sure. As it
12 relates to the Education funding specifically, that's
13 something that we would have to defer to the
14 Department of Education on.

15 CHAIRPERSON BREWER: Okay, and we're going
16 to do that on the 16th...

17 ASSOCIATE DIRECTOR BLANCO: Yeah,
18 understood. With regards to the State and Local
19 Fiscal Recovery Funds, of the 5.88 billion, 3.9
20 billion has been spent as of the end of Fiscal Year
21 '22 with the remainder of 1.9 billion to be spent.

22 CHAIRPERSON BREWER: Okay. How much to be
23 spent? I'm sorry.

24 ASSOCIATE DIRECTOR BLANCO: 1.9 billion.
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CHAIRPERSON BREWER: Okay. How are we going to spend that? Is it allocated? Is it to be allocated? What's the status?

ASSOCIATE DIRECTOR BLANCO: It's a combination of the two. Again, OMB, as part of our normal financial plan process, is currently working with all of our agencies to understand needs across the city, whether that's for coronavirus or other related costs and so it's roughly 920 million dollars that is yet to be allocated but is being considered as part of the overall financial plan process.

CHAIRPERSON BREWER: Okay, so that would go into the next Fiscal Year you think, because it obviously has to be done by '24.

ASSOCIATE DIRECTOR BLANCO: I think it's sort of up to discussion about when that funding will actually be sort of allocated to programs. We certainly feel comfortable meeting all the grant spending deadlines before the end of Calendar Year 2024. As we discussed, the program is really designed to be utilized flexibly so it does allow us a lot of leeway in sort of moving costs around within the City's budget, and, as we started, we are constantly

1
2 evaluating the overall needs throughout the city
3 across all of our sister agencies.

4 CHAIRPERSON BREWER: Okay. It's 120
5 million. Council Member Brannan.

6 CHAIRPERSON BRANNAN: Thank you. What role
7 does OMB play in monitoring the COVID spending for
8 the city agencies?

9 ASSOCIATE DIRECTOR BLANCO: Thank you for
10 your question, Council Member. Specifically, my team
11 is responsible for the overall management of that
12 funding, and so when we're talking about federal
13 grants, again, 35 different funding streams, all of
14 them with different rules and regulations. When you
15 compare that to what we saw with Hurricane Sandy,
16 which I think is a little bit apples to oranges, but
17 is the most recent large-scale disaster, I think we
18 have a much more broad, expansive number of grant
19 programs which creates a lot of challenges in sort of
20 understanding what the rules are and working with our
21 agencies so a lot of the work that we do is around
22 compliance and corresponding sort of training,
23 guidance to agencies about the different federal
24 funding requirements. Again, every grant program has
25 a different story to tell, but I think specifically

1
2 for the ARP, while there is a lot of broad
3 flexibility on the what we can spend the money on,
4 there still is a lot of information that agencies
5 need to be aware of in order to comply with the
6 various federal requirements so those range the gamut
7 from reporting. As we mentioned, a lot of the
8 information that's up on our COVID Funding Tracker is
9 based upon a lot of the federal reporting
10 requirements and timelines that are out there.
11 There's a lot of information that federal grantors
12 are interested in as it relates to things like
13 procurement, understanding contract structures,
14 procurement rules, how things were procured, so we
15 follow what is known as, I apologize, it's a little
16 dry, but it's known as 2 CFR Part 200. It's the OMB
17 Super Circular. I think its full name is the
18 Uniformed Administrative Requirements Cost,
19 Principles, and Audit Requirements for Federal
20 Awards. this is sort of the main federal regulation
21 that governs federal grants, and so, again, I think
22 we focus a lot on the how we're spending that money,
23 right, which is as we've said in our testimony, I
24 think there are really two big guiding principles
25 when we're looking at federal funding. One,

1
2 maximizing our awards. As I mentioned, lots of
3 different funding streams. Different funding fits
4 certain programs better than others, and our main
5 goal is to secure as much federal resources as
6 possible, but I think a really important piece of the
7 work that we do at OMB is really looking at how we
8 efficiently utilize those dollars, which certain
9 projects present certain hurdles and requirements
10 that may require a lot of additional work on behalf
11 of our agency and behalf of the City. Our priority is
12 to make those dollars go as far as we possibly can.
13 We want to devote our federal resources, which are
14 limited, to fund programs directly as much as
15 possible and not have those dollars be siphoned off
16 for things like overhead and consultants and things
17 of that nature so we're very much focused on how we
18 can be most efficient in allocating those dollars,
19 and, again, lots of different funding streams, lots
20 of different rules so the major focus is around
21 complying with the federal regulations so that we're
22 not just securing as many dollars as we can but we're
23 holding onto those dollars and not having to give
24 them back through audits or other issues in the
25 future.

CHAIRPERSON BRANNAN: How is the Progress Tracker, are agencies submitting periodic reports of how the spending is going?

ASSOCIATE DIRECTOR BLANCO: Definitely getting periodic reports from agencies. There's a lot of different processes internal within both OMB and with our city agencies to manage this funding. Since the beginning of I think February 2020, we've issued guidance to agencies about how to categorize COVID spending across a variety of the different federal funding streams. As I said, federal funding for COVID-19 is really a sort of patchwork quilt of lots of different funding streams so it's definitely been a challenge in implementing those programs while we're sort of building the plane while we're flying it so we work with our agencies to make sure that we're categorizing budget codes and information correctly so that it's fed into our Grants Management System. We use our Grants Management System, which receives a feed from FISA with a lot of the FMS data so a lot of the financial information, in order to sort of package it in the various ways that the federal grantors are interested in, and we also add additional information as it relates to backup

1 documentation, contracts, invoices, payroll records,
2 things of that nature so that there's a holistic
3 record of all of the costs that are being supported
4 by our grant programs. There's sort of a daily data
5 input that goes into our Grants Management System.
6 We're constantly reviewing that, and that's on top of
7 the regular check-ins that we have around the
8 quarterly and annual reporting deadlines that are
9 required by the federal government. It's a long way
10 of saying we're constantly in communication with all
11 of our agencies all of the time. It's a daily process
12 that we are looking at all the spending, and, if
13 something doesn't look right, we are reaching out to
14 them immediately because I think the lessons that
15 we've learned in managing federal funding starting 10
16 years ago with Hurricane Sandy has really been to
17 develop up-front procedures and doing things right on
18 the front end rather than doing twice as much work on
19 the back and trying to untangle the mess.
20

21 CHAIRPERSON BRANNAN: Just for the record,
22 again, overall, we've received 13.3 billion, and
23 what's left now is how much?

24 ASSOCIATE DIRECTOR BLANCO: Again, the
25 piece that I'm able to speak to is related

specifically to the State and Local Fiscal Recovery
Funds, which is the 5.88 billion within the ARPA.

With regards to the education-specific pieces, I'd
have to defer to DOE on the current progress for that
allocation.

CHAIRPERSON BRANNAN: What's the number?
How much is left?

ASSOCIATE DIRECTOR BLANCO: For the 5.88
billion, 3.9 spent, 1.9 still remaining to be spent.

CHAIRPERSON BRANNAN: Okay. Is there
concern from OMB about decisions that were made by
the previous administration, particularly around any
temporary money that was allocated towards permanent
programs?

ASSOCIATE DIRECTOR BLANCO: I can't speak
too much to the decisions around the previous
administration and what the policy decisions were
around there. I think largely my role within OMB is
to look at it from more of a technical perspective,
again, trying to understand what's permissible under
the federal rules and regulations and, again, also
trying to understand how we can manage those things
efficiently. As we stated before with regards to the
ARP funds, I think we have to sort of take a step

1 back and look at the City's entire budget process.
2
3 The ARP funding decisions don't really happen in a
4 vacuum. ARP is a tool in our toolbox. It is part of
5 our discussions around financial plan to evaluate
6 agency's needs across the board and to really
7 identify what the right funding stream is and the
8 right fit for those types of costs, and, again, we
9 sort of go back to those guiding principles about
10 trying to maximize total federal resources and also
11 efficiently manage those funds so I think if you're
12 trying to get an understanding of the City's overall
13 recovery plans and what the full picture looks like,
14 I don't think you can look solely at the ARP pieces.
15 I think you have to look at sort of the larger
16 financial plan as a whole, but we're certainly happy
17 to continue those conversations and work with the
18 City Council to understand what priorities are so
19 that when we are having those discussions about how
20 to allocate funding within the financial plan
21 process, whether that's city tax levy or that is
22 through the ARP State and Local Fiscal Recovery
23 funds, we understand what our shared goals are and
24 what the priorities are in order to achieve those
25 goals.

1
2 CHAIRPERSON BRANNAN: Of that 1.9, how
3 much of it is the cursor blinking and how much of it
4 has been earmarked for programs?

5 ASSOCIATE DIRECTOR BLANCO: With regards
6 to the 1.9, obviously, as mentioned in some of the
7 opening comments, the City faces some real
8 challenging times, some concerning things in the
9 horizon economically. Those are resources that are
10 being, again, considered as part of our overall
11 financial planning process. Again, I can't speak to
12 specific plans for that funding as it moves forward,
13 but it is a resource that we're looking at in regards
14 to future financial plans. I think broadly we feel
15 very comfortable about meeting all of the spending
16 deadlines as it's associated with the sort of end of
17 2024 end date, but, again, I think this is one tool
18 within our toolbox in addressing the variety of
19 challenges that we as a City face in recovering from
20 coronavirus, in facing a broader global economic
21 situation so...

22 CHAIRPERSON BRANNAN: When OMB talks about
23 upcoming budget shortfalls, are you including the 1.9
24 baked into that?

2 ASSOCIATE DIRECTOR BLANCO: I'd have to
3 defer to my colleagues who I think are a little bit
4 more aware of the specific allocations as it relates
5 to the shortfalls. Again, I think with regards to the
6 City's approach to financial plans, I think we're
7 broadly trying to look at being more fiscally
8 responsible as we move forward with the coming
9 economic crisis so certainly looking at all sources
10 of funding when sort of attempting to figure out the
11 City's game plan as it relates to trying to be
12 fiscally responsible in the shifting economic
13 climate.

14 CHAIRPERSON BRANNAN: Okay. Gale.

15 CHAIRPERSON BREWER: I'm sorry to keep
16 harping on this. The 1.9 is understandably to be
17 spent, but you also mentioned 120 million to be
18 allocated. Is that within the 1.9?

19 ASSOCIATE DIRECTOR BLANCO: I believe the
20 figure is 920 million, and that's within the 1.9.

21 CHAIRPERSON BREWER: Okay. The other
22 question is just in terms of following, I think it's
23 sometimes difficult to figure out how the COVID
24 funding has been budgeted and spent because of a lack
25 of segregation of expenditures within FMS by funding

1 source so do agencies comingle federal and city funds
2 with budget codes and have even you been able to
3 figure out what's federal and what's city and how can
4 we get more clarity on the COVID relief funds and how
5 they are budgeted. Maybe that's all within your
6 tracker. I tried to figure that out, but I could not
7 so could you just explain the comingling if it exists
8 or not?
9

10 ASSOCIATE DIRECTOR BLANCO: Sure. Thank
11 you, Council Member, for the question. I think it is
12 certainly something that we look at constantly. I
13 think this administration is very much interested in
14 transparency, and I think it's been really
15 demonstrated by the enhancements that we've made to
16 the tracker from the beginning of this year. Back in
17 March, again, as we noted, we launched a much more
18 interactive, in-depth tracker that provides full
19 detail about all the different federal funding
20 streams that we're receiving around COVID-19 funding.
21 As part of the work that we're doing, again, we're
22 working with agencies on the budget side in order to
23 try to segregate all of the COVID costs as best as
24 possible and then taking that information, feeding it
25 into our Grants Management System to be able to sort

1 of separate the cost between each of the grant
2 funding streams. There's a lot of challenges in that.
3 As I mentioned, we looked to the past to really
4 inform our process in managing these grant funds.
5 Again, a little bit of apples to oranges when we
6 compare Hurricane Sandy to the COVID response.
7 Obviously, we're talking about close to 10 billion
8 dollars more in federal funding compared to what we
9 saw in Hurricane Sandy. Again, also seeing somewhere
10 in the neighborhood of about three dozen different
11 funding streams compared to roughly a dozen funding
12 streams for Sandy where I think 95 percent of the
13 funding is really segregated in these two grant
14 funding streams so part of the challenge has been in
15 sort of dealing with that patchwork quilt that we
16 speak of with all the federal funding, and some of
17 that is really tied to the fact that most of our
18 programs are funded with a variety of different
19 grants. While I think we're talking mainly about the
20 ARP dollars that are very broad in how we can utilize
21 them, some of the other grant funds are very, very
22 specific in the types of costs that we can utilize
23 funding for so, again, we're certainly happy to work
24 with you and your staff to try to figure out how we
25

1
2 can be more transparent within our COVID funding
3 tracker. Again, a lot of this is structured in a way
4 that is built around the way the federal grantors are
5 really interested in looking at that funding and
6 recognize that they may not always be the best way
7 for us to communicate with the Council as well as the
8 public so we're definitely open to feedback on how we
9 can improve that tracker and we continue to want to
10 invest time and resources into actually doing that so
11 happy to continue that conversation.

12 CHAIRPERSON BREWER: Okay. There's two
13 things. I mean I hope that in the near future you
14 could provide the Council with how much relief
15 funding has been spent in each agency and the expense
16 type and then, just in terms of the tracker, I think
17 it's quarterly now?

18 ASSOCIATE DIRECTOR BLANCO: That's
19 correct.

20 CHAIRPERSON BREWER: Again, we don't more
21 work that isn't helpful, but it might be helpful to
22 us to have it on a more frequent basis, but would you
23 be able in the near future to give us a breakdown of
24 how much relief funding has been spent in each agency
25

1
2 and the expense type? Would that be something you
3 could do?

4 ASSOCIATE DIRECTOR BLANCO: I think that's
5 something that we can work with you on to see what's
6 practical here. I certainly think that there's an
7 opportunity for us to do more here, and we're
8 certainly open to feedback on how we can do that.

9 CHAIRPERSON BREWER: Okay. I do want to
10 recognize Council Members Velazquez, Williams, Osse,
11 Farias, Brooks-Powers, Hudson.

12 Council Member, do you want to go ahead
13 with another question?

14 CHAIRPERSON BRANNAN: I just wanted to dig
15 in once more if we're looking at a 4.2-billion-dollar
16 projected hole for FY-24, those are your numbers,
17 this 1.9 billion I'm assuming can be used to plug
18 that hole, right?

19 ASSOCIATE DIRECTOR BLANCO: Just to follow
20 up on I guess the earlier question, the 1.9 billion
21 in available federal funds are accounted for in the
22 gap calculation so those funds are already accounted
23 for in the overall calculation of the outstanding
24 gaps in the out-years.

1
2 CHAIRPERSON BRANNAN: So the 4.2-billion-
3 dollar gap includes the 1.9 has been allocated
4 elsewhere? It's not sitting there waiting to be
5 filled in.

6 ASSOCIATE DIRECTOR BLANCO: At the top
7 line, it's sort of in the calculation. Again, the
8 1.9, some of it has been allocated specifically to
9 programs already, and those were done as part of the
10 initial allocations that were set up when the funding
11 was first awarded but still sort of looking at
12 overall needs across the board and which ones sort of
13 fit within the different funding streams.

14 CHAIRPERSON BRANNAN: But is attention
15 being paid to, once this 1.9 is spent, it's really
16 gone so is attention being paid to where, are we
17 allocating this money to permanent programs?

18 ASSOCIATE DIRECTOR BLANCO: I would maybe
19 take a step back in the way that we're looking at the
20 overall budget as it relates to the ARP funds. Again,
21 I certainly understand the concerns about this
22 funding dropping out in future fiscal years and what
23 are our plans around funding those programs. Again,
24 there's so many different programs that are supported
25 by the ARP dollars, it's hard to really paint a

1 picture that is simple to explain at times. I think
2 with regards to some programs, certainly the needs of
3 those programs have faded. I look at things like the
4 vaccine incentive programs, those are things that
5 were needed at the time but may no longer be needed
6 with regards to our response to COVID-19. We look at
7 other programs, something like T2, which has evolved
8 a lot since the beginning of the pandemic to what it
9 looks like now. T2 is supported with, again, a
10 variety of different federal funding streams so not
11 just the ARP funding but additionally funding for
12 FEMA, funding through the CDC, and while I think some
13 of the needs are diminishing as the pandemic
14 continues to evolve we have been able to identify
15 other federal funding streams through the CDC in
16 order to support that, but ultimately I would really
17 defer to DOHMH and H and H to talk a little bit more
18 about that, and I know there is another hearing to
19 discuss just the overall public health response
20 around COVID-19, but, as we said, we're holistically
21 looking at all the needs across city agencies and
22 trying to understand what are our priorities as an
23 administration and what are the priorities of the
24 Council in order to make funding decisions and that
25

1
2 is agnostic in many ways to whether this is going to
3 be city tax levy or this is going to be ARP funds. I
4 think it's constantly the work of the administration
5 to understand what are the needs of the public and
6 how can we best meet those needs and those things
7 change over time so that is part of every financial
8 plan process and we welcome Council's partnership in
9 working to sort of understand priorities and how we
10 can meet those shared goals.

11 CHAIRPERSON BREWER: I guess we hear this
12 number, we always think we have no affordable housing
13 so how could we use the 920 million for affordable
14 housing? My question is just in terms of revenue
15 replacement, it's my understanding that some of it
16 anyway went to the Fire Department understandably,
17 Correction, Sanitation rather than across all
18 agencies so I'm just wondering how agencies are
19 selected. Is it that they submit requests, sort of
20 new needs in terms of COVID to OMB? How do these
21 decisions get made because if I had my druthers, I
22 would take this money right now and use it for
23 affordable housing.

24 ASSOCIATE DIRECTOR BLANCO: Thank you,
25 Council Member, for the question.

1
2 CHAIRPERSON BREWER: I know I'm a pain in
3 the neck, but that's what I would do. Go ahead.

4 ASSOCIATE DIRECTOR BLANCO: I certainly
5 appreciate the comment.

6 CHAIRPERSON BREWER: Right now. 920
7 million. I could convert a lot of buildings. I got
8 this number embedded in my head. Go ahead.

9 ASSOCIATE DIRECTOR BLANCO: Sure. I think
10 again maybe taking a little bit of a step back and
11 looking at the overall federal framework around COVID
12 support. I think with regards to what really is
13 unique about the ARP compared to some of the other
14 federal funding streams is this concept of revenue
15 replacement. I think when we're talking about what
16 are the other traditional stimulus dollars that
17 people think about which was mentioned in the
18 testimony, which is the CARES act coronavirus relief
19 fund, one of the challenges that we faced in
20 utilizing that funding was that it could only be
21 utilized for new programs that are directly related
22 to the COVID-19...

23 CHAIRPERSON BREWER: I understand. It's
24 funny how you can make these things stretch.

1
2 ASSOCIATE DIRECTOR BLANCO: Right. It's
3 certainly challenging there. I think a big thing that
4 our Congressional delegation fought very hard for was
5 this revenue replacement idea, which allows us to
6 sort of maintain service levels across the board.
7 With regards to, again, looking at allocations, I
8 would sort of challenge the idea that when we look at
9 like the FDNY who did receive a large allocation, a
10 DSNY who did receive an allocation, particularly when
11 it relates to the revenue replacement, I wouldn't
12 look at it like FDNY is winning and HPD is losing. I
13 think largely, again, we're looking at the budget
14 holistically and trying to understand how do we
15 maintain our services and with regards, again, going
16 back to our guiding principles about trying to
17 maximize the overall amount of federal funding,
18 trying to efficiently manage the federal funding as
19 much as possible, some of those costs and some of the
20 projects that were funded were selected because it's
21 easier for us to not waste dollars trying to
22 administer the programs but spending those dollars
23 directly to maintain services, and it's significantly
24 easier to do that within three large chunks and say
25 three large agencies than spreading it into smaller

1
2 chunks across 50 agencies, and, overall, all of our
3 agencies benefit because it's allowing us to avoid
4 reductions in service and to keep the budget
5 balanced.

6 CHAIRPERSON BREWER: Okay. I mean I hear
7 you. I understand that. It's just when the need is so
8 great in other areas it's hard to not see that
9 there's funding. That's the problem. My last
10 question, I know my Colleagues have many, again
11 thinking into the future, obviously Chicago did
12 apparently, I don't know this for a fact except what
13 you said and others, violence interrupters, and so
14 I'm just wondering we did get hit harder so we needed
15 to make up for some of the revenue because other
16 cities didn't have the same level of COVID but I
17 guess what you're also saying is for the future we're
18 still going to talk about revenue replacement. We
19 want to know what's going to happen next.

20 ASSOCIATE DIRECTOR BLANCO: Again, it
21 would sort of go back to the core principles that we
22 look at federal funding with ultimately, again, we
23 want to try to maximize the amount of federal
24 resources that we get and to use it as efficiently as
25

1 possible. I can't speak to how any other municipality
2 is choosing to utilize their ARP allocations...

3
4 CHAIRPERSON BREWER: Chicago is not doing
5 great with their public safety issues so it might not
6 have worked out. Go ahead.

7 ASSOCIATE DIRECTOR BLANCO: No, I
8 understand. As you noted, we have a different
9 situation than Chicago who has a different situation
10 than LA. I think the real benefit of the program is
11 that it is so flexible that it allows us to sort of
12 marry our specific needs to those funding streams.
13 Again, I can't speak to any specific decisions around
14 future allocations, but certainly know that public
15 safety is an issue that is of high priority to the
16 administration and, again, I think we're looking at
17 all of the options that are on the table in order to
18 address the challenges that we're facing so, again, I
19 don't think we look at it necessarily from ARP money,
20 how do we spend this to address public safety or
21 public housing, I think we're looking with the
22 administration across all of our agencies, looking at
23 what the needs are and what the priorities are in
24 order to meet the needs of the public and then
25 understanding after we've decided what our priorities

1
2 are how to fund those best with the resources that we
3 have available.

4 CHAIRPERSON BREWER: Thank you. Council
5 Member Brannan.

6 CHAIRPERSON BRANNAN: I just want to put a
7 finer point on something before we turn it over to
8 our Colleagues. I think my biggest concern is that a
9 portion of the federal COVID funding was allocated
10 for recurring expenses, like Gale mentioned, not
11 necessarily linked to the pandemic directly, and
12 these are expenses that are going to continue past
13 the expiration date for the usage of the federal
14 funds so the Council's concern is that according to
15 most economic outlooks, including your own at OMB, we
16 don't foresee much growth in the City's revenue over
17 the next few years in addition to recent levels of
18 inflation which have also reduced our purchasing
19 power so the concern here is that I think at the time
20 when these funds were budgeted, the administration at
21 the time stated that they expected that by the time
22 the federal funds had expired that happy days would
23 be here again and the City's revenues would have
24 grown to a point that the City would have enough of
25 its own funds to replace the expiring federal funds,

1 which we now know is not the case so could you
2 provide us with a summary of how much federal relief
3 dollars currently planned is allocated for recurring
4 expenses that would continue on past the expiration
5 of the federal dollars?
6

7 ASSOCIATE DIRECTOR BLANCO: Thank you,
8 Council Member, for I think continued to make an
9 important point around the usage of funding around
10 recurring expenses. It's certainly something that
11 we're happy to loop back with you on. Again, as we've
12 said before, this is certainly a challenging time,
13 and the administration is very much focused on fiscal
14 responsibility in meeting those challenges that are
15 ahead of us. Again, I think we are constantly
16 evaluating all of our agency needs across the board,
17 whether those are funded with ARP dollars, whether
18 those are funded with city tax levy, whether those
19 programs need additional funding, we're happy to work
20 with you on understanding on what those priorities
21 and how we can work together to meet those
22 challenges.

23 CHAIRPERSON BRANNAN: Okay. I mean for me,
24 if I'm at OMB, my main concern here is what is the
25 plan for dealing with recurring expenses that will

1 still exist once the federal money is expired.
2
3 There's really not much more important than that.
4 One-shot COVID testing, T2, if all that stuff's in
5 the rearview mirror the money that was allocated
6 towards, again, temporary money for permanent
7 programs is going to haunt us for years to come if
8 there's not a plan there. Gale.

9 CHAIRPERSON BREWER: Our first is Council
10 Member Barron and then Council Member Brooks-Powers.

11 COUNCIL MEMBER BARRON: Thank you very
12 much. This budget process is filled with major
13 contradictions and it's very convoluted and
14 oftentimes we are given such a microcosmic
15 perspective of the budget, but I noticed you on
16 several occasions mentioned the overall budget, the
17 overall budget, and I just found this process to be
18 incredibly, incredibly failing meeting the real human
19 needs as Council Member Brewer mentioned like
20 affordable housing, things of this nature. Now, I
21 know that the City doesn't have the ability to raise
22 revenue I think beyond property tax and maybe some
23 fees and fines, that most of the responsibility of
24 revenue raising is out of the 220-billion-dollar
25 state budget. As a State Assembly Member, I thought

1 it was incredibly, I can't even mention how
2 ridiculous it was not to raise the amount of revenue
3 needed to maintain ourselves in spite of the federal
4 aid and it became a dependence on the federal aid,
5 and the City and the State fell short on what it
6 could've done to maintain things even if we didn't
7 have the federal aid or anticipating a time when the
8 federal aid would run out so now we have all of this
9 poverty in black and brown neighborhoods, 30 percent,
10 40 percent, and here we're sitting with, isn't it 8.3
11 billion in the reserve budget I believe, right? Say
12 it so I can hear it on record.

14 ASSOCIATE DIRECTOR BLANCO: That's
15 correct.

16 COUNCIL MEMBER BARRON: Thank you. 8.3
17 billion in the so-called rainy day budget when it's
18 raining every day for us and then now the 1.9 billion
19 still not spent out of the COVID federal money but
20 yet in our neighborhoods we're dying from poverty,
21 unemployment, crime which is related to poverty, and
22 we're sitting here with a 101-billion-dollar budget
23 on the City level, a 220-billion-dollar budget on the
24 State level, 300-and-some-odd billion dollars in one
25 State but yet we have all poverty. Now, the COVID

1 money we knew was going to run out and you're
2 anticipating a 4.-some-odd billion deficit next year
3 roughly?
4

5 ASSOCIATE DIRECTOR BLANCO: Yes.

6 COUNCIL MEMBER BARRON: 4.-some-odd, and
7 here we have 1.9 spent and 8.3 billion in a reserve
8 budget. I just don't get it. Didn't we cut 3 percent
9 from every agency?

10 ASSOCIATE DIRECTOR BLANCO: The targets
11 vary, but generally yes.

12 COUNCIL MEMBER BARRON: Yes. Did they
13 recommend another 3 percent even after that?

14 DEPUTY ASSISTANT DIRECTOR BRISTOW:
15 Currently, there is a 3 percent PEG program in the
16 preliminary budget...

17 COUNCIL MEMBER BARRON: Yeah, I don't say
18 PEG, I say cut, Programs to Eliminate the Gap...

19 CHAIRPERSON BREWER: Council Member, do
20 you have a question?

21 COUNCIL MEMBER BARRON: Come on, now. You
22 and the Chair went back and forth and asked your
23 questions. I make statements and questions.

24 CHAIRPERSON BREWER: Oh, good. I'm waiting
25 for the question.

1
2 COUNCIL MEMBER BARRON: The question is
3 going to come, and I know y'all don't like, anyway,
4 the bottom line, my question is if we have a 4.-some-
5 odd-billion-dollar deficit projected next year, we
6 already have 8.3 billion in a reserve budget, and we
7 didn't even spend 1.9 billion, what is your budget
8 plan to deal with all the agencies that you cut and
9 the poverty in black and brown communities in
10 particular with this kind of money so we don't suffer
11 like we did this go around with so much money
12 available.

13 DEPUTY ASSISTANT DIRECTOR BRISTOW: Thank
14 you for the question, Council Member. I just want to
15 state that we do fully anticipate to spend the 1.9
16 billion in remaining funds before those expire. In
17 regards to the out-year gaps, those are ones that
18 we're addressing and they are largely comparable to
19 gaps that have existed previously. I can't speak
20 exactly to what all is going to go into closing those
21 gaps. There are hundreds of people in OMB and across
22 other agencies that are figuring that out currently.

23 COUNCIL MEMBER BARRON: Just one other
24 real quick question. we had I think a 2.9-billion-
25 dollar gap this time, roughly?

1
2 DEPUTY ASSISTANT DIRECTOR BRISTOW: I
3 can't remember off the top of my head.

4 COUNCIL MEMBER BARRON: Okay. Well, I'll
5 help you, about 2.9 billion so why did we cut from
6 all the agencies when we had an unexpected revenue
7 increase of 3.-some-odd billion this quarter and next
8 year 1.5-billion increase? We had an unexpected
9 increase of revenue of 4 billion. How do we justify
10 cutting all the agencies with an unexpected revenue
11 increase of nearly 4 billion dollars?

12 DEPUTY ASSISTANT DIRECTOR BRISTOW: Again,
13 I can't speak to exactly how the approach that was
14 taken and is being taking for closing the gap.
15 There's a lot that goes into it. We're always looking
16 for savings and finding efficiencies and additionally
17 there's often a revenue...

18 COUNCIL MEMBER BARRON: All right. Thank
19 you very much. See, Madam Chair, this is why I don't
20 like asking questions because you get those kinds of
21 answers that say nothing and then I sat here instead
22 of making a statement to let my Colleagues know
23 what's going down I have to sit here and ask a
24 question he's not going to answer but with something
25 general.

CHAIRPERSON BREWER: I hear you 100 percent, Council Member. Council Member Brooks-Powers.

COUNCIL MEMBER BROOKS-POWERS: Thank you and good morning. The first question I have is the Comptroller's report explains how other cities have spent or plan to spend federal relief dollars on infrastructure projects. Can you discuss examples of infrastructure projects that other cities have undertaken using federal relief funds?

ASSOCIATE DIRECTOR BLANCO: Thank you, Council Member, for the question. Again, I can't really speak to how other municipalities have chosen to utilize their ARP State and Local Fiscal Recovery funds. With regards to how we're utilizing our funding, a lot of that is really directly related to operational services. That said, we are, again, constantly looking at ways to maximize the amount of federal revenue that we receive across the board, and I think we've used our experience in managing a lot of the infrastructure money that we received with Hurricane Sandy and managing all of the federal funding rules and regulations that come along with the COVID-19 funds. That serves as a template for the

1 way that the City approaches federal funding across
2 the board and so a lot of the expertise that we've
3 built up internally within the city is being
4 leveraged in those conversations around things like
5 infrastructure build, around the Inflation Reduction
6 Act, so I think we have greatly expanded our own
7 internal capacity in the last decade, and I think
8 looking back at where we started in Hurricane Sandy,
9 there was a very small handful of folks who focused
10 long-term on Grants Management, specifically on
11 federal funding, and I think nowadays we're upwards
12 of 30 plus staff that are dedicated to management of
13 those funds, and that's not counting the agency staff
14 as well as other folks who maybe aren't doing it
15 full-time but are spending a significant amount of
16 time federal-related programs and that certainly pays
17 dividends when it comes to future federal funds, our
18 ability to, again, secure a lot of those dollars and
19 just building off the relationships that we've built
20 with our federal grantors across the board.

22 COUNCIL MEMBER BROOKS-POWERS: Many other
23 cities used ARPA funds not just to make up for loss
24 of revenue or address COVID's economic effects but to
25 fund innovative programs like violence interruption

1
2 or update infrastructure. What resources do we have
3 left to use in this manner and how does OMB weigh the
4 pros and cons spending federal aid on such programs
5 as opposed to compensating for declines in revenue?

6 ASSOCIATE DIRECTOR BLANCO: Again, looking
7 at what's been spent to date and what remains to be
8 spent so 3.9 billion has been spent with a remainder
9 of 1.9 billion. Again, we're looking at all of our
10 needs across the board holistically as part of our
11 budget and financial plan process. Certainly
12 understand the challenges that people are facing in
13 their day-to-day lives around public safety, around
14 some of the challenges that sort of trickle down from
15 these broader economic issues as well so, again,
16 we're working with all of our agencies to try to
17 understand what the needs are and how we can address
18 those issues and secondarily looking at those funding
19 streams that sort of provide the most efficient way
20 to do that. It may be ARP funds, it may city tax
21 levy, but, again, we don't necessarily look first at
22 the federal funding stream before we make a decision.
23 We're looking holistically across the board, across
24 all of our agencies to really understand where our
25 priorities are.

1
2 COUNCIL MEMBER BROOKS-POWERS: My last
3 question is around the fiscal cliff. A portion of the
4 federal COVID relief funding was allocated for
5 recurring expenses not necessarily linked to the
6 pandemic that will likely continue past the
7 expiration date for the usage of these federal funds.
8 At the time these funds were originally budgeted, the
9 administration stated that it wholly expected that by
10 the time these funds expired, the City's revenues
11 would have grown to such a point that the City would
12 have enough of its own funds to replace the expiring
13 federal funds. Unfortunately, most economic outlooks
14 including OMB's do not foresee much growth in the
15 City's revenue over the next few years. Additionally,
16 recent high levels of inflation have also reduced the
17 purchasing power of the dollars the City does collect
18 making the loss of these federal dollars that much
19 more dire. Can you provide the Council with a summary
20 of how much federal relief dollars currently planned
21 as allocated for recurring expenses that will
22 continue on past the expiration of the federal relief
23 dollars and does the administration have a plan for
24 dealing with these expenses post-expiration of the
25 federal relief dollars?

ASSOCIATE DIRECTOR BLANCO: Thank you for your question, Council Member. Again, similar to the followup that we'll do with Council Member Brannan, certainly happy to follow up with you and your team. Again, going back to the concept of how OMB approaches the budget, again, we're looking holistically across all of our agencies, across all of the needs and trying to really understand what our priorities are and how we can address each of the unique situations for each of the programs that we're looking at so, again, certainly think that ARP has been an really incredibly valuable tool in helping us to balance our budget, particularly coming out of the COVID-19 health emergency, but, as my Colleague James has stated, this is one tool within our toolbox, and I think the real challenges that we face are really going to require us to explore all options on the table, and I don't think that, unfortunately, the APR funding is a cure-all for some of the challenges that we're facing which go well beyond the COVID-19 health emergency, but certainly, again, we're looking at every resource that we have available to us in order to make sure that we're able to meet the priorities of the administration and the Council.

2 COUNCIL MEMBER BROOKS-POWERS: Thank you.

3 CHAIRPERSON BREWER: Council Member
4 Williams.

5 COUNCIL MEMBER WILLIAMS: Pulling from the
6 same report by the State Comptroller's Office, they
7 reported that the City had been spending money much
8 more faster than peer cities. The City had obligated
9 86 percent of the SLFRF funds it had received. Do you
10 have any thoughts on that analysis? Is there a
11 particular reason why we've spent the money down
12 pretty rapidly?

13 ASSOCIATE DIRECTOR BLANCO: Sure. A couple
14 of things to note in that report. Again, I can't
15 speak to the specifics of the individual numbers, but
16 broadly speaking every municipality has a different
17 situation coming out of the COVID-19 health
18 emergency. As you know, we were the epicenter to
19 begin with and some of the costs and the challenges
20 that we faced far outstripped what we see in other
21 municipalities so, again, the real benefit of the way
22 that the ARP State and Local Fiscal Recovery Funds
23 was designed was really allowing for us to meet the
24 unique challenges as it relates to the types of
25 issues that we face. Again, all the funding must be

1
2 spent before the end of Calendar Year 2024. We are on
3 track to do that and don't have any concerns about
4 being able to meet our obligations to utilize all the
5 federal funding to the fullest extent possible, but
6 certainly, again, happy to work with the Council to
7 understand what priorities are and how we can align
8 this funding stream as well as other funding streams
9 with those priorities.

10 COUNCIL MEMBER WILLIAMS: Okay. I'm going
11 to turn some of my questions to relief funding for
12 DSS. According to IBO's dashboard, the Department of
13 Social Services was allocated over 500 million
14 dollars in COVID relief funding. What was the total
15 amount of pandemic-related federal relief funding
16 allocated to DHS and HRA? The reason why I want to
17 turn my attention to that is I think everyone can
18 underscore the challenges we have as a city so really
19 wanting to understand the funding that was given to
20 that agency.

21 ASSOCIATE DIRECTOR BLANCO: Sure. If you
22 can give me just one second. I don't want to give you
23 the wrong answers on your question. We'll need to
24 follow up with you with more detail, but, broadly
25 speaking as it relates to the allocation for DHS, the

1
2 main programs that are funded are related to the
3 Cleanup Corps as well as street homeless programming.
4 With regards to DSS, again, there's a small
5 allocation related to Cleanup Corps, funding related
6 to anti-harassment and tenant protection, food
7 assistance, Fair Fares, (INAUDIBLE) as well as rental
8 assistance, but we'll circle back with you to give
9 you more details.

10 COUNCIL MEMBER WILLIAMS: Do you have a
11 total amount?

12 ASSOCIATE DIRECTOR BLANCO: We'll have to
13 circle back with more detailed information. The
14 overall allocations to DHS is 132.2 million dollars
15 and then for DSS 514.4 million dollars, and that's
16 with regards to the ARP State and Local Fiscal
17 Recovery funds, but we'll circle back with you for
18 more detail on the specific program breakdown.

19 COUNCIL MEMBER WILLIAMS: So you're unable
20 to provide a breakdown in total amount by major
21 spending areas. You listed the spending areas,
22 Cleanup, street homeless, anti-harassment, Fair
23 Fares, and you named a few others. Are you able to
24 give us a breakdown of each?

ASSOCIATE DIRECTOR BLANCO: Sure. We can circle back with you on that?

COUNCIL MEMBER WILLIAMS: Are you able to give us a breakdown, total number amount by funding sources, FEMA, ARPA, CARES, etc.?

ASSOCIATE DIRECTOR BLANCO: Again, I don't have that information readily available but happy to circle back with you and your staff to provide that.

COUNCIL MEMBER WILLIAMS: Is there any more money left to be spent to specifically efforts related to HRA and DSS, encompassing those two departments as well?

ASSOCIATE DIRECTOR BLANCO: Again, I think we as an administration are constantly evaluating federal funding opportunities. With regards to the ARP SLFRF funds, it's only what we've stated. There's 3.9 billion spent, 1.9 remaining to be spent. Much of that has been allocated. We continue to work with our federal grantors across many of the other funding streams...

COUNCIL MEMBER WILLIAMS: I know. I heard you repeat that a few times. I just want to know specifically for DSS. Do you know if any funding remains to be allocated to them?

ASSOCIATE DIRECTOR BLANCO: Again, I can't speak to any specific funding determinations for the future. Again...

CHAIRPERSON BREWER: Council Member, we'll get that number.

COUNCIL MEMBER WILLIAMS: Okay.

CHAIRPERSON BREWER: I promise you.

COUNCIL MEMBER WILLIAMS: I mean they're building HERRCs like every other day, like there's been a lot of money going to these agencies and we're having this very important hearing to discuss the allocations so it's like probably one of the most pressing things that our city is facing so I really do hope we get the numbers.

ASSOCIATE DIRECTOR BLANCO: We'll be happy to follow up with you.

CHAIRPERSON BREWER: Thank you. We've been joined by Council Members Joseph and Yeger, and Council Member Farias has a question.

COUNCIL MEMBER FARIAS: Hi. Good morning, folks. I've been debating on whether or not I'd tap into this because there's a lot of numbers, a lot of acronyms, and I'm trying to make sure I ask the right things so if you've already stated this, my

1
2 apologies. I see here with the SLFRF funds, can you
3 just reiterate what has been utilized already? I see
4 there's 820 million remains uncommitted, 3.68 billion
5 of that has already been... Can you just go down that
6 one more time and then I can get into my question?

7 ASSOCIATE DIRECTOR BLANCO: Yeah, again,
8 we received 5.88 billion in total ARP State and Local
9 Fiscal Recovery funds. As of the end of Fiscal Year
10 '22, 2.9 billion has been spent with 1.9 billion
11 remaining to be spent.

12 COUNCIL MEMBER FARIAS: Okay, so the 1.9
13 is the number that we're on. I do want to second
14 Council Member Williams' statement about DSS. I mean,
15 DSS, HRA, all of these folks are really not servicing
16 our communities right now and so if there are any
17 funds that are being allocated there, we'd really
18 like to see that breakdown. The question that I had
19 particularly was around I suppose now the 1.9 that's
20 unallocated and kind of towards what Chair Brannan
21 had stated earlier with future planning or how we
22 spent these dollars. With our current green
23 infrastructure goals that we have as a City, why
24 haven't we been more focused on the permanency of
25 where these dollars are going and, more specifically,

1 the permanency towards our goals in these dollars?
2
3 I'm having a hard time understanding where all that
4 money went during the emergency part of all of this
5 versus catering to the emergency and towards our
6 future goals of sustainability in this city. I mean
7 the first thing I think obviously is housing always,
8 but, even more so, we have tons of buildings that
9 have to be retrofitted that would add towards our
10 green goals, that would provide stable housing, and
11 that could actually add to more of our housing stock
12 throughout the city. That's one example, but can you
13 give us a better idea of, if you can, if there were
14 any considerations towards where the dollars were
15 going in an emergency space versus also looking at in
16 conjunction these things that are running in
17 parallel, like our green goals?

18 ASSOCIATE DIRECTOR BLANCO: Sure. Thank
19 you for the thoughtful question, Council Member. I
20 think there's a couple of things to unpack on that
21 one.

22 First, with regards to just providing
23 more detail on how we're spending the dollars, again,
24 I think we're very much committed to transparency and
25 making additional enhancements to our tracker in

1 order to provide more clarity on how that funding is
2 being allocated by our agencies and by programs.
3 Again, just to clarify some of the numbers again, 1.9
4 is the amount remaining to be spent. Of that amount,
5 roughly half of that has been already allocated with
6 the remainder being looked at as part of our
7 financial plan process so, again, as part of the
8 financial plan process we're looking holistically
9 across the board, we're looking at all of our
10 agencies, we're looking at all of our different
11 funding streams, and I certainly can appreciate the
12 focus on green infrastructure and climate change and
13 sustainability and that is something that in my more
14 than 10 years in managing grants for the City we have
15 spent a lot of time building capacity internal to the
16 City both at OMB, at our agencies, at Emergency
17 Management, the various Mayor's Offices of Climate
18 and Environmental Justice so we've worked very, very
19 closely with them in the past decade to build that
20 capacity and not just limiting ourselves to just this
21 COVID funding but looking at the broader
22 opportunities that are out there. I think that a lot
23 of the lessons that were learned from Hurricane Sandy
24 directly informed both the internal city processes
25

1 but also the relationships and the programs that
2 exist at the federal level have been really based off
3 of a lot of the lessons learned from Sandy. We were
4 very much a leader in that climate change mitigation
5 space, and, again, we own a large part of that
6 discussion with our federal grantors so when we're
7 looking at the broader federal funding strategy
8 around things like the Infrastructure Bill, around
9 things like the Inflation Reduction Act, around sort
10 of these permanent baseline programs at the federal
11 level, we're already having those conversations with
12 our federal grantors so, again, we're looking across
13 the board holistically at all of our needs across the
14 City's budget and really trying to determine what the
15 best fit for each of those programs are. Sometimes it
16 certainly does make sense for us to, we certainly
17 want to leverage the federal dollars as much as
18 possible in that space but happy to continue that
19 conversation to talk more broadly about that.

21 COUNCIL MEMBER FARIAS: Yeah. I would love
22 that offline. I'll just say for the record, our
23 Mitchells, our HDFCs, our cooperative housing, our
24 condos or co-op owners, though on the macro, the
25 larger scheme of sustainability and green

1
2 infrastructure we're trying to tackle with storm
3 resiliency or waterfront access, all of that, these
4 homeowners that are on fixed incomes need to be
5 included in where this funding goes and how we
6 support them in upgrading their current housing so
7 I'm happy to talk offline.

8 CHAIRPERSON BREWER: We have been joined
9 by Council Member Krishnan, Council Member Moya is on
10 the Zoom.

11 I have to understand something. The
12 comingling is a problem. If we still have 920 million
13 to be allocated, which is I think what you said, then
14 I still want to understand what's the process for
15 that because with these needs related to COVID for
16 mental health to housing to green jobs, the list is
17 endless, how is that going to be decided? It's not
18 going to be revenue replacement, I assume, or it is,
19 or nobody really knows yet? That's what people want
20 to know. We've allocated X, we have Y to allocate.
21 Our needs are absolutely phenomenal, recession is
22 imminent, I know it's challenging, but what is the
23 process for this future money?

24 ASSOCIATE DIRECTOR BLANCO: Sure. Take a
25 step back and look at a couple of different things

1 within your question. Again, the decisions around ARP
2 do not happen in a vacuum. It's made in the larger
3 context of our financial plan. It's incorporated into
4 understanding what our gap numbers are and what the
5 out-years look like. As part of the financial plan
6 process and working with the City Council and working
7 with the city agencies, we are trying to understand
8 what the true needs are from our agencies, what are
9 the priorities as an administration, what is the
10 Council's priorities in order to make decisions
11 about...

12
13 CHAIRPERSON BREWER: We can tell you our
14 priorities.

15 ASSOCIATE DIRECTOR BLANCO: In order to
16 better understand what programs we really want to
17 fund.

18 With regards to just the discussion about
19 revenue replacement, I don't want to get too much
20 into the weeds of federal regulations. Like we were
21 talking about as it relates to FDNY and sort of those
22 large chunks of allocations, those were done in order
23 to minimize doing extra work in order to maintain
24 those federal funds so revenue replacement represents
25 not necessarily like a strong programmatic decision

1 but in many ways an efficiency decision, which is
2 revenue replacement from a reporting standpoint, from
3 a federal compliance standpoint represents one of the
4 easiest ways for us to meet the federal requirements.
5 Again, I certainly recognize the challenge in sort of
6 understanding how all the moving pieces of the budget
7 fit together, but, ultimately, our goals, as we've
8 stated many times, have been to maximize the amount
9 of federal revenue and that means holding onto as
10 much of it as possible so to the extent that we can
11 find an easy way to spend the money in a compliant
12 fashion while also balancing all of these other
13 things, it may not always be the case where something
14 that is a clear COVID recovery funding project may
15 not be funded with ARP State and Local Fiscal
16 Recovery Funds. Money is fungible. We may make
17 decisions to use that funding in ways that allow us
18 to balance the books but may free up dollars in other
19 places that those programs can be funded with city
20 tax levy dollars so we're certainly committed to
21 being, again, transparent in how we're making those
22 decisions and being clear on how we're reporting the
23 current state of the allocations in spending through
24 our tracker but certainly, again, see the financial
25

1
2 plan process as a big piece in that overall
3 discussion. Again, all the ARP decisions are
4 reflected via, I mean we make some small changes at
5 the margins around allocations within agencies, but
6 the large changes in the ARP funds are a part of the
7 financial plan process and are included as part of
8 initiatives, each financial plan that we make an
9 adjustment.

10 CHAIRPERSON BREWER: Okay. The other
11 question I have is, and this is something that I
12 should probably know, but do some of these have or
13 will be used for matching or is this not appropriate?

14 ASSOCIATE DIRECTOR BLANCO: At this point,
15 none of these funds, as far as I'm aware, are tied to
16 being used for match, but I'm happy to follow up and
17 get back to you to confirm.

18 CHAIRPERSON BREWER: Okay, thank you.
19 Council Member Krishnan.

20 COUNCIL MEMBER KRISHNAN: Thank you so
21 much, Chairs Brewer and Brannan, for today's hearing
22 and thank you all from IBO for testifying too. I just
23 had a question for you all. In general, and I
24 appreciate the discussion publicly about the COVID
25 funds and the way they were spent, but I also want to

1 humanize it a bit too, and I think there's been a lot
2 of discussion and testimony from OMB and IBO just
3 overall about the money that's come in, how it must
4 be spent. The reality though is the stimulus money
5 will not be there forever. To the extent that they do
6 dry up, that shouldn't be an excuse to rollback
7 critical programs that have depended on them that
8 continue. I think one thing the pandemic has shown us
9 really is not that there were things that required
10 emergency funding but that there are instances and
11 significant areas and gaps in our City budget that
12 required funding for decades before because they
13 weren't funded created large systemic inequalities
14 that have been exacerbated by the pandemic and so my
15 concern more is to translate the spending and dollars
16 and cents into actual human lives and programs that
17 are impacted and so to that extent if there are gaps,
18 if there are stimulus funds that are drying up as
19 well, what are the parameters for spending from the
20 rainy day fund for the city budget?

22 DEPUTY ASSISTANT DIRECTOR BRISTOW: We'd
23 have to get back to you on the exact legal
24 requirements that go into allowable uses of the
25 rainy-day fund. That was set by state legislation

1
2 which followed a Charter revision so I don't want to
3 misspeak, but there are specific thresholds and
4 triggers that have to be hit before that can be
5 utilized so we'd have to follow up on the specifics
6 there.

7 ASSOCIATE DIRECTOR BLANCO: Just maybe to
8 answer the broader question about the stimulus
9 dollars and the future of some of these recurring
10 programs, I don't want to give the impression that
11 when stimulus dollars end that all these programs
12 will stop. Again, I think there are lots of different
13 programs within our entire portfolio, and, as we
14 said, we are looking at the budget holistically. We
15 are looking at what the needs are across the board,
16 across all of our agencies to understand what the
17 priorities are, and we look forward to continuing to
18 work with Council as part of our financial plan
19 process to make sure that we're working together on
20 our shared priorities.

21 COUNCIL MEMBER KRISHNAN: I do appreciate
22 that, but I also think obviously the reports have
23 been wide about the PEGs across agencies and the way
24 in which stimulus funds in some areas are temporary
25 and may not last so I just urge you all too, there's

1
2 an asylum seeker crisis that we're facing that is not
3 going away anytime soon. It's going to go up more
4 drastically in scope whether or not there are new
5 asylum seekers coming in or the current ones here who
6 need significant social support and services. We
7 obviously are facing a crisis with our schools and
8 education dollars as well. I would be hard-pressed to
9 identify another situation that is more economically
10 dire in what we face going forward than the current
11 one and so if there are instances where it makes
12 sense to look carefully at the rainy day fund or
13 other ways of increasing spending rather than cutting
14 back, because I don't think austerity measures should
15 be an important part of this. I think the way to help
16 recover is to spend, especially on social services
17 programs that require it. I'd urge you all to take
18 that very serious too rather than cut back at this
19 time.

20 DEPUTY ASSISTANT DIRECTOR BRISTOW:

21 Absolutely. Thank you, Council Member. Your continued
22 advocacy on the state and federal levels for funding
23 to address the crisis is much appreciated. Thank you.

24

25

2 CHAIRPERSON BREWER: Council Member
3 Sanchez is on Zoom, and Council Member Brannan has
4 another question.

5 CHAIRPERSON BRANNAN: Thank you, Chair.
6 Has any of the federal relief funds been accessed for
7 the migrant crisis?

8 ASSOCIATE DIRECTOR BLANCO: With regards
9 to some of the discussions that we've had, at this
10 point we're at a point where we're still continuing
11 to work with our federal partners in Washington, both
12 in Congress and in the White House. There's been, I
13 believe, very, very limited support through I think
14 some very small plus-ups through existing programs,
15 but, again, I certainly share your concerns about
16 asylum seekers, but I'd be happy to follow up as part
17 of a separate conversation.

18 CHAIRPERSON BRANNAN: But has any of that
19 13.3 billion been leveraged for the crisis right now?

20 ASSOCIATE DIRECTOR BLANCO: I'd have to
21 follow up with you on that, but I don't believe so.

22 CHAIRPERSON BRANNAN: There's no update on
23 getting further money from FEMA?

24 ASSOCIATE DIRECTOR BLANCO: What I can say
25 there is that we're in constant discussion with FEMA

1 headquarters about potential support, also with our
2 electeds in Washington as well as the White House.
3 Certainly, it is a very challenging issue, and, as of
4 yet, we have not gotten any firm support but are
5 continuing to have those discussions.

6
7 CHAIRPERSON BRANNAN: How can we be
8 helpful there? What is the main reluctance?

9 DEPUTY ASSISTANT DIRECTOR BRISTOW: Not to
10 speak for the federal government, but I think
11 advocacy with the federal entities up there, with
12 FEMA and the other such entities as well as with the
13 administration to, I can't speak to their reluctance
14 myself, but I think just generally pushing for either
15 language to be included in the soon-to-come budget
16 extension or continued resolution or advocacy with
17 the agencies that already have the authority and the
18 funding to provide assistance to New York City,
19 either of those outlets would be appreciated.

20 CHAIRPERSON BREWER: Thank you. Something
21 specific. I believe that the administration swapped
22 approximately 500 million in our city tax levy from
23 Correction to free up city tax dollars for other
24 purposes. We talked about this earlier. Are you able
25 for other agencies to see which ones received swapped

1 city tax dollars from Correction and then a breakdown
2 of the funds and other agencies that had city tax
3 levy dollars swapped with COVID relief funds? It's
4 back to this issue of more specifics than what we've
5 been able to get today.

7 ASSOCIATE DIRECTOR BLANCO: Again, going
8 back to those top line numbers, so 5.88 billion, 3.9
9 spent, 1.9 remaining to be spent...

10 CHAIRPERSON BREWER: Right. We've all got
11 them memorized just like you now. Don't forget about
12 my 920 million unallocated. Go ahead.

13 ASSOCIATE DIRECTOR BLANCO: That funding
14 has yet to be reallocated. It's part of that number.
15 Again, with regards specifically to Correction, there
16 was sort of no budgetary impact or operational impact
17 to the agency. It was purely...

18 CHAIRPERSON BREWER: Swapped.

19 ASSOCIATE DIRECTOR BLANCO: Yeah.

20 CHAIRPERSON BREWER: Okay. All right. I
21 think we will have lots of questions in terms of a
22 followup. We appreciate this. We'll listen to IBO. I
23 think there are several specifics that we're going to
24 be asking for. We thank you very much, but we would
25 like to have a say as a City Council, the 920

1
2 million, we'd love to have some input into how it
3 gets spent because I know we heard green jobs, I
4 talked housing, I would say mental health, just to
5 give you another place. Sometimes with OMB, my
6 experience, I understand this, you do what is
7 appropriate for OMB, but I suggest that you also say
8 what's appropriate, sometimes the agencies, what's
9 expedient for them, and I understand that, but we've
10 got to think of ways that are expedient and helpful
11 to the residents of New York City, and mental health
12 would take care of a lot of need. I suggest that, not
13 to mention anything else. Please think of that as
14 opposed to what's expedient for your agencies. Thank
15 you very much.

16 ASSOCIATE DIRECTOR BLANCO: Thank you.

17 CHAIRPERSON BREWER: Next is IBO.

18 COMMITTEE COUNSEL MURRAY: Before you
19 begin, I'll just swear you in.

20 Do you affirm to tell the truth, the
21 whole truth, and nothing but the truth before this
22 Committee and to respond honestly to Council Member
23 questions? Logan Clark.

24 ASSISTANT DIRECTOR CLARK: I do.

25 COMMITTEE COUNSEL MURRAY: Brian P. Cain.

2 ANALYST CAIN: I do.

3 COMMITTEE COUNSEL MURRAY: Thank you. You
4 may begin.

5 ASSISTANT DIRECTOR CLARK: Good morning,
6 Chair Brannan, Chair Brewer, and Members of the City
7 Council Committees on Finance and Oversight and
8 Investigations. My name is Logan Clark, and I am the
9 Assistant Director of Budget Review at the New York
10 City Independent Budget Office, and I am joined today
11 by our Budget Review Analyst, Brian Cain.

12 Thank you for the opportunity to testify
13 about the status of the City's allocation of federal
14 COVID-19 stimulus funds. In our testimony, we will
15 briefly describe the component parts of stimulus
16 dollars made available to the City, address how much
17 of that has been claimed as of the close of Fiscal
18 Year 2022, and how much is currently budgeted for
19 future years. We will also discuss how IBO tracks
20 ongoing expenditures tied to stimulus funds through
21 our Federal COVID Relief Spending Dashboard as well
22 as some challenges associated with that tracking due
23 to inconsistent use of stimulus-specific budget
24 structures by some agencies.

25

To begin, just over 13.5 billion dollars in federal COVID-19 stimulus funds have been made available to New York City. This is comprised of 5.9 billion in unrestricted State and Local Fiscal Relief Funds from the American Rescue Plan Act of 2021, ARPA SLFRF as we've heard, and 7.2 billion in restricted education aid. Of the dedicated education funding, 4.8 billion is authorized through ARPA, otherwise known as ARPA education, and 2.4 is through the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, more briefly known as CRRSAA. The education stimulus is mostly earmarked for spending by the City's Department of Education with some funds restricted for the City University of New York. The City has also received smaller awards totally around 380 million for transportation, remote learning technology, and Section XIII housing vouchers. Our comments today, however, will be limited to the 13.1 billion awarded through ARPA SLFRF, ARPA Education, and CRRSAA.

At the close of Fiscal Year 2022 and, unless we specify otherwise from here on out, any years will be noted as Fiscal Years, the City has claimed more than 6.9 billion in the stimulus funds

1 to cover costs per the City's financial management
2 system. That includes 1.2 billion in 2021 and 5.7 in
3 2022. The City has not yet claimed any stimulus funds
4 for Fiscal Year 2023. These numbers will differ
5 somewhat from what we show on our Dashboard on our
6 website, and we'll get into that briefly.

8 Of the 6.2 billion dollars remaining to
9 be claimed, 4.1 billion are earmarked for educational
10 purposes and 2 billion are unrestricted in their use.
11 As of the release of the 2023 adopted budget, the
12 City has budgeted 4.7 billion dollars across these
13 funding sources from 2023 to 2025. A breakout of
14 where those funds are currently budgeted is available
15 in our Federal Spending Dashboard. This means that
16 roughly 1.5 billion dollars of the City's federal
17 stimulus award has neither been claimed nor has it
18 been currently budgeted for spending in this Fiscal
19 Year or future fiscal years. This includes 1.1
20 billion in unrestricted federal aid and 383 million
21 in education-specific funding relief broken down
22 between 280 million for DOE and 103 million for CUNY.
23 Just a quick note on that since we did hear different
24 numbers from OMB. We are going off of numbers that
25 were as of the release of the adopted budget. They

1
2 may have added funding in between now and then so
3 just in terms of discrepancies.

4 I'd also like to now speak about IBO's
5 Federal COVID Relief Spending Dashboard, the data
6 that we are able to present there, and what we are
7 unable to present due to the inconsistent use of
8 stimulus-specific budget structures by some agencies.
9 IBO's Dashboard allows the public to understand how
10 much the City has budgeted in its stimulus funds and
11 how much of those funds have been spent thus far. For
12 this, we rely on data from OMB. We update how much
13 the City has budgeted delineated by agencies and
14 programs each time the City releases a financial
15 plan. Those budgeted amounts are based on dedicated
16 structures that OMB has created for federal stimulus
17 funding. We also update our Dashboard weekly with
18 actual spending data, based again upon those
19 dedicated budget structures that we have received
20 from OMB. We assumed that the City will claim a
21 commiserate amount of stimulus funds for
22 reimbursement or a very close amount to cover the
23 spending in those dedicated codes. Our Dashboard does
24 not currently reflect how much of the federal aid the
25 City has claimed to cover that spending because these

1 figures are typically unavailable until the end of a
2 Fiscal Year. Therefore, IBO's Dashboard presents what
3 OMB says it will do. The budgeted amounts are what
4 OMB expects to spend, and the spending amount are
5 what we can expect to see in claims. In preparation
6 for this testimony and based on data in the recently
7 released Annual Comprehensive Financial Report from
8 the Comptroller's Office, IBO has conducted an
9 analysis to see if the City is claiming federal
10 stimulus revenues to match expenditure amounts in
11 those dedicated structures. IBO has performed this
12 analysis to determine how much of the federal
13 stimulus has been used and, in turn, how much is
14 remaining for current and future Fiscal Years.
15 According to IBO's Dashboard, the City has spent 6.8
16 billion during the Fiscal Years 2021 and 2022 while
17 the City has claimed 6.9 billion, revealing a small
18 difference between our Dashboard and claims. Our
19 Dashboard additionally shows that the City has spent
20 an additional 1.9 billion in 2023 thus far which
21 would bring the total spending close to 9 billion to
22 date. Going forward, IBO is planning to add claims
23 data when available to our Dashboard to allow the
24

1 City to see what we have actually been reimbursed by
2 the federal government.

3
4 However, in addition to the somewhat
5 small differences between claims and spending, IBO
6 has identified some larger anomalies between the
7 claims and the budgeted amounts as of the adopted
8 plan. The attached table shows the final adopted
9 budget amounts for each revenue source as of the 2022
10 adopted budget and the reimbursement amounts that
11 were described by OMB as being tagged to a specific
12 agency. While most of the agencies have revenue
13 claims that match or are close to the allocated
14 stimulus funding, there are several that stand out.
15 Just for everyone's clarification, there are often
16 very perfectly good reasons why the adopted budget
17 funding allocation does not match the claimed revenue
18 for the closing Fiscal Year. An agency might not
19 spend as much as it anticipated or it may switch
20 federal funding sources, i.e., from federal stimulus
21 funds to FEMA public assistance. However, in the
22 instance of the Department of Correction, the
23 financial plan accompanying the 2023 adopted budget
24 included 533 million dollars in anticipated stimulus
25 funding for Fiscal Year 2022. Yet, when the financial

1 books were closed three months later, they had only
2 claimed 1.3 million. This is not to say that they did
3 not spend 532 million dollars. Stimulus dollars, as
4 noted, are a fungible pot of money that may be
5 reallocated elsewhere, and a dollar is a dollar in
6 the general fund, whether it is federally or locally
7 sourced. It is, however, an issue of budget
8 transparency and one of opportunity cost. The budget
9 negotiated between City Council and the Mayor in June
10 assumed an allocation of federal funding to various
11 agencies. Yet, as of the close of the Fiscal Year,
12 that allocation has shifted and, for at least one
13 agency, substantially. To be clear, those dollars are
14 not lost. The City could add them to the budget right
15 now. However, by allocating those funds to 2022 in
16 the 2023 adopted budget plan, it precluded their
17 ability to be a part of the budget for Fiscal Year
18 2023 or out, which is to say that during the adopted
19 budget negotiations, there were 533 million less
20 dollars in stimulus funds to address city needs in
21 current and future fiscal years. Additionally, it
22 should not require deep insider knowledge to
23 ascertain how much an agency has received in funding
24 or how much it is intending to claim. Our analysis
25

1 allocating ARPA SLFRF claims to agencies required IBO
2 to use an unpublished and unverifiable descriptive
3 field in an obscure accounting report making it far
4 more difficult to assess revenues after the close of
5 the Fiscal Year. Conversely, on the expenditure side,
6 both DOE and CUNY budget their anticipated claims
7 outside of OMB established naming conventions and
8 funding sources making it more difficult to assess
9 stimulus usage in real time. All of this information
10 could be more readily presented by the
11 administration.
12

13 We wanted to speak on DOE specifically.
14 At the end of the Fiscal Year, DOE had claimed 2.9
15 billion of its 6.9-billion-dollar allocation from
16 education-restricted funding sources. Of the unspent
17 funds, 3.7 billion has been budgeted for 2023 through
18 2025, leaving about 280 million in unbudgeted funds
19 that must be used by DOE. Note that our Dashboard
20 will present this number as 317 million. This
21 difference is because DOE has claimed an additional
22 37 million more in 2022 than their agency recorded as
23 spending in those stimulus budget codes. In addition
24 to education-specific funding, DOE also claimed about
25

1
2 400 million from the unrestricted ARPA SLFRF funds in
3 FY-22.

4 In closing, I want to reiterate the key
5 takeaways of our testimony. One, the City has roughly
6 1.5 billion remaining to budget across the 2023 to
7 2025 window including 1.1 billion in unrestricted
8 funds and 383 million in funds restricted for
9 educational use. Again, that's 280 for DOE and 103
10 million for CUNY.

11 Two, IBO recommends that the City adhere
12 to its own guidelines and budget stimulus funding in
13 a way that allows the public to easily know how much
14 each agency is allocated to spend and how much they
15 will end up claiming at the end of the Fiscal Year.

16 Finally, if there is a significant
17 difference between an agency's allocation and their
18 year-end claims, the administration should provide a
19 reconciliation of that variance.

20 We thank you for the opportunity to
21 testify today and are ready to answer your questions.

22 CHAIRPERSON BRANNAN: Thank you. Is there
23 a serious concern from IBO with regard to the prior
24 administration allocating temporary funds to
25 permanent programs?

1
2 ASSISTANT DIRECTOR CLARK: I would say at
3 this point in time as the administration has noted,
4 these are a fungible source of funds and so for all
5 intents and purposes the dollars are dollars are
6 dollars regardless of whether or not we're putting
7 them towards operating programs as the City has
8 widely done, those funds will need to be used in some
9 form or another. I think while we have specifically
10 allocated them to these programs currently, they are
11 in effect opening up city dollars for other programs
12 elsewhere so regardless of the particular funding
13 source I think that we will be dealing with a revenue
14 shortfall, but I don't think that it's specifically
15 as programmatic as the questions have been asked.

16 CHAIRPERSON BRANNAN: You would agree then
17 that there is a delta between the federal relief
18 funds that have been allocated to recurring expenses
19 that when that federal money runs out and expires
20 we're going to be left holding the bag to continue
21 funding those recurring expenses?

22 ASSISTANT DIRECTOR CLARK: The way that we
23 sort of have looked at this is, around IBO's office
24 we describe as the Christmas check from grandma, and
25 so it's not something that's going to get re-upped

1 and so it will naturally lead to a fiscal cliff at
2 some point in time when that comes around. The hope
3 here is, I think, that the City uses it in such a
4 fashion that revenues continue to rebound, but I
5 think that's something that we would have to wait on.

6
7 CHAIRPERSON BREWER: I think you mentioned
8 a couple of times that it's hard sometimes to get
9 this data so we talked about the law, we talked about
10 comingling, and I just was wondering if you could
11 give us maybe in sort of a listing of some of the
12 difficulties you have faced in trying to track this
13 money because I think it's a universal problem.

14 ASSISTANT DIRECTOR CLARK: Yeah.
15 Absolutely.

16 CHAIRPERSON BREWER: I'm big on data, and
17 this seems to be challenging.

18 ASSISTANT DIRECTOR CLARK: Absolutely, and
19 it is quite the task. The best way to think about
20 this is that there are three buckets that matter when
21 we're tracking this spending. We have the budgeted
22 amounts which will limit your amount of spending, you
23 have the actual spending amounts, and then we have
24 the revenue which are separate from those and not
25 directly tied but things that we eventually claim for

1 reimbursement so that's what really matters in the
2 prior fiscal years so when we talk about that 3.6
3 billion that the City has claimed in ARPA SLFRF,
4 that's based on the received revenue. That's what
5 we're sort of counting as the total spend against.
6 The issue is that we're relying on naming conventions
7 that have been established by guidance from OMB and,
8 as Christopher Blanco noted, have been issued to all
9 of the agencies. The agencies don't necessarily
10 always follow that. If you look at the funding in
11 DOE, they might budget those funds in codes that are
12 labeled CR for COVID Relief, but they might not have
13 the attached revenue sources to those and so it would
14 end up showing as a city fund hit in the budget even
15 though they are designated as a CR code. This is
16 really inside baseball, but we can show you examples
17 of that. Some of the other issues as we noted in
18 terms of the final budget amounts that were set out
19 during the adopted financial plan, those don't always
20 match the receivables, like I said, there's often
21 perfectly good reasons for that, but the
22 administration should provide a reconciliation that
23 is showing either lower payables for that or they
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2 should show us their decisions that went into
3 reallocating those funds from somewhere.

4 CHAIRPERSON BREWER: Okay. The other
5 question is, I know this may not, because this is
6 forward thinking, but I am not focused on this 920
7 million dollars, how do you see OMB distributing
8 this, is it what OMB stated today which is we're
9 going to talk to the agencies? This is what I call
10 the overview without much specifics to put it mildly
11 and then we're going to listen to them and then we're
12 going to see what, blah, blah, blah. Is that how it's
13 normally done? Do you think it should be done
14 differently because of the future challenges that we
15 have in terms of revenue, etc.?

16 ASSISTANT DIRECTOR CLARK: Absolutely. I
17 think broadly speaking that generally is the process.
18 The agencies will be reaching out, and OMB will be
19 assessing funding gaps at particular agencies, and
20 it's often a lot easier to fill a gap with dollars
21 that aren't your own than filling it with your own. I
22 think on that end there is a great degree of
23 flexibility afforded by the SLFRF funds, and,
24 generally speaking, we do see it allocated towards
25 operating and ongoing expenditures and so I think

1 from a purely accounting and compliance standpoint,
2 that's generally fine. I think there's nothing
3 prohibiting the City from using those funds for
4 basically any use. They're relatively unrestricted in
5 their use. I don't think I would necessarily say that
6 IBO has a position on how they should be used, but
7 it's just more...

9 CHAIRPERSON BREWER: It's the process more
10 and the transparency too. That's what I'm getting at.

11 ASSISTANT DIRECTOR CLARK: Yeah, and
12 there's certain ways that it's budgeted, and the way
13 that the revenue is tracked is it's budgeted
14 completely in the Mayoralty and so if you look at the
15 ACFR that the Comptroller just released, you'll see
16 that all of the revenue that we're claiming for
17 Fiscal Year 2022 is accruing to the Mayoralty so
18 you're not able to break that out between the
19 different agencies that received it. You'd have to go
20 back and check the expenditures and CR codes and see
21 if that lines up. However, the analysis that we did
22 to really get towards that was really looking at an
23 unpublished field that, I don't know how many of you
24 use Venmo or a Cash App or write in the memo line on
25 your checks, but that's essentially what we had to do

1 was go through and say oh, this is for so-and-so,
2 we'll go from there, and so we're extracting data
3 from an open text field in FMS. I don't think that it
4 should necessarily be that way. I think it should be
5 a lot easier for the public to understand where their
6 dollars are going and so I would say that in terms of
7 that process there are ways that they can budget this
8 a little bit differently to make it more transparent.
9 To note, they do this already with the CRRSAA
10 funding. If you look at CRRSAA funding, it is
11 discretely budgeted on the revenue side between CUNY
12 and DOE so I can say all right, we've got all of our
13 CRRSAA funding, this is CRRSAA that accrued directly
14 to DOE, this is CRRSAA funding that accrued directly
15 to CUNY, but we're not able to tell that with the
16 ARPA funds and so that's historically been the way
17 that OMB has budgeted a lot of the sort of larger
18 federal funding sources. CDBGDR is budgeted that way.
19 FEMA public assistance is generally budgeted that
20 way. Again, they create these transparency issues and
21 then also it creates difficulties for the
22 administration when they're trying to figure out how
23 much did we actually assign to the particular agency.
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2 CHAIRPERSON BREWER: Okay. I know this is
3 in the weeds, but in your trackers, which they're
4 very easy to read except what's the difference
5 between unspent and unbudgeted in your tracker?

6 BUDGET REVIEW ANALYST CAIN: That's
7 something that we're actually going to be adding
8 clarification on going forward. Unspent is actually
9 budgeted unspent so it's been allocated to Fiscal
10 Year 2023 or through 2025. Unbudgeted is specific to
11 either, we can only look at the citywide total or
12 within DOE because we don't know which agencies the
13 SLFRF funds are going to until they've been budgeted,
14 but that equates to the 920 million that OMB was
15 referencing, our number's a little different because
16 we include a couple different other funding sources,
17 but that's equivalent to what hasn't been allocated.

18 CHAIRPERSON BREWER: Okay. That's very
19 helpful to me.

20 ASSISTANT DIRECTOR CLARK: Yeah. The
21 unspent is effectively the uncommitted balance if
22 you're looking directly at FMS.

23 CHAIRPERSON BREWER: Okay.

24 CHAIRPERSON BRANNAN: The City used a
25 large portion of its federal funds to replace the

1 city tax levy in a few agencies. What does IBO think
2 of the wisdom behind the choices that were made? I
3 mean there's a significant amount of funding for
4 Sanitation, Fire, Correction. What do you make of the
5 wisdom behind those decisions?
6

7 ASSISTANT DIRECTOR CLARK: I don't think
8 we would necessarily take a position on the
9 allocation of those mostly because, again, they're
10 fungible dollars so city spending is city spending is
11 city spending. What really sort of comes in on the
12 tail end is just that revenue so when you do allocate
13 those dollars out, it's really just freeing up city
14 tax levy elsewhere. To sort of go back to that
15 metaphor of grandma's check from Christmas, that goes
16 directly into your bank account and then you go out
17 and you have lunch. Did grandma buy you lunch or did
18 she help pay your rent, and that's sort of the issue
19 that we have here is that, from a purely compliance
20 standpoint, I don't think it necessarily matters as
21 much. I do think that it probably matters more from a
22 political standpoint, but from a purely budget
23 standpoint I don't think that it's much of an issue.

24 CHAIRPERSON BRANNAN: What's the number
25 one thing you think should've been done differently?

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2 ASSISTANT DIRECTOR CLARK: I think really
3 just in terms of transparency, we should be budgeting
4 this, in terms of the revenue it should actually be
5 accruing to those agencies. I think that would go a
6 long way to making things a little bit more easy to
7 understand. I think that if we're budgeting things in
8 the designation code so you should also have the
9 revenue attached to them, mostly because we have to
10 make an assumption at a certain point in time. If you
11 say we're budgeting all of these things in these
12 COVID-related codes but then you don't have the
13 revenue attached to it, I have to make the assumption
14 that you're actually going to make the revenue good
15 on that. I think from that perspective that's
16 something that we'd like to see more of on the
17 transparency side, but, again, on the allocation side
18 I think it's mostly less of a programmatic issue that
19 we would take a stand on.

20 CHAIRPERSON BREWER: Did you bring some of
21 your, I don't know if you call them transparency
22 issues to the attention of OMB or IBO doesn't do that
23 because you had a good list here which makes me angry
24 or upset or whatever?

2 ASSISTANT DIRECTOR CLARK: This was an
3 analysis that we managed to get done late last week
4 after the release of the ACFR. We haven't raised our
5 concerns with OMB yet, but I think that it's
6 something that we will likely be doing in the future.

7 CHAIRPERSON BREWER: Great. We've been
8 joined by Council Member Won.

9 Thank you very much. We appreciate IBO
10 for all of your efforts. One of the greatest things
11 that was done out of the 1989 Charter Reform was IBO
12 because I was there and watched it and you've been
13 great ever since. Thank you so much.

14 ASSISTANT DIRECTOR CLARK: Thank you.

15 CHAIRPERSON BREWER: You're free to go and
16 then we'll see if there's anybody else who's going to
17 testify from the public.

18 COMMITTEE COUNSEL MURRAY: Thank you,
19 Chairs. It's now time for public testimony. I don't
20 believe we have anyone here in person who signed up
21 to testify, and there's no members of the public on
22 the Zoom and so, with that, I'll turn it back to our
23 Chairs to close it out.

24 CHAIRPERSON BREWER: We thank those from
25 the agencies and IBO, and we will be following up

2 with questions. This is an incredibly important
3 topic, and, as we indicated, we will be having a
4 hearing in the near future, November 16th, on
5 Education and federal dollars, and it's always a
6 pleasure to participate with my Colleague, Council
7 Member Justin Brannan.

8 CHAIRPERSON BRANNAN: Thank you, Chair.
9 Thank you all for participating in this hearing, and
10 we will adjourn.

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date November 11, 2022