TESTIMONY OF NEW YORK CITY BUDGET DIRECTOR

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NYC Mayor's Office of Management and Budget

Fiscal Year 2024 Preliminary Budget Hearing

March 6, 2023

Good morning, Speaker Adams, Chair Brannan, and members of the Finance Committee and City Council.

I am Jacques Jiha, Director of the New York City Mayor's Office of Management and Budget. I am joined at the table today by First Deputy Director, Kenneth Godiner, and Senior Deputy Director for Intergovernmental Relations and Education, Latonia McKinney.

I will be testifying this morning about the Fiscal Year 2024 Preliminary Budget, but also will discuss the challenges we face as we approach the Executive Budget, which must be released in less than two months.

The Preliminary Budget was crafted in response to economic headwinds and fiscal uncertainty. While the city's tourism industry and labor markets rebounded, record high commercial office vacancies and weakness on Wall Street were a drag on tax-revenue growth.

At the same time, the asylum seeker population was increasing, surpassing the 40,000-mark by mid-January, and has grown significantly since then. The City had to fund this massive undertaking without real help from the state and the federal governments.

Additionally, labor settlements with the city's workforce valued at billions of dollars were on the horizon.

Hence, in the Preliminary Budget, we followed a cautious path, with a focus on achieving recurring savings and limiting new agency spending. As a result, Fiscal Year 2023 remained balanced and for the first time Fiscal Year 2024 was balanced at $102.7 billion, with outyear gaps of $3.2 billion, $5.0 billion, and $6.5 billion in Fiscal Years 2025 through 2027, respectively.

We were able to balance the budget in part because of an updated revenue forecast that added $1.7 billion in Fiscal Year 2023 and $738 million in Fiscal Year 2024.

We also achieved nearly $550 million in savings over Fiscal Years 2023 and 2024, which brings total savings in those years to more than $3 billion since June.

Nearly all of the savings in this plan were generated by the Vacancy Reduction Initiative. In response to council's concerns, we have restored almost 400 vacant positions, including 340 for the Department of Social Services. As a result, we removed nearly 4,000 vacancies in Fiscal Year 2023 and around 4,300 in the

outyears. The initiative produced savings of $176 million in Fiscal Year 2023 and $350 million in Fiscal Year 2024.

It is important to note that agencies still have the resources and budget authority to fill more than 23,000 vacant positions citywide, including more than 2,100 at Social Services, over 670 at the Department of Health, and more than 400 at Housing Preservation and Development. Their challenge is that hiring has not caught up with attrition. For context, in Fiscal Year 2022 agencies hired 22,400 employees, but lost 24,500 to attrition, for a net reduction of more than 2,000. Fortunately, more recent data suggests that we are turning the corner. Over the first seven months of Fiscal Year 2023 agencies onboarded 17,000 employees and lost 16,000 to attrition, for a net gain of 1,000.

To simplify and accelerate the onboarding process, the city lifted the 2-for-1 restriction in December, leaving agencies free to hire up to their budgeted headcount without any restriction for the first time in three years. At OMB, we have taken steps to shorten our review timeline. OMB will now respond within 10 days to all personnel actions that follow the hiring and promotion guidelines, and in less than 21 days if an agency requests a guideline exception.

The administration is implementing additional initiatives to boost recruitment and retention. As part of the recent collective bargaining agreement, we created an equity fund with DC37 to adjust salaries for hard-to-recruit titles, and we are exploring flexible schedules, including remote work. DCAS is also working with DC37 to conduct job fairs throughout the city.

The bottom line is that this administration is prioritizing and deepening its efforts to help agencies fill more than 23,000 vacancies that still exist despite agencies having budget authority to hire. We are asking the council to join us in our recruitment-outreach efforts.

Our strong and cautious fiscal management also includes building and maintaining reserves. The Preliminary Budget has $8.3 billion in reserves, which includes $1.6 billion in the General Reserve, $250 million in the Capital Stabilization Reserve, $4.5 billion in the Retiree Health Benefits Trust fund, and $1.9 billion in the Rainy-Day Fund. And, unlike in previous Preliminary Budgets, we did not reduce the General Reserve to fund new needs or close the budget gap. I would like to thank the council for your ongoing support of prioritizing and building reserves.

Spending within our means, while making the best use of limited resources, was another critical piece of our strategy; hence, agencies were asked to self-fund their new needs. This held new agency spending to $441 million in Fiscal Year 2023 and $39 million in Fiscal Year 2024.

By staying focused on savings and keeping agency spending low we achieved several important goals. We prepaid an additional $1.5 billion of Fiscal Year 2024 expenses, and lowered gaps in Fiscal Years 2025 and 2026 by $2.3 billion.

Fitch Ratings recently validated our strategy by upgrading the city's credit rating to AA from AA-. They praised the administration's fiscal management, in particular actions to increase reserves and achieve savings.

In the Preliminary Budget, we overcame great obstacles to balance Fiscal Years 2023 and 2024, maintain critical services for New Yorkers and set aside resources for the future. Since that plan was released, we have new needs, like the DC37 labor deal that must be funded, as well as new challenges, like the proposed cuts and cost shifts in the governor's budget and the rapidly growing asylum-seeker costs, that threaten our financial stability. For perspective, the Executive Budget will be released in just 51 days, giving us limited time to marshal the substantial resources we will need to stay balanced in Fiscal Years 2023 and 2024.

When this administration took office, labor agreements with nearly every union had expired. Anticipating settlements, we increased the labor reserve to support 1.25 percent raises across the workforce.

In mid-February of this year, we reached a tentative contract settlement with DC37 for the 2021 through 2026 round of collective bargaining that provides 3 percent annual raises beginning in May 2021 and then 3.25 percent in May 2025.

The total cost of the contract is $4.4 billion, which is offset by funding already in the city's Labor Reserve, for a net budget impact of $2.9 billion through Fiscal Year 2027. The cost to the city of applying the DC37 framework across the workforce is about $16 billion and will be reflected in the upcoming financial plan.

While the administration anticipated and planned for a labor settlement, we did not foresee the over $1.0 billion in annual cuts and cost shifts that are proposed in the governor's Fiscal Year 2024 Executive Budget, which will significantly impact the city's Medicaid reimbursement and our annual MTA contribution.

The city contributes a substantial $2.4 billion annually to MTA. The governor's proposal will boost this by about $530 million each year. Further, it anticipates withholding enhanced federal Medicaid matching funds that are meant to partially reimburse localities for the costs of providing healthcare to eligible low-income adults, children, pregnant women, elderly adults, and people with disabilities. We conservatively estimate that this will cost the city about $125 million this fiscal year, and more than $340 million annually thereafter.

Shifting responsibility for the state's costs and cutting our reimbursement levels always threatens our ability to deliver services. However, today we face substantial and unprecedented new needs, and the impact would be dire.

In addition, we have now welcomed almost 50,000 asylum seekers and are caring for over 30,000. To be blunt, meeting these obligations is rapidly consuming a massive level of resources. For example, when this administration came into office last January, the shelter population was 45,213. Today, the number of people in our care — between the DSS shelters and the humanitarian relief centers — is nearly 80,000. This is a 77% increase in a little over a year. This dramatic growth has expanded our costs substantially over a short period of time.

The growing cost of caring for migrants is $654 million through the end of February and is expected to total $4.2 billion over Fiscal Years 2023 and 2024, and we have yet to receive adequate assistance from the federal and the state governments. The governor has proposed reimbursing 29 percent of costs incurred by the City over two years, capped at $1.0 billion, and congress has appropriated $800 million, which must be shared with other localities across the country. This is woefully insufficient and inadequate to cover the needs.

We face these unplanned, new, and ongoing needs at a time when the city's tax-revenue growth is slowing, and many economists fear that the economy is on the verge of a downturn.

Let me be clear, getting to the finish line – **in just 51 days** – will require great effort from the administration and the city council. We are in a very difficult situation. In an era of limited and diminishing resources, we will have to make difficult decisions to balance the budget as required by law and simultaneously prevent fiscal strain that will jeopardize our ability to deliver quality services to New Yorkers.

The council plays a critical role in this process. I welcome your assistance in pushing for more resources from the state and the federal governments to care for the migrants and advocating against the cuts and cost-shifts proposed in the governor's budget.

Finally, I would like to discuss the Preliminary Ten-Year Capital strategy, which is $159.3 billion over Fiscal Years 2024 through 2033.

Over the next ten years, we will prioritize modernizing infrastructure, improving public health and safety, supporting economic growth and housing affordability, and promoting access to education, all while advancing a more equitable and inclusive city.

And we are building and maintaining capital assets responsibly by keeping debt-service payments below 15 percent of tax revenue in each year of the financial plan, which is the benchmark for prudent and affordable debt financing.

To conclude, I have no doubt that we will meet the challenges ahead of us and get through this together – as partners.

As always, I appreciate all that you do for New Yorkers.

Thank you, and I look forward to taking your questions.

THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BRAD LANDER

Testimony of New York City Comptroller Brad Lander Before the New York City Council Finance Committee
Comments on New York City's FY 2024 Preliminary Budget and FY 2023-2027 Financial Plan
March 6, 2023

Good afternoon, Speaker Adams, Chair Brannan, members of the Finance Committee and City Council. I'm glad to be here today to discuss the Preliminary Budget, the state of New York City's economy, and how we can budget for a thriving future. Joining me today are Executive Deputy Comptroller Francesco Brindisi and Deputy Comptroller for Budget Krista Olson.

This morning we released our report on the Preliminary Budget and Financial Plan (92 pages which I will briefly summarize here), as well as a report on the impact of City staff vacancies on outcomes per the Mayor's Management Report.

The City's fiscal outlook differs significantly from that depicted in the Preliminary Budget for three main reasons: additional costs from the collective bargaining agreement the City recently reached with DC 37, the provision of shelter and services for asylum seekers, and cost shifts proposed by the Governor in the State's Executive Budget. As a result, before the potential fiscal impact of asylum seekers and of the State Executive Budget, budget gaps are modest and manageable for Fiscal Years 2023 and 2024, and they become significant in the outyears of the Financial Plan.

At the same time, as the "New New York" panel convened by the Governor and Mayor outlined, New York's future economic thriving depends on significant investments in affordable housing, child care, mass transit, and the public realm. How to navigate these competing realities is the challenge facing the Council and the Mayor in the years ahead.

New York City's Economy

New York City's economy has proven resilient despite the disruption of the pandemic and tighter monetary policy. Our updated forecast projects an economic "soft-landing," in which the national and New York City economies slow down but avoid a recession.

Last month, Fitch Ratings upgraded the City of New York's General Obligation bonds, which fund our capital program, to AA from AA-, citing our strong recovery and the long-term reserves the Council funded at my urging last year.

Jobs have returned to 98% of their pre-pandemic peak. Health care and information technology are above pre-pandemic levels. However, jobs in the arts, retail, and accommodation and food services all currently remain 13% below pre-pandemic levels.

Cost of living, and specifically housing affordability, is a key challenge for New Yorkers. After a dip at the beginning of the pandemic, asking rents rose to above their previous peak averaging $3,500 over the last few months. Nearly 30% of New Yorkers spend over half of their income on rent. Local inflation has risen 12.8% since January 2020, while the minimum wage has not grown since 2019 – a strong rationale for raising the minimum wage.

New York City is still adjusting to hybrid and remote work, which poses ongoing questions: What to do with now-vacant office space that historically generates a significant share of the City's property tax revenue? How to fund a public transit system that sees two-thirds of the use it did prior to the pandemic? These questions are opportunities as well as challenges.

How can we convert office space to needed housing, or other productive uses, in a timely and cost-effective way? Can we increase bus service to provide transit between neighborhoods as commuting patterns shift?

Comptroller's Assessment of the Preliminary Budget

The Mayor's FY 2024 Preliminary Budget totals $102.7 billion. The budget gap of $4.2 billion in the Adopted Plan was resolved through a combination of revenue increases, pre-payments, and a PEG program totaling $1.95 billion of savings. These savings programs resulted in a reduction of 4,374 city-funded positions.

The FY 2024 budget reflects a continued drop in spending with the ramping down of COVID federal grant-related spending. New York City has spent $18.8 billion through FY 2022, with an additional $7.6 billion remaining in the current financial plan. This funding drops from $4 billion in FY 2023 to only $7 million in FY 2027.

City Revenues are Above Plan

On the positive side, with updated property tax receipt information that was not available at the time the Preliminary Budget was released, we project that overall revenues will come in higher than the City's projections in each year of the Financial Plan. In total, we project that City revenues will be higher than OMB's projections by $1.38 billion in FY 2023, $2.23 billion in FY 2024, $1.9 billion in FY 2025, $2.19 billion in FY 2026, and $3.61 billion in FY 2027.

Unfortunately, that's about the extent of my positive fiscal news. To begin with, since OMB released the Preliminary Budget in January, three significant things have changed:

Labor Agreement with DC 37

First, on February 17, the City and DC 37 announced a tentative contract agreement. While the January Financial Plan projected raises of 1.25 percent per year for four years, the agreement includes four annual raises of 3 percent, a fifth yearly raise of 3.25 percent, and a signing bonus of $3,000. The raises do not appear to be offset by savings or productivity increases. If this were to be pattern for all other unions, it would add costs of $2.5 billion in FY 2023, $1.8 billion in FY 2024, $3.4 billion in FY 2025, $3.9 billion in FY 2026, and $4.7 billion in FY 2027 for a total of $16.3 billion.

Rising Costs for Shelter and Services for Those Seeking Asylum

Second, the cost for shelter and services provided to asylum seekers is escalating. The January Financial Plan assumed the annual cost to be $1 billion in FY 2023 and zero in FY 2024 and beyond, and also assumed these costs would be covered in full by Federal aid. By February 7, City Hall had projected the cumulative cost for FY 2023 and FY 2024 would be $4.2 billion. State and Federal aid are currently projected to cover only one-quarter of that. And, there are still no expenditures projected for the outyears.

New York State Executive Budget Would Negatively Impact New York City

Third, the NY State Executive Budget, while providing partial funding for the cost of sheltering asylum seekers and an increase in school funding, also includes substantial cost shifts, unfunded mandates, and revenue cuts that would negatively impact New York City. The Governor's Executive Budget proposes to take an additional $526 million from the City to fund the MTA. The demand for additional City contributions to the MTA, beyond what we currently pay, is both unrealistic and unfair. Other localities and their residents who depend on the regional transit system are not being asked to contribute to the MTA's current crisis.

In addition, the Governor is proposing to take the Enhanced Federal Medical Assistance Percentage (eFMAP) that we and localities across the State have come to depend on to help support the local share of Medicaid costs. Appropriating these funds would be a $468 million hit to our budget over the current and upcoming fiscal year.

The Governor has also proposed lifting the charter school cap and reviving zombie charters, which could ultimately cost the City an additional $1.3 billion a year if fully implemented.

In total, the Governor's proposed budget would cost NYC $1 billion in cuts and unfunded mandates growing to over $2 billion by 2027 – exacerbating our already widening budget gaps. And that still does not include the cost of implementing the State's class size mandate legislation enacted in 2022, which requires the City to reduce class sizes in its schools over the next five years.

Additional Risks

As in past years, my office has identified many areas of underbudgeting by OMB that are likely to significantly increase expenditures above what is projected in the financial plan. These include funding shortfalls for tuition at existing charter schools, the City's underfunding of Carter special education cases, pupil transportation, the City's contributions to the MTA (even before the proposed increase in the Governor's Executive Budget), and uniformed overtime.

Overall, the Comptroller's estimated additional expense risk is $2.68 billion in FY 2023, $3.83 billion in FY 2024, $5.81 billion in FY 2025, $7.40 billion in FY 2026, and $8.80 billion in FY 2027.

As a result, despite the revised revenue projection, budget gaps are estimated to grow from modest and manageable amounts this year and next -- $1.30 billion (1.2% of expenditures) in FY 2023 and $1.51 billion (1.5%) in FY 2024 – to significant levels in the outyears of the plan -- $7.07 billion (6.7%) in FY 2025, $10.22 billion (9.6%) in FY 2026 and $11.66 billion (10.6%) in FY 2027.

And these gaps do not include the additional risks deriving from the cost of services provided to asylum seekers or the fiscal impact of the Governor's executive budget.

For FY 2023, the City has access to $1.8 billion in the General Reserve and Capital Stabilization Reserve, and the Mayor's Executive Budget later this spring will likely include additional savings and resources to balance the FY 2024 budget – with some room for restorations of harmful cuts.

In the outyears, however, the size of these budget gaps, along with the need for substantial additional investments in affordable housing, child care, and mental health necessary for the city's economic thriving, indicates the need for structural interventions on both expenses and revenues.

Critical Needs for FY 2024

Within the City's FY 2024 Preliminary Budget, I'd like to highlight a few critical needs that can and should be addressed within the contours of a balanced budget.

First, we must make a pivot in how we are approaching the influx of people seeking asylum. For the past nine months, the City has rightly focused the overwhelming share of its efforts on scaling up shelter capacity.

Now, the City must shift its focus to helping people get <u>out</u> of shelter. By rapidly scaling up immigration and employment services, including applications for work authorizations (through a mix of legal representation and pro se assistance from volunteers); and also by accelerating pathways for individuals and families – not only asylum seekers, but beginning with long-term shelter residents – to permanent housing, the City can both help families get on a pathway to economic stability and significantly reduce our long-term costs for the provision of shelter.

Reversing the unnecessary and counterproductive cuts to CUNY and our public libraries is essential to preserving critical programming and resources that New Yorkers rely on. While big picture risks are large, the $20.5 million to prevent cuts to library hours can be found.

To help address high levels of chronic absenteeism for students in temporary housing, I urge the Council to find the funding for the 25 shelter-based education coordinators who are set to lose their jobs in June, and baseline support for the remaining staff into the outyears.

I also encourage the Council to work with the Administration to fund $3 million to strengthen the 6 new District 79 English Language Learner programs put in place this past year (to pay for a bilingual SW, wraparound supports such as legal services, mental health, learn to work) and $10 million over the next 3 years to expand this program to help young adult newcomers get their high school diplomas and continue on to college and/or better paying jobs.

Demand is also high for Promise NYC's child care for undocumented children. The $10 million this Council allocated last year funded vouchers for half a year (the program launched in January), and we've heard there are now waiting lists. Long-term, the State should step in to support this program, but this year the City should allocate $20 million in the FY24 budget for a full year of the program.

A universal curbside composting program is scheduled to roll out in four out of five boroughs over the next twelve months. The success of this program will depend on a sufficient investment in operations and staffing, as well as a robust outreach and education effort preceding implementation.

Making Rainy Day Fund Deposits Automatic

Last year, my office advocated for a new formula for making regular deposits into the City's Rainy Day Fund, as well as codifying the requirements for withdrawals. While the Council and the Mayor made the largest deposit ever into reserves, you did not move forward toward adopting a formulaic approach, to remove these deposits from the budget dance. I continue to urge you to do so.

City Agency Vacancy Challenges

The FY 2024 preliminary budget includes the impact of several rounds of savings initiatives, primarily through blunt vacancy reductions. While an annual review to identify efficiencies is a necessary component to budgeting, I believe that the across-the-board, eliminate-half-the-outstanding vacancies approach adopted by the Administration is a penny-wise, pound-foolish approach, particularly at agencies where staff reductions are having a demonstrable impact on critical services, as delays in processing food stamp applications at HRA have shown.

In a new brief we are releasing today, *Understaffed, Underserved*, we identify areas where direct services to New Yorkers and the City's long-term planning and risk management are being affected by high vacancy rates. Among the 15 agencies with the highest vacancy rates, we found that the Department of Small Business Services, Department of Health and Mental Hygiene, and Housing Preservation and Development are falling farthest behind on the critical indicators they set for themselves in the Mayor's Management Report.

The Department for the Aging is seeing poor performance on home-delivered meals and case management services. The Department of Finance is taking longer to process SCRIE and DRIE applications. NYC Emergency Management is conducting fewer emergency preparedness drills and tabletop exercises, and – a perennial City Council bone of contention – the Parks Department is completing fewer capital projects on time.

I was glad to see flexible work arrangements, including hybrid/remote work, and targeted salary adjustments for hard-to-recruit positions included in the recent tentative agreement between OLR and DC 37. Both my office and the 5BORO Institute have recommend expediting hiring, allowing hybrid work for appropriate positions, focusing on/considering compensation levels for key hard-to-recruit slots, and designating Chief Talent/Recruitment/Retention Officer(s) to drive this work.

Capital Budget

A few words about the Capital Budget (which, as many of you know, is really my favorite part). The January 2023 Capital Commitment Plan totals $96.55 billion in all-funds authorized commitments for FY 2023 – FY 2027, a $551.2 million

(0.6%) increase compared to the September 2022 Capital Plan over the same fiscal years. The major increases are in projects related to water pollution control, sanitation, and citywide equipment, resiliency, and energy efficiency.

The City also released its required Preliminary Ten-Year Capital Strategy, which totals $159.33 billion for FY 2024 – FY 2033. This is an increase of $25.59 billion (19.1%) from the last Ten-Year Capital Strategy published in April 2021. The categories with the largest changes are the Department of Transportation with an increase of $8.43 billion, housing (HPD and NYCHA) with an increase of $7.92 billion, Department of Environmental Protection with an increase of $6.38 billion, and the Parks Department with an increase of $3.13 billion. Offsetting these increases is a projected decrease of $4.80 billion in Education/CUNY related projects.

New York City also has a once-in-a-generation opportunity to draw down funds from the federal Infrastructure Investment and Jobs Act (which, for the first time, allows a focus on local hiring), the New York State Environmental Bond Act, and the Inflation Reduction Act for decarbonization.

These resources, collectively, represent an extraordinary opportunity to improve our infrastructure, to improve our economy, to address the affordability crisis, to get the city ready for climate change, and to create good, union jobs for New Yorkers.

But for that to work, we have to reform the City's capital process to deliver projects on-time and on-budget. Last week I was in Albany with leaders in the Administration, talking with state legislators about changes needed to streamline capital approvals, improve procurement processes, and manage projects more effectively. My office was proud to update and modernize Comptroller's Directive 10, and we are registering contracts in record time. Later this spring, I'm looking forward to seeing the first iteration of the long-awaited Citywide Capital Projects Tracker, required by Local Law 37 of 2020, which I was proud to sponsor when I was a Councilmember.

The City must also ensure that projects are equitably distributed to diverse contractors. Our report last week on the still-abysmal share of City contracts going to M/WBE vendors showed that construction lags even farther behind other sectors when it comes to contracting with firms owned by women and people of color.

Strengthening NYC's Capital Investments in Affordable Housing

The unaffordability of housing represents a real threat to NYC's short- and long-term economic growth. Unable to find apartments they can afford to rent, let alone buy, more and more young people delay moving out of their parents' home or starting a family of their own. Business owners have consistently told me that lack of affordable housing for workers across the income spectrum, is a challenge to growing their businesses here. There's evidence that as many as 10% of Black New Yorkers have left our city, in part to seek more affordable housing options in Southern cities, over the last decade.

As NYC confronts a housing crisis, investing capital dollars at scale in the housing New Yorkers need must be a top priority. I sincerely hope the Governor and State Legislature will agree on a package that includes an ambitious expansion of housing supply, the Housing Access Voucher Program, and good cause eviction protections for tenants. But for the affordable housing NYC families need, significant capital investments are required. As recommended by United for Housing and the New York Housing Conference, the City should allocate at least $4 billion this year for housing, including $1.5 billion for NYCHA, to meet the need. And as we know from past years, allocating that capital funding is not enough, HPD must be adequately staffed to get projects reviewed and construction underway.

We also have an opportunity and an obligation to ensure that City spending on housing construction is making the biggest impact for the people who most need affordable housing. That means targeting our affordable housing dollars to the level of affordability – not subsidizing market-rate development – and investing in housing outside the speculative marketplace that will remain permanently affordable.

New York has a long history with social housing – permanently affordable housing removed from the speculative marketplace – like Mitchell-Lama cooperatives, community development corporations, and supportive housing. In recent years, however, more than 80% of our public land and funding subsidies for housing have gone to private developers. It's

time to reverse that trend and put more of that funding towards nonprofits and community land trusts that will provide housing at price points affordable to poor, working-class and middle-income families.

One place to start in this year's budget would be revitalizing the Neighborhood Pillars program, which provides low-interest loans and tax exemptions to nonprofits and mission driven organizations to acquire and rehabilitate unregulated or rent-stabilized housing for low- to moderate-income households. What if we added a Mitchell-Lama 2.0 model to the Neighborhood Pillars program, allowing developers to receive capital subsidies, tax breaks, and density increases to create permanently-affordable, multi-family, shared-equity cooperative homeownership?

With an ambitious strategy, I believe we could double the footprint of social housing in New York City in the coming years and enable a new generation of working-class New Yorkers to become cooperative homeowners.

Planning and Investing for the Long Term

Last fall, the Governor and Mayor brought together 59 business leaders and policy experts to craft a plan for the city's future. The "New New York" proposal they came up with agreed that we must first invest in the fundamentals that make the city a stimulating place to live, work, and play. They recommended significant investments in affordable housing, transit, child care, climate resiliency, and the public realm in order to insure New York's long-term economic vitality. For just a moment, let's allow ourselves to imagine following and building upon the recommendations of that report, to make the investments that we know would help bring about a truly thriving city.

Affordable Childcare

Beyond housing, childcare is one of the largest costs that New York families bear. Working parents need safe, affordable, and reliable childcare. In the years ahead, we must turn our attention to providing affordable care across the age and need spectrum. We should fulfill the promise of universal 3K, by ensuring that adequate outreach is conducted and seats are available in every neighborhood. As providers still struggle to come back from the devastating impacts of the pandemic, we have to do more to ensure childcare providers are paid on time and childcare workers are paid a livable wage.

Mental Health

The pandemic both highlighted and elevated the need for the significant expansion of evidence-based mental health programs, including expanded mental health care in our schools, crisis intervention teams staffed by behavioral health professionals, respite care and drop-in centers, and additional psychiatric beds in our hospitals.

Public Education, Youth Development, and CUNY

During the pandemic, we were able to launch or expand an urgent array of programs using federal COVID-19 funds, including Summer Rising, DOE mental health services, and Community Schools Expansion and Sustainability. As federal stimulus ends, it will cost over a half-billion dollars to preserve these programs.

There is widespread agreement that we need to dramatically scale up our investments in special education. For example, the Chancellor's recent announcement of $350 million in new special education investments is wonderful, but it only funds literacy supports and dyslexia screening efforts in 160 schools. There are more than 30,000 students in NYC with autism or an emotional disability, and yet only 75 ASD Nest and Path inclusion programs citywide. We need more special education classrooms, services, and preschool seats in every neighborhood.

And imagine what it would mean for New York City's families, our economy, and our multiracial democracy if we invested in CUNY the way we should – so that any student could attend without worrying about the cost, to expand its career and technical education programs, to offer every student a paid internship that could serve as a gateway to career placement post-graduation, to strengthen and restore it as a world-class institution of upward mobility.

We could be a city that provides pathways for working-class families to affordable homeownership, universal child care, first-class mental health, and high-quality education for all kids. If we did, our families, our economy, and our city would flourish.

Let's be clear: While savings and efficiencies are necessary, they won't be near enough to allow us to invest in the ambitious programs we need to secure NYC's economic success, while also closing the budget gaps we face. New funding will be necessary.

This budget cycle is the time to start thinking about asking Albany for the resources and the authority to raise revenues that we need to invest in NYC's future. Any new revenues should come from those who can afford to contribute more (New York State saw the number of millionaires rise this year as the wealthy became wealthier), and who will continue to benefit from a thriving city. And we sure can't let the State short-change the City on our own revenues and obligations. My office will be working on these questions over the ensuing months as we move toward budget adoption; I would welcome conversations with you on these questions.

As we look to the long-term, we have very real challenges, and also very real opportunities. The best path forward is to build a city that spends wisely and prudently, that sets aside adequate resources for a rainy day, and that invests in the future that New Yorkers deserve, this year, and for the years to come.

Thank you.

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NEW YORK CITY COMPTROLLER
BRAD LANDER

Comments on New York City's Preliminary Budget

for Fiscal Year 2024 and Financial Plan for Fiscal Years 2023 - 2027

BUREAU OF BUDGET

MARCH 2023

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I. Executive Summary

The City's fiscal outlook differs significantly from that depicted in the Preliminary Budget and Financial Plan released by the NYC Office of Management and Budget (OMB) on January 12, for three main reasons.

First, on February 17 the City and DC 37 announced a tentative contract agreement. The January Financial Plan funded raises of 1.25 percent per year for four years. The DC 37 agreement includes four annual raises of 3 percent, a fifth yearly raise of 3.25 percent, and a signing bonus of $3,000. The raises do not appear to be offset by savings or productivity increases. If this were to be pattern for all other unions, it would add costs of $2.5 billion in FY 2023, $1.8 billion in FY 2024, $3.4 billion in FY 2025, $3.9 billion in FY 2026, and $4.7 billion in FY 2027 for a total of $16.3 billion.

Second, the cost for shelter and services provided to asylum seekers is escalating. The January Financial Plan assumed the annual cost to be $1 billion in FY 2023 and zero in FY 2024 and beyond, and also assumed these costs would be covered in full by Federal aid. By February 7, City Hall had projected the cumulative cost for FY 2023 and FY 2024 would be $4.2 billion. State and Federal aid are currently projected to cover only one-quarter of that.

Third, the NY State Executive Budget, while providing partial funding for the cost of sheltering asylum seekers and an increase in school funding, also includes $1 billion in cost shifts, unfunded mandates, and revenue cuts just in FY 2024. Additional, significant costs could derive from the Governor's proposals regarding charter schools. Finally, the cost of implementing the State's class size mandate legislation enacted in 2022, which requires the City to reduce class size in its schools over the next five years, remains unfunded.

This report also incorporates an updated forecast of economic conditions and City revenues. The forecast reflects the economic resiliency in response to tighter monetary policy shown so far, and an outlook predicated on a successful economic "soft-landing." In this scenario, the national and New York City economies slow down but avoid a recession. The analysis also incorporates up-to-date information on the City's property tax, which is not included in the Financial Plan. The Office of the Comptroller's projection of City revenues exceeds OMB's by $1.38 billion in FY 2023, $2.32 billion in FY 2024, $1.90 billion in FY 2025, $2.19 billion in FY 2026, and $3.61 billion in FY 2027.

Despite the revised revenue projection, budget gaps are estimated at $1.30 billion in FY 2023 and $1.51 billion in FY 2024. Gaps swell to $7.07 billion in FY 2025, $10.22 billion in FY 2026 and $11.66 billion in FY 2027. These gaps *do not include* the risk deriving from the cost of services provided to asylum seekers: $823 million in FY 2023, $2.18 billion in FY 2024, and, potentially, $2.8 billion each year thereafter. The gaps also *do not incorporate* the fiscal impact of the Governor's executive budget, of the Governor's proposals regarding charter schools, and of class size legislation.

In FY 2023, the City has access to $1.8 billion in the General Reserve and Capital Stabilization Reserve, and the Mayor's Executive Budget later this spring will include additional savings and

resources to balance the FY 2024 budget. However, the full extent of the measures needed will depend on the cost and funding for the services provided to asylum seekers, and on the enacted State budget. In the outyears, the size of the budget gaps indicates the need of structural interventions on both expenses and revenues.

The FY 2024 Preliminary Budget & January 2023 Financial Plan

The FY 2024 Preliminary Budget totals $102.66 billion, reflecting a continued drop in spending with the ramping down of COVID-19 federal grant-related spending. The budget gap of $2.89 billion in the November Plan was resolved in the Preliminary Budget through a combination of revenue increases, and a pre-payment of $1.46 billion from FY 2023 to FY 2024.

The FY 2024 Preliminary Budget reflects the culmination of both the November Plan's and the January Plan's Program to Eliminate the Gap (PEG), for a total of $1.95 billion of savings. These savings programs resulted in a reduction of 4,374 City-funded positions.

The Comptroller's Office anticipates overall tax revenues and miscellaneous revenues to come in higher than the City's projections in each year of the Financial Plan. All categories of tax revenue are forecasted to come in higher than planned in FY 2023 and FY 2024. The Comptroller's Office forecast for Property Tax Revenue grows significantly higher than the Plan in the outyears. All other tax revenues are projected to be higher than OMB's forecast in each year, except Business Taxes and Real Estate Transaction taxes which begin to fall below OMB's forecast in FY 2025 and FY 2026 respectively. In total, this report projects that revenues will be higher than OMB's projections by $1.38 billion in FY 2023, $2.23 billion in FY 2024, $1.9 billion in FY 2025, $2.19 billion in FY 2026, and $3.61 billion in FY 2027.

Offsetting these higher revenues are a number of known and unknown expenses that are not yet included in OMB's financial plan.

If, as noted above, labor contracts with all unions follow the same pattern as the recent agreement with DC 37, the City would face additional costs of $2.5 billion in FY 2023, $1.8 billion in FY 2024, $3.4 billion in FY 2025, $3.9 billion in FY 2026, and $4.7 billion in FY 2027.

The Comptroller's Office is also including a variety of risks within the Department of Education's budget. In addition to risks that this office has previously included, primarily for the exhaustion of federal stimulus funds and the chronic underbudgeting for Carter cases, pupil transportation, and charter school tuition, an additional risk is included for the class size mandates imposed by the State last year. The City is estimating the cost of implementing smaller class sizes will cost $1.3 billion once fully implemented ($433 million in FY 2026 and $867 million in FY 2027).

Other risks include additional underbudgeting within the City's ongoing support of the Metropolitan Transportation Authority (MTA) and elevated temporary and overtime expenses compared to the budget.

Overall, the Comptroller's estimated additional expense risk is $2.68 billion in FY 2023, $3.83 billion in FY 2024, $5.81 billion in FY 2025, $7.40 billion in FY 2026, and $8.80 billion in FY 2027. Combined with the revenue offsets above, the net risk, not yet incorporated into the Financial Plan, is $1.30 billion in FY 2023, $1.51 billion in FY 2024, $3.90 billion in FY 2025, $5.21 billion in FY 2026, and $5.20 billion in FY 2027.

It is with far less certainty that we layer in the possible expense of the asylum seekers on the five years of the Financial Plan. The January 2023 Financial Plan did not alter the November Plan addition of $1 billion of expense in FY 2023, with full Federal reimbursement. OMB has since stated that they expect the FY 2023 expenses to grow to $1.4 billion at current levels of growth till the end of the year, and the FY 2024 expenses would annualize to $2.8 billion. While OMB's estimates do not extend beyond FY 2024, it is very likely that many of these expenses will continue in the outyears and possibly at even higher levels. Expected Federal and State assistance would only provide partial support, leaving a large portion of these costs to be borne by the City.

In addition, the Governor's Executive Budget includes a number of other items that would directly impact the City's budget, if enacted. While record-level school aid was driven by the first ever full funding of the State's Foundation Aid formula, the City is set to receive only 21 percent of the historic $2.73 billion increase. Other significant proposals include raising the City's contributions to the transit system by over $500 million per year and intercepting the Enhanced Federal Medical Assistance Percentage (eFMAP), that NYC and other localities across the State use to offset their share of Medicaid costs. These cost shifts and unfunded mandates would cost the City $1 billion in FY 2024 and grow to $2.3 billion if the charter cap is removed and the full number of allowable charter schools are implemented. If enacted, these changes would significantly widen the City's budget gap.

Capital Budget & Financing

The January 2023 Capital Commitment Plan totals $96.55 billion in all-funds authorized commitments for FY 2023 – FY 2027, a $551.2 million (0.6 percent) increase compared to the September 2022 Capital Plan over the same fiscal years. The major increases are in projects related to water pollution control, sanitation, and citywide equipment, resiliency, and energy efficiency.

The City also released its required Preliminary Ten-Year Capital Strategy, which totals $159.33 billion for FY 2024 – FY 2033. This is an increase of $25.59 billion (19.1 percent), from the last Ten-Year Capital Strategy published in April 2021. The categories with the largest changes are the Department of Transportation with an increase of $8.43 billion, housing (HPD and NYCHA) with an increase of $7.92 billion, Department of Environmental Protection, with an increase of $6.38 billion, and the Parks Department with an increase of $3.13 billion. Offsetting these increases, is a projected decrease of $4.80 billion in Education/CUNY related projects.

Total projected borrowing in the January 2023 Financial Plan for FY 2023 through FY 2027 is $62.35 billion.

Table 1. FY 2023 – FY 2027 Financial Plan

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Change FYs 2023 –2027	
						Dollar	Percent
Revenues							
Taxes:							
General Property Tax	$31,421	$32,013	$32,146	$32,156	$32,156	$735	2.3%
Other Taxes	36,860	36,154	37,751	39,161	40,228	3,368	9.1%
Tax Audit Revenues	721	721	721	721	721	0	0.0%
Subtotal: Taxes	**$69,002**	**$68,888**	**$70,618**	**$72,038**	**$73,105**	**$4,103**	**5.9%**
Miscellaneous Revenues	7,983	7,516	7,381	7,312	7,289	(694)	(8.7%)
Unrestricted Intergovernmental Aid	252	0	0	0	0	(252)	(100.0%)
Less: Intra-City Revenues	(2,213)	(1,902)	(1,900)	(1,896)	(1,896)	317	(14.3%)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)	0	0.0%
Subtotal: City-Funds	**$75,009**	**$74,487**	**$76,084**	**$77,439**	**$78,483**	**$3,474**	**4.6%**
Other Categorical Grants	1,172	1,060	1,057	1,055	1,054	(118)	(10.1%)
Inter-Fund Revenues	726	698	699	699	699	(27)	(3.7%)
Federal Categorical Grants	12,424	9,485	8,151	7,017	6,999	(5,425)	(43.7%)
State Categorical Grants	17,057	16,925	17,163	17,217	17,281	224	1.3%
Total Revenues	**$106,388**	**$102,655**	**$103,154**	**$103,427**	**$104,516**	**($1,872)**	**(1.8%)**
Expenditures							
Personal Service							
Salaries and Wages	$31,497	$31,492	$31,937	$32,625	$33,323	$1,826	5.8%
Pensions	9,414	9,563	9,783	9,951	9,799	385	4.1%
Fringe Benefits	12,535	13,501	14,379	15,119	15,726	3,191	25.5%
Subtotal-PS	**$53,446**	**$54,556**	**$56,099**	**$57,695**	**$58,848**	**$5,402**	**10.1%**
Other Than Personal Service							
Medical Assistance	$6,564	$6,385	$6,385	$6,385	$6,535	($29)	(0.4%)
Public Assistance	1,650	1,650	1,650	1,650	2,000	350	21.2%
All Other	41,430	34,781	34,280	34,049	34,281	(7,149)	(17.3%)
Subtotal-OTPS	**$49,644**	**$42,816**	**$42,315**	**$42,084**	**$42,816**	**($6,828)**	**(13.8%)**
Debt Service							
Principal	$4,003	$4,161	$4,178	$4,193	$4,384	$381	9.5%
Interest & Offsets	3,651	3,740	4,178	4,912	5,383	1,731	47.4%
Subtotal Debt Service	**$7,654**	**$7,901**	**$8,356**	**$9,105**	**$9,767**	**$2,112**	**27.6%**
FY 2022 BSA and Discretionary Transfers	($6,114)	$0	$0	$0	$0	$6,114	(100.0%)
FY 2023 BSA	$2,166	($2,166)	$0	$0	$0	($2,166)	(100.0%)
Capital Stabilization Reserve	$250	$250	$250	$250	$250	$0	0.0%
General Reserve	$1,555	$1,200	$1,200	$1,200	$1,200	($355)	(22.8%)
Less: Intra-City Expenses	($2,213)	($1,902)	($1,900)	($1,896)	($1,896)	$317	(14.3%)
Total Expenditures	**$106,388**	**$102,655**	**$106,320**	**$108,438**	**$110,985**	**$4,596**	**4.3%**
Gap to be Closed	**$0**	**$0**	**($3,166)**	**($5,011)**	**($6,469)**	**($6,469)**	**NA**

NOTE: Numbers may not add to totals due to rounding.

Table 2. Plan-to-Plan Changes
January 2023 Plan vs. November 2022 Plan

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026
Revenues				
Taxes:				
General Property Tax	$0	$0	$0	$0
Other Taxes	1,253	501	545	521
Tax Audit Revenues	0	0	0	0
Subtotal: Taxes	**$1,253**	**$501**	**$545**	**$521**
Miscellaneous Revenues	503	220	82	(3)
Unrestricted Intergovernmental Aid	0	0	0	0
Less: Intra-City Revenues	(70)	17	20	22
Disallowances Against Categorical Grants	0	0	0	0
Subtotal: City-Funds	**$1,686**	**$738**	**$647**	**$540**
Other Categorical Grants	18	1	1	0
Inter-Fund Revenues	(15)	(38)	(37)	(37)
Federal Categorical Grants	613	466	420	(7)
State Categorical Grants	83	(6)	(7)	(6)
Total Revenues	**$2,385**	**$1,161**	**$1,024**	**$490**
Expenditures				
Personal Service				
Salaries and Wages	$74	($144)	($225)	($227)
Pensions	0	0	0	0
Fringe Benefits	(79)	(115)	(120)	(123)
Subtotal-PS	**($5)**	**($259)**	**($345)**	**($350)**
Other Than Personal Service				
Medical Assistance	$0	$0	$0	$0
Public Assistance	0	0	0	0
All Other	1,000	28	14	12
Subtotal-OTPS	**$1,000**	**$28**	**$14**	**$12**
Debt Service				
Principal	$0	$0	$0	$0
Interest & Offsets	(1)	(54)	(79)	(98)
Subtotal Debt Service	**($1)**	**($54)**	**($79)**	**($98)**
FY 2022 BSA and Discretionary Transfers	0	0	0	0
FY 2023 BSA	1,461	(1,461)	0	0
Capital Stabilization Reserve	0	0	0	0
General Reserve	0	0	0	0
Deposit to Rainy Day Fund	0	0	0	0
Less: Intra-City Expenses	(70)	17	20	22
Total Expenditures	**$2,385**	**($1,729)**	**($390)**	**($414)**
Gap to be Closed	**$0**	**$2,890**	**$1,414**	**$904**

NOTE: Numbers may not add to totals due to rounding.

Table 3. Plan-to-Plan Changes
January 2023 Plan vs. June 2022 Plan

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026
Revenues				
Taxes:				
General Property Tax	$0	$0	$0	$0
Other Taxes	1,253	501	545	521
Tax Audit Revenues	0	0	0	0
Subtotal: Taxes	**$1,253**	**$501**	**$545**	**$521**
Miscellaneous Revenues	672	261	119	29
Unrestricted Intergovernmental Aid	0	0	0	0
Less: Intra-City Revenues	(239)	37	29	33
Disallowances Against Categorical Grants	0	0	0	0
Subtotal: City-Funds	**$1,686**	**$799**	**$693**	**$583**
Other Categorical Grants	143	44	42	43
Inter-Fund Revenues	(10)	(34)	(32)	(32)
Federal Categorical Grants	3,140	809	193	43
State Categorical Grants	305	35	29	29
Total Revenues	**$5,264**	**$1,653**	**$925**	**$666**
Expenditures				
Personal Service				
Salaries and Wages	($171)	($481)	($516)	($425)
Pensions	0	861	1,969	3,018
Fringe Benefits	(105)	(255)	(341)	(318)
Subtotal-PS	**($276)**	**$125**	**$1,112**	**$2,275**
Other Than Personal Service				
Medical Assistance	$0	$0	$0	$0
Public Assistance	0	0	0	0
All Other	3,712	(368)	(523)	(342)
Subtotal-OTPS	**$3,712**	**($368)**	**($523)**	**($342)**
Debt Service				
Principal	$9	($60)	$87	$38
Interest & Offsets	(108)	(125)	(328)	(307)
Subtotal Debt Service	**($99)**	**($185)**	**($241)**	**($269)**
FY 2022 BSA and Discretionary Transfers	0	0	0	0
FY 2023 BSA	2,166	(2,166)	0	0
Capital Stabilization Reserve	0	0	0	0
General Reserve	0	0	0	0
Deposit to Rainy Day Fund	0	0	0	0
Less: Intra-City Expenses	(239)	37	29	33
Total Expenditures	**$5,264**	**($2,557)**	**$377**	**$1,697**
Gap to be Closed	**$0**	**$4,210**	**$548**	**($1,031)**

NOTE: Numbers may not add to totals due to rounding.

Table 4. Risks and Offsets to the January 2023 Financial Plan

$ in millions, positive numbers decrease the gap and negative numbers increase the gap

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
City Stated Gap	$0	$0	($3,166)	($5,011)	($6,469)
Tax Revenues					
Property Tax	$177	$577	$730	$1,211	$2,539
Personal Income Tax	193	632	509	654	973
Business Taxes	180	27	(152)	(21)	(59)
Sales Tax	202	525	390	133	26
Real Estate Transaction Taxes	60	305	126	(105)	(195)
All Other	47	14	54	88	94
Audit	579	179	179	179	179
Subtotal Tax Revenues	$1,438	$2,259	$1,836	$2,139	$3,557
Miscellaneous Revenues	($55)	$63	$68	$53	$53
Total Revenues	$1,383	$2,322	$1,904	$2,192	$3,610
Expenditures					
PS Accrual Savings	$714	$357	$0	$0	$0
Temporary and Professional Services	0	(194)	0	0	0
Overtime	(651)	(563)	(440)	(440)	(440)
Collective Bargaining Agreements*	(2,500)	(1,800)	(3,400)	(3,900)	(4,700)
Education	(255)	(856)	(1,069)	(1,949)	(2,634)
Public Health Corps	0	0	(13)	(49)	(49)
FDNY Mental Health Response Program / B-HEARD	0	(37)	(37)	(37)	(37)
Public Assistance	(125)	(125)	(125)	(125)	0
Rental Assistance	0	(237)	(237)	(237)	(237)
Contributions to MTA	(74)	(125)	(271)	(445)	(492)
Prevailing Wage for Shelter Security Guards	0	(64)	(64)	(64)	(64)
Foster Care Reimbursement Rate	(47)	(118)	(118)	(118)	(118)
Variable Rate Debt Service Savings	60	50	50	50	50

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Court Appointed Counsel	(84)	(84)	(84)	(84)	(84)
Temporary eFMAP (Public Health Emergency)	285	48	0	0	0
Lynch Settlement	0	(82)	0	0	0
Total Expenditures	**($2,678)**	**($3,829)**	**($5,808)**	**($7,399)**	**($8,805)**
Comptroller's (Risks)/Offsets	**($1,295)**	**($1,507)**	**($3,904)**	**($5,207)**	**($5,195)**
Restated (Gap)/Surplus†	**($1,295)**	**($1,507)**	**($7,070)**	**($10,218)**	**($11,664)**
Asylum Seekers					
Federal Assistance-Asylum Seekers	($800)	$0	0	0	0
State Assistance-Asylum Seekers	377	623	0	0	0
Asylum Seekers Expenses	(400)	(2,800)	(2,800)	(2,800)	(2,800)
Subtotal Asylum Seekers	**($823)**	**($2,177)**	**($2,800)**	**($2,800)**	**($2,800)**

NOTE: Numbers may not add to totals due to rounding. *Collective bargaining risk represents the floor based on the DC 37 pattern. †Comptroller's Restated (Gap)/Surplus does not include risks associated with Asylum Seekers.

II. The City's Economic Outlook

Economic Forecast, 2023 – 2027[1]

The U.S. economy lingers at an important crossroads with the most disruptive impacts of the COVID-19 pandemic already in the rear-view mirror, but also the sunsetting of the unprecedented and largely successful government-led economic responses financed mainly by Federal deficits. High inflation has been the bee in the bonnet of an otherwise strong national recovery from the pandemic's low points, and the Federal Reserve has recently taken firm steps to demonstrate that they are watching it closely and are willing and able to respond to what the latest price data tell them.

Many economic forecasters are still expecting a significant growth slowdown in 2023, despite upbeat recent data describing economic and job growth. So far unbothered by the Fed's contractionary policy over the past year, labor markets remain very tight with U.S. unemployment at 3.4 percent, near a historic low point. Thus, markets and many forecasters took the surprisingly strong jobs report in January to be a *bad* piece of news—projecting that the swift pace of hiring will further widen the gap between labor demand and supply…which should drive up wages…which in turn likely increases prices…which motivates the Fed to push harder on their economic brakes.

Labor markets in NYC are arguably less tight than the U.S. nationally, with a higher unemployment rate of 5.9 percent in the city and, in New York statewide data, a recently dropping ratio of job openings to unemployed workers. Nonetheless, the city's economy remains vulnerable to national economic trends in monetary policy, especially in the financial, technology and professional services sectors that form an important core of local income, spending, and tax bases. The technology and securities sectors in New York City are likely to experience both job and income loss in 2023 because of profit and market declines that have already occurred.

But while there may be a near-term slowdown, the forecast for the city and the nation beginning in 2024 looks brighter. The Comptroller's forecast assumes that the Fed is relatively successful in guiding the economy through a "soft landing," lowering inflation without creating a recession or significantly high unemployment. Most sectors in the NYC economy have already substantially caught up to their pre-pandemic levels of operation, and therefore it is likely that, after a one-year pause, most economic measures will resume patterns of growth typical of pre-pandemic years.

Table 5 summarizes the economic forecasts of the Office of the NYC Comptroller and the Mayor's Office.

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[1] The Office of the Comptroller is grateful to Michael Dardia for his work and advice on the economic and tax forecast.

Table 5. Summary of Economic Forecasts

		2023	2024	2025	2026	2027
U.S. Economy						
Real GDP (2012 $, % Change)	Comptroller	1.3	2.1	2.7	2.7	2.4
	Mayor	0.3	1.8	2.0	1.8	1.6
Payroll Jobs, (% Change)	Comptroller	1.4	0.7	0.7	0.3	0.4
	Mayor	0.6	(0.3)	0.5	0.4	0.3
Fed Funds Rate, (Percent)	Comptroller	4.8	4.2	3.2	2.5	2.5
	Mayor	4.8	4.3	3.0	2.6	2.6
10-Year Treasury Notes, (Percent)	Comptroller	4.2	4.0	3.8	4.0	4.0
	Mayor	3.6	3.3	3.2	3.2	3.2
NYC Economy						
Payroll Jobs (Change in Thousands)	Comptroller	51.9	29.1	56.5	59.7	63.0
	Mayor	68.0	95.5	103.3	90.1	80.3
Wage Earnings, (% Change)	Comptroller	2.3	3.6	4.6	4.7	4.5
	Mayor	0.0	5.0	5.4	5.0	4.9
CPI NY Area	Comptroller	4.0	2.6	2.4	2.3	2.3
	Mayor	3.1	1.9	1.7	1.6	1.6

SOURCE: Office of the NYC Comptroller, NYC OMB

The National Economy

The U.S. economy's real gross domestic product (GDP) grew by a 3.1 percent annual rate in the latter half of 2022, a moderately strong rebound after a decline of 1.1 percent in the first half of last year. This growth occurred amidst a continued contractionary monetary policy instituted by the Federal Reserve. The Fed Funds Rate began 2022 at 0.1 percent, had risen to 1.6 percent by the beginning of July and finished the year at 4.3 percent.

Meanwhile, once-hot inflation began to slow over the course of the year. Year-over-year inflation as measured by the Consumer Price Index (CPI) fell to 6.4 percent in January 2023, down from its peak of 9.1 percent in June 2022. Although the overall index has been trending down the last six months, the energy and the food indexes remain elevated, at year over year increases of 8.7 percent and 10.1 percent, respectively, in January 2023.

The deceleration in price growth can be attributed to several factors. The Fed can probably enjoy some of the credit for the slowdown—not because of its impact on the economy, which hasn't cooled off, but by lowering future inflationary expectations that are always a major driver of price spirals. Another factor was the gradual adoption of resilience strategies by many businesses facing new supply-chain bottlenecks that initially had fueled shortage-related price hikes. In addition, energy prices declined from their spring and summer highs that were sparked by Russia's war against Ukraine. Lastly, the effects of pandemic-response stimulus financed by

Federal deficit spending began to wind down in 2022, removing a temporary fuel for additional consumer demand and a possible inhibitor of labor supply.

But it is the tight labor market that has inflation hawks worried right now. The unemployment rate was 3.4 percent in January 2023—its lowest rate since 1969. In December, the number of job openings per unemployed worker was 1.8, while the quits rate was at an elevated 2.7 percent. The Bureau of Labor Statistics reported 517,000 jobs added to U.S. payrolls in January. And while that month's total may have been beefed-up by unseasonably warm temperatures across the country, payrolls have been consistently increasing at a good clip for the past several months. With labor markets unresponsive to monetary actions so far, the Fed will likely be watching to see if the imbalance between high labor demand and low labor supply can clear without significant wage inflation.

A key question is whether the Fed can thread the needle, lowering inflation to their target of 2 percent without pushing the economy into recession. This "soft landing" scenario probably requires that some visible signs of a loosening labor market occur soon. Debt markets appear to expect the recession option. Treasury yield curves are more sharply inverted than at any time since 1981, with 2-year rates currently more than 0.8 percent above 10-year rates. Such inversions usually reflect a strong expectation of a recession, when policy rates are almost always lowered to stimulate the economy into recovery. The Fed raised interest rates by 25 basis points early in February (0.25 percent) to a range of 4.5-4.75 percent. Recent statements by the Fed Chairman indicate that rates may rise higher than 5.0 percent in 2023 if wage growth and inflation figures do not show decelerating prices.

The Mayor's Office of Management and Budget (OMB) has predicted a significant slowdown in U.S. economic growth in calendar year 2023 (a 0.3 percent increase in real GDP) but does not expect the economy to go all the way into a recession. Higher growth resumes in their forecast beginning in 2024, although they do not project growth above 2.0 percent any year during the Plan window (through 2027). While noting that monetary policy often works with a lag, they expect that inflation drops by 2024 all the way down to 2.3 percent, close to the Fed target. Their unemployment rate forecast peaks at 5.0 percent in 2024. Overall, their medium-term view expects that inflation will subside quickly without long-lasting economic hardships.

The Office of the NYC Comptroller's forecast for the U.S. economy projects much less slowing in 2023, with forecast GDP growth of 1.3 percent. Our projected growth rates in years 2024-27 are also higher than OMB's and closer to long-run average growth rates in non-recessionary years. But aside from differing GDP growth rates, our U.S. economic forecast is quite similar to OMB's in that we forecast inflation to subside by 2024 without a recession or a significant spike in unemployment.

The New York City Economy

Employment

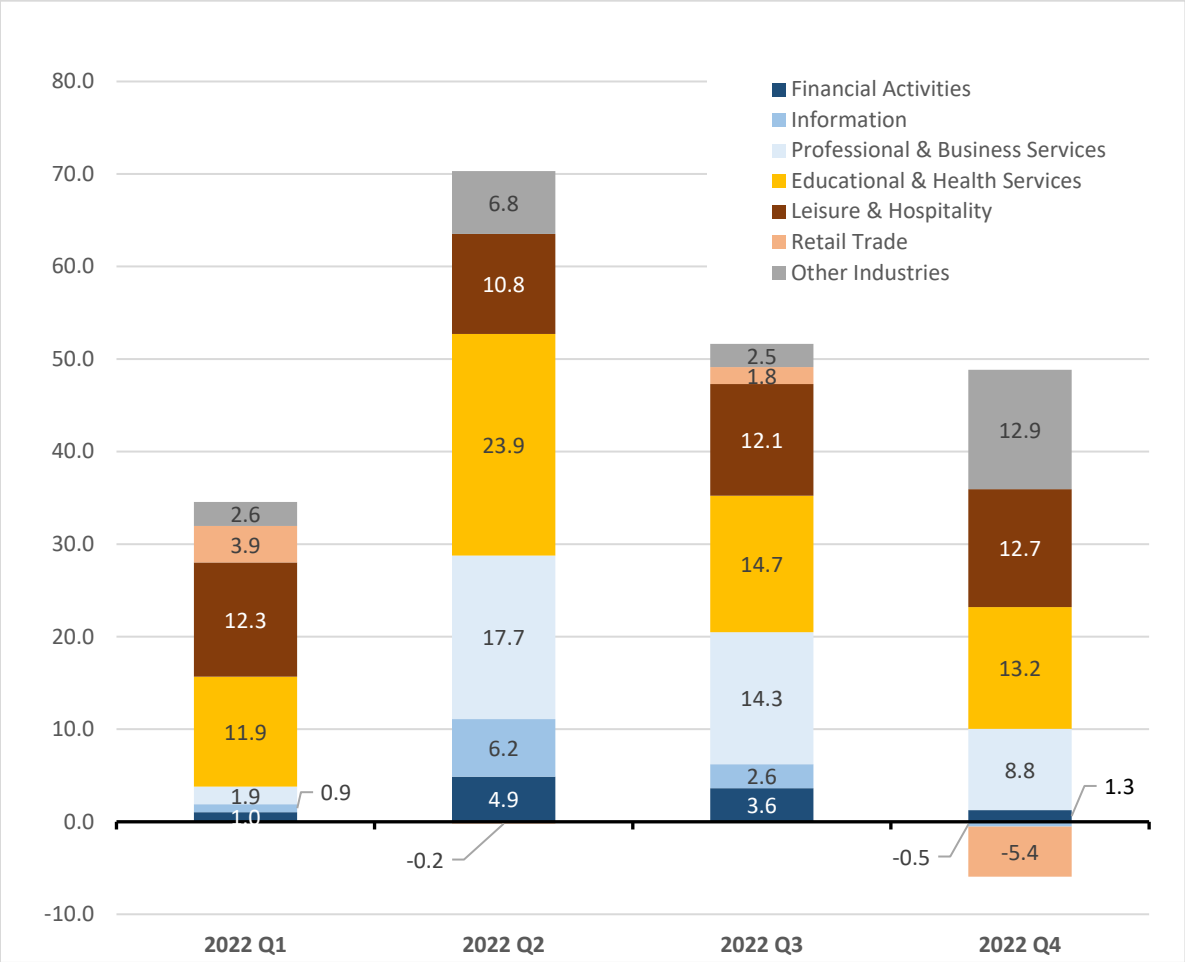
Private sector employment in New York City currently stands at 4.02 million, 97.9 percent of its pre-pandemic level. The city added more than 199,000 private sector jobs in 2022, a 5.2 percent annual growth rate and a pace of roughly 17,000 per month (see Table 6). The extent of recovery from pandemic job losses varies by industry sector. The sectors experiencing the most recent job growth in the city are health care and social assistance (adding 18,000 jobs in the fourth quarter of 2022) and food and hospitality (14,000). Together, these two categories accounted for roughly three-fourths of 4th-quarter growth in private payroll employment, and more than half of the growth seen throughout 2022 (See Chart 1).

Table 6. New York City Employment, Pre-pandemic vs Current

(in thousands)	Seasonally Adjusted NYC Employment				December 2022 Change From			Dec. '22 % of
Industry:	Feb. '20	Apr.'20	Dec. '21	Dec. '22.	Feb. '20	Apr. '20	Dec. '21	Feb. '20
Total Private	4,108.4	3,161.4	3,821.7	4,021.0	(87.4)	859.5	199.3	97.9%
Financial Activities	487.2	469.2	467.8	478.6	(8.6)	9.4	10.8	98.2%
Information	229.2	204.1	233.2	242.3	13.2	38.2	9.2	105.7%
Professional and Business Services	781.3	688.0	759.1	801.7	20.4	113.7	42.6	102.6%
Educational Services	256.4	229.4	240.0	238.3	(18.1)	8.9	(1.7)	92.9%
Health Care and Social Assistance	823.5	707.5	815.2	880.6	57.1	173.1	65.4	106.9%
Arts, Entertainment, and Recreation	95.7	50.7	74.0	82.8	(12.9)	32.1	8.8	86.5%
Accommodation and Food Services	374.4	105.8	288.4	327.6	(46.9)	221.8	39.2	87.5%
Other Services	196.1	129.2	171.5	184.7	(11.4)	55.5	13.1	94.2%
Retail Trade	346.1	230.2	301.8	302.0	(44.1)	71.8	0.2	87.3%
Wholesale Trade	139.8	108.2	126.9	129.2	(10.6)	21.0	2.2	92.4%
Transportation and Warehousing	135.0	98.8	132.8	135.7	0.7	36.9	2.9	100.5%
Construction	162.6	87.7	139.5	143.6	(19.0)	55.9	4.1	88.3%
Manufacturing	66.0	37.8	56.5	59.0	(6.9)	21.2	2.5	89.5%

SOURCE: New York State Department of Labor, NYC Office of Management and Budget

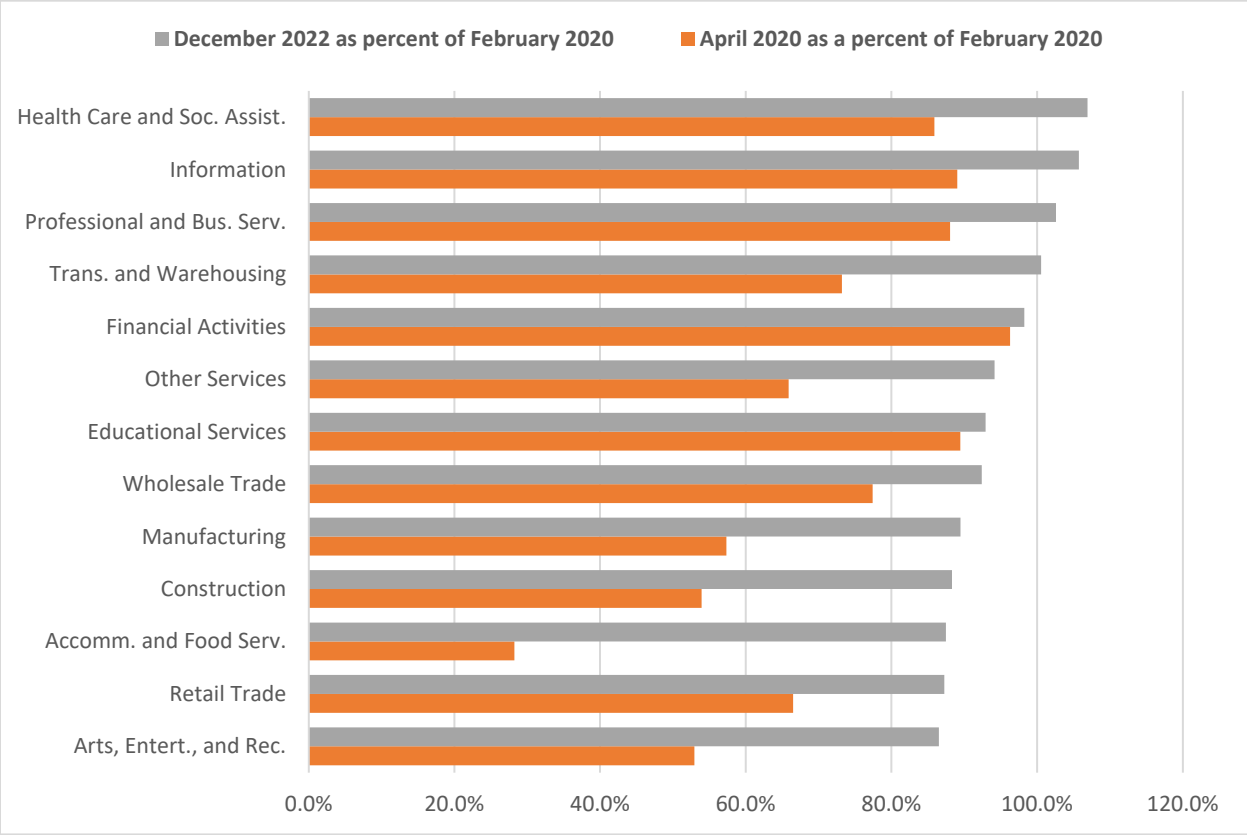
Chart 1. 2022 Changes in NYC Employment by Industry (in thousands)



SOURCE: New York State Department of Labor, NYC Office of Management and Budget
NOTE: Quarterly changes shown are measured by comparing seasonally adjusted payrolls from the last month of each quarter versus three months prior.

The Health Care and Social Assistance sector is first among the several industries that have neared or surpassed their pre-pandemic levels, at 107 percent of the February 2020 count (see Chart 2). Office-based sectors, with relatively high average wages, did not cut payrolls as much as many other industries when the pandemic hit, and they have also grown since that time. At the same time, the food and hospitality sector, with lower-than-average wages, suffered the largest payroll contraction and even with strong 2022 growth job counts remain 13 percent below February 2020. The tourism portion of the food and hospitality industry may now have nearly fully recovered from the pandemic, and we project that the rate of job growth in the sector will slow down. However, it may take more than a few years for jobs in this entire sector to approach their pre-pandemic levels, as business travel to NYC is not expected to return as quickly or as completely as tourism.

Chart 2. NYC Employment Relative to Pre-Pandemic (February 2020) Levels

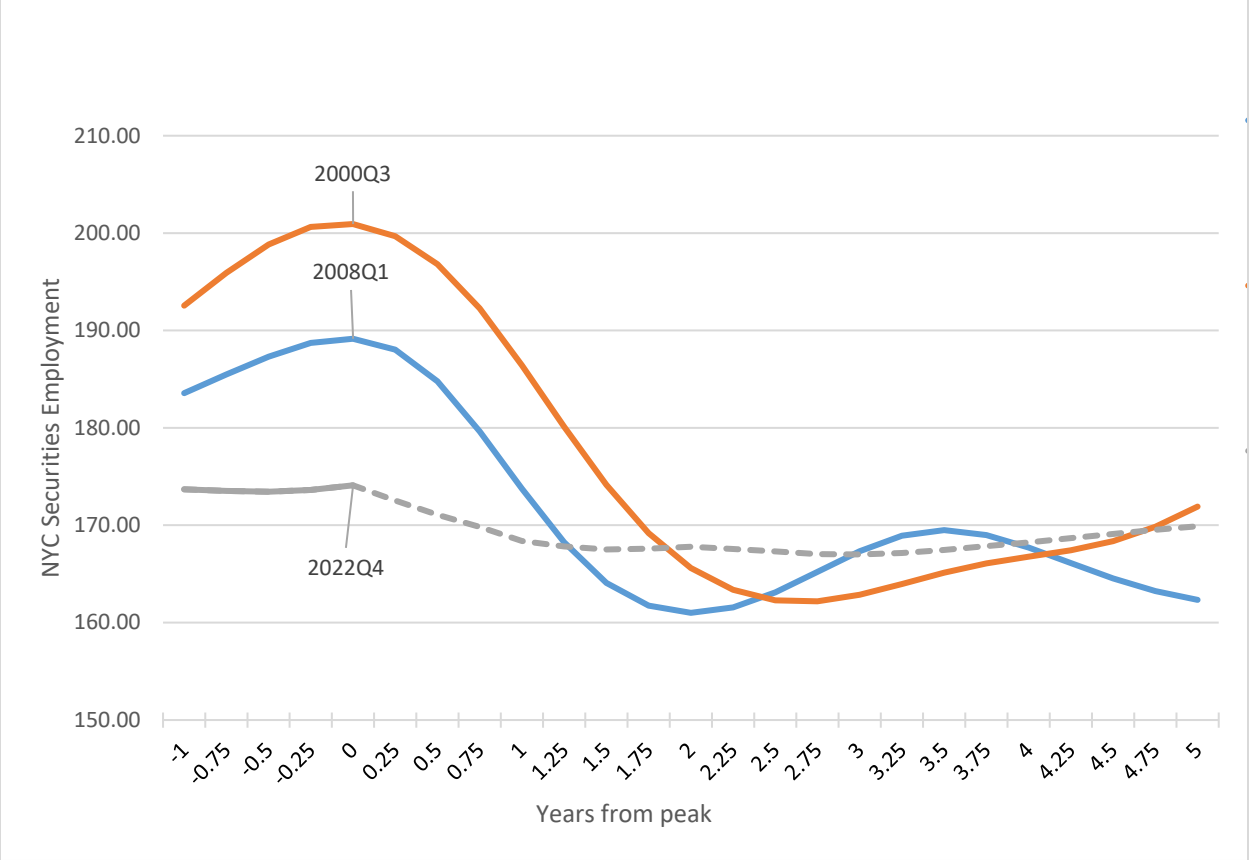


SOURCE: New York State Department of Labor, NYC Office of Management and Budget

Retail employment—which is also relatively low-paying on average—fell substantially in 2020 and has had more difficulty coming back in 2022, declining in the 4th quarter and still 13 percent below its pre-pandemic level. Employment in NYC retail trade was already shrinking in the years prior to the pandemic (at an annual rate of -1.7 percent in 2015-19) and the lockdowns, closures and enhanced unemployment benefits may have accelerated a trend already in motion. In addition, the now seemingly long-term reduction in the number of office workers in central business districts on weekdays will reduce the volume of retail trade in those areas—although some of this loss will presumably be offset by retail expansion in other areas. We project that the retail sector will not recover the remaining jobs it lost during the pandemic.

We anticipate near-term job losses in the securities industry, a very high-wage sector in New York City. Profits for NYC securities firms, driven down by a bear market and the erosion of interest rate spreads, declined by 60 percent in 2022 and we project a further decline in 2023. We forecast that the industry will shed close to 4,000 jobs in 2023, with an additional 3,000 in 2024 and 2025, for a cumulative total of 4 percent of that sector's workforce. And we do not expect these jobs to rebound within the next five years. As Chart 3 demonstrates, in each of the two prior bear markets, Wall Street shed jobs and did not bring them back quickly. It can also be seen in this chart that the current down cycle, unlike the prior two, was not preceded by as large a buildup of hiring and therefore we do not expect employment to drop as dramatically as in the past.

Chart 3. History of Declines in NYC Securities Employment



SOURCE: New York State Department of Labor, New York City Office of Management and Budget, Office of the New York City Comptroller

The Comptroller's forecast also anticipates a falloff in technology sector jobs in 2023. The sector has thus far added to its NYC payroll count over and above its pre-pandemic level. Eroding profits and share prices at many major technology companies have led many to announce layoffs and cost-cutting initiatives.[2] Our forecast calls for the sector to lose more than 9,000 jobs in 2023, approximately half of its post-COVID job gain over pre-COVID levels.[3]

OMB's private sector employment forecast grows by over 2 percent annually, on average through 2027. In contrast, the Comptroller's forecast expects that relatively little post-pandemic catch-up remains and assumes that—after a brief slowdown in 2023-24—overall NYC employment resumes growth at historically typical rates.

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2 https://about.fb.com/news/2022/11/mark-zuckerberg-layoff-message-to-employees/, https://www.npr.org/2022/11/14/1136659617/tech-layoffs-amazon-meta-twitter, https://www.cnn.com/2022/11/03/tech/lyft-layoffs/index.html.

[3] Average employment in the NYC information sector in the last two quarters of 2022 was approximately 18,000 higher than the average of the 4th quarter of 2019 and the 1st quarter of 2020 (Current Employment Survey, seasonally adjusted: NY State Department of Labor and NYC OMB).

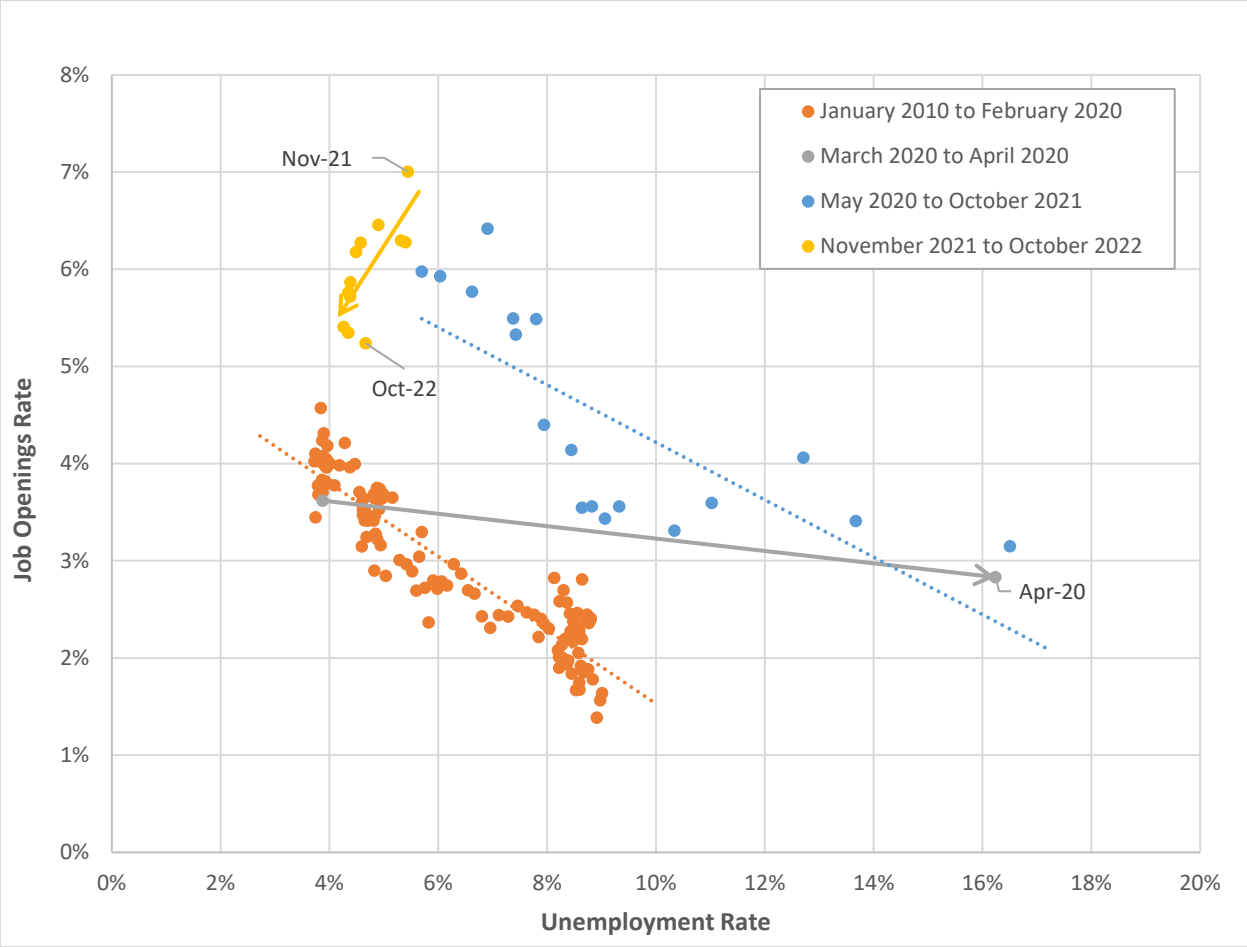
NYC Labor Market

There are indications that New York City does not have as taut a labor market as exists for the whole U.S. Unemployment in the city stood at 5.9 percent in December, compared to 3.5 percent nationally. Job openings and quits data are not available at the NYC level, but statewide rates should be heavily influenced by conditions in the city. The ratio of job openings per unemployed worker in New York State has recently fallen to 1.1, compared with 1.9 per unemployed person in the U.S. The statewide quits rate of 1.8 percent is also much smaller than the national average of 2.7 percent.[4]

Chart 4 suggests a change in New York local labor market conditions possibly occurring in the past year. The plot shows what is known as a "Beveridge Curve" for New York State, which relates the rate of job openings to the rate of unemployment, each as a share of the labor force. While these rates are usually inversely related, the pandemic shifted this curve to the right where it has remained for most of the recovery period—indicating a higher number of job openings at every level of unemployment. This most likely reflects a sudden shock to the supply of labor—more than 300,000 people left the NYC labor force in the initial months of the pandemic and most have not returned. But in the past year, New York's rate of job openings has been falling without unemployment rates rising—consistent with a gradual adjustment that is shifting the curve back to its longer-run level. This suggests that labor markets in NYC may no longer be so tight.

[4] See Bureau of Labor Statistics, JOLTs data.

Chart 4. Beveridge Curve for New York State

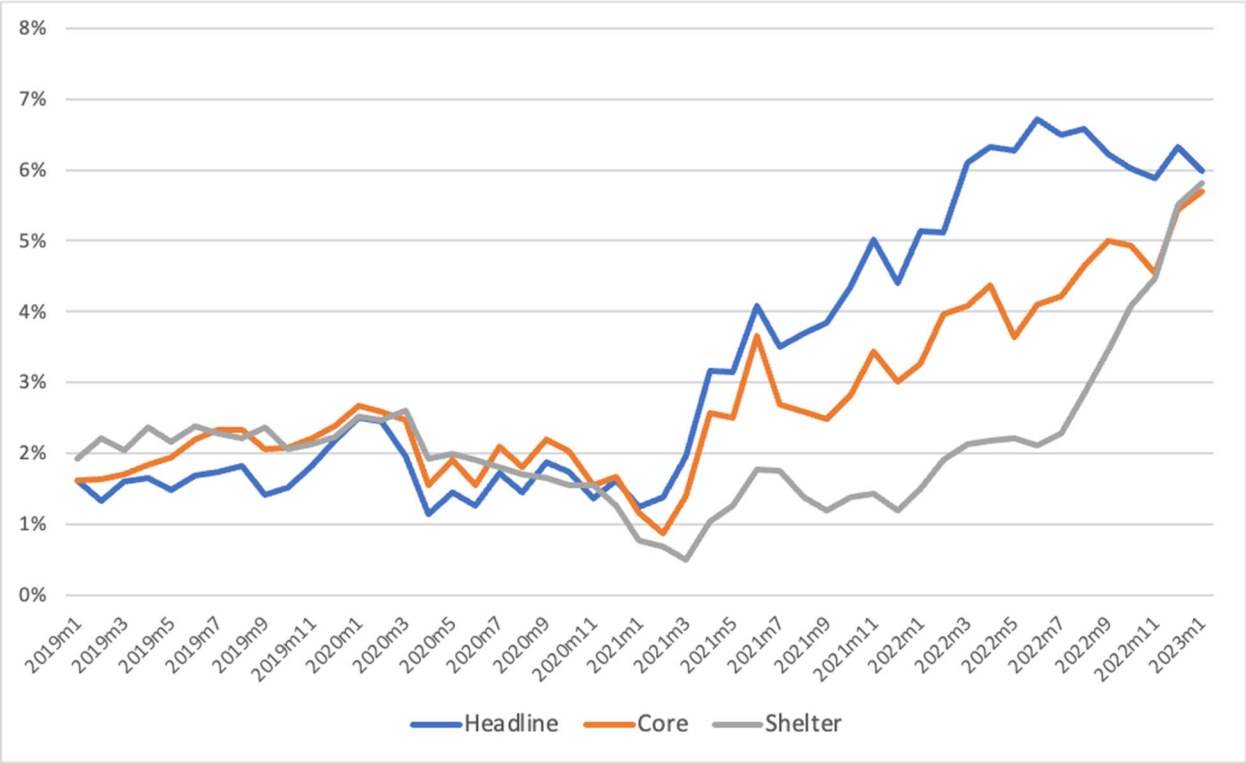


SOURCE: Bureau of Labor Statistics

Inflation in the NY Area

On a 12-month basis, headline CPI in the NY area peaked at 6.7 percent in June of 2022 and was 6.0 percent in January of 2023. However, core CPI, which subtracts the more volatile food and energy components from the consumption basket, continues to increase and reached a post-pandemic high of 5.7 percent in January. This is largely because the shelter category of expenses, which represents 39.7 percent of the overall basket, jumped from a 2.1 percent increase in June 2022 to a 5.8 percent increase in January 2023 (see Chart 5).

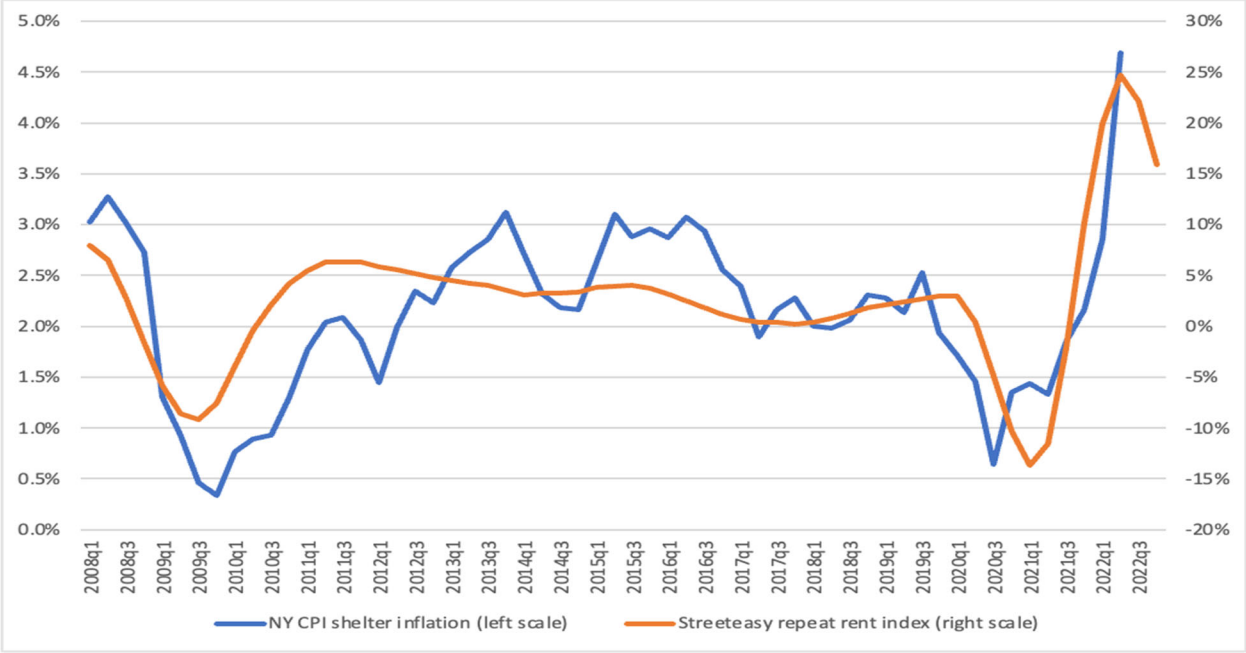
Chart 5. NY Area CPI Inflation (12-month Percent Change)



SOURCE: Bureau of Labor Statistics

The steep increase in shelter inflation follows the well-documented large increase in market rate rents that is reflected in the CPI with a lag due to the time needed for rent contracts to reset at a higher price. Chart 6 shows year-over-year (yoy) percentage changes for the StreetEasy repeat rent index and NY shelter CPI lagged two quarters. Given the (relative) softening of market rate rent growth NY CPI shelter inflation might peak in the second quarter of 2023 and will continue to sustain core CPI inflation.

Chart 6. NY Area Shelter Inflation and Market Rent Index (Year-over-Year Percent Change)



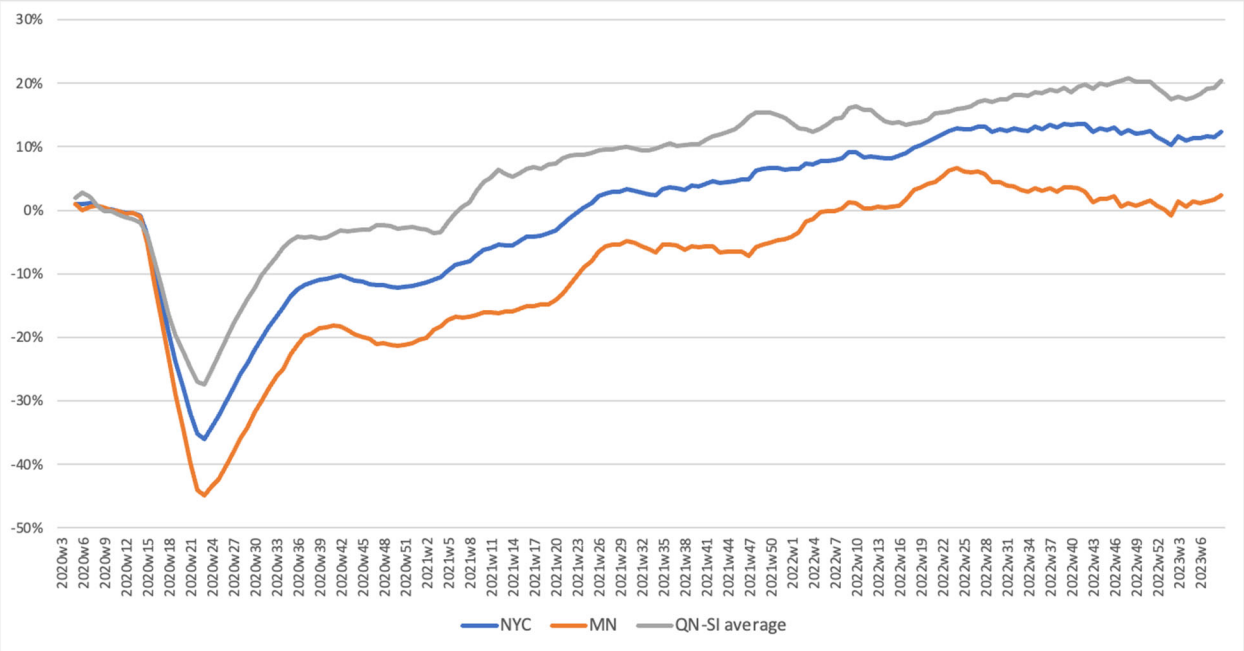
SOURCE: Bureau of Labor Statistics, StreetEasy

Consumer Spending and Taxable Sales

As recently reported, the shift toward hybrid work schedules has disproportionately impacted spending by commuters into Manhattan's central business districts. Manhattan resident spending also appears to be growing less than for other residents of NYC—likely a result of outmigration—according to data available from the Opportunity Insights project[5] and sourced from Affinity Solutions. Chart 7 shows the 8-week moving average of the indexes for NYC, Manhattan, and the average of Queens and Staten Island (Bronx and Brooklyn are not available). The 8-week moving average of consumer spending in NYC is 12.3 percent above pre-pandemic levels, with a large wedge between Manhattan (2.4 percent above January 2020) and the average of Queens and Staten Island (20.4 percent above January 2020).

5 The data are derived from consumer credit and debit card spending, allocated by place of residence, indexed to January 2020, and seasonally adjusted. Data and documentation are available at https://github.com/OpportunityInsights/EconomicTracker.

Chart 7. Consumer Spending Indexed to January 2020

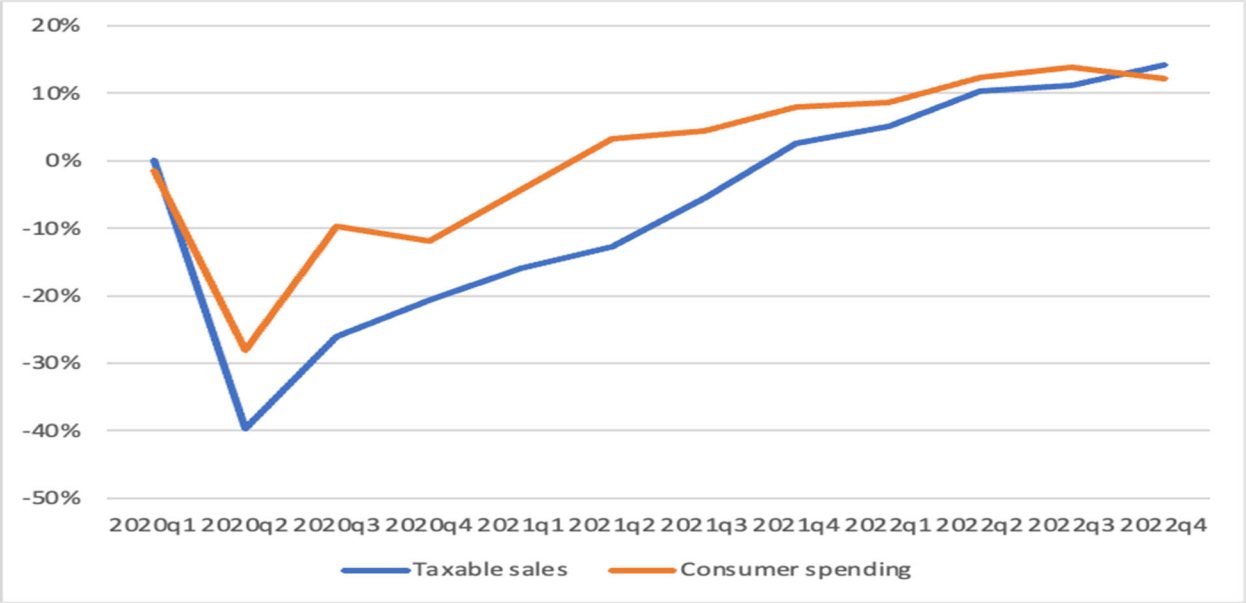


SOURCE: Opportunity Insights, Office of the NYC Comptroller

Given the differences in data sources and methodologies, the consumer spending data lines up reasonably well with data on taxable sales provided by the NYS Department of Taxation and Finance, available up to the quarter ending in November 2022.[6] Without adjusting for inflation, overall taxable sales were 14.2 percent above the level in the first quarter of 2020 and the consumer spending measure was up 12.2 percent, as shown in Chart 8 below. Consumer spending was affected relatively less than taxable sales for at least two reasons. First, consumption shifted toward non-taxable items (e.g., groceries) in the first months of the pandemic. Second the precipitous decline in tourism affected taxable sales directly but not resident spending.

[6] Data are subject to revision, particularly the last published quarter. Quarters are December-February, March-May, June-August, and September-November. CPI and consumer spending data were lined up with the timing of taxable sales. The inflation adjustment uses NY CPI-U less shelter. Taxable sales data are not seasonally adjusted.

Chart 8. Consumer Spending and Taxable Sales in NYC



SOURCE: NYS Department of Taxation and Finance, Opportunity Insights, Office of the NYC Comptroller

The growth of taxable sales, while still robust, is starting to moderate. Table 7 reports yearly growth rates for total sales and for its three main categories accounting for roughly two thirds of all taxable sales. Total sales grew 11.3 percent in the fourth quarter of 2022 in nominal terms, pushed by high inflation. In real terms, they have returned to 4.1 percent, within the norm of pre-pandemic quarterly growth rates. In 2022Q4 the retail category posted weak nominal growth of 2.0 percent, affected by lower sales at gasoline stations and automobile dealers, similar to national trends. Additionally, the growth rate is skewed by an unusually high amount of sales in lawn and garden equipment stores in the third quarter of 2022. Accommodation and food services expanded by 35.7 percent (28.5 percent adjusted for inflation). Utilities and information services posted another strong quarter at 10.0 percent (2.7 percent adjusted for inflation). Inflation net of shelter peaked at 9.2 percent in the third quarter (June-August) of 2022 and dropped to 7.3 percent in the fourth. As inflation continues to decline, the growth in taxable sales should continue to moderate.

Table 7. Taxable Sales Growth Rates (Year-over-Year Percent Change)

Quarter	Total		Retail (incl. online)		Accommodation and Food Services		Utilities and Information	
	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real
2018Q4	6.1%	4.1%	3.4%	1.4%	3.5%	1.5%	3.6%	1.7%
2019Q1	3.8%	2.7%	1.7%	0.6%	2.3%	1.2%	2.5%	1.4%
2019Q2	4.1%	2.9%	4.3%	3.2%	4.4%	3.2%	(2.0%)	(3.1%)
2019Q3	6.0%	4.6%	2.1%	0.7%	3.7%	2.3%	8.6%	7.3%
2019Q4	6.0%	4.8%	7.7%	6.5%	3.3%	2.2%	8.8%	7.7%
2020Q1	7.7%	5.3%	11.5%	9.2%	4.3%	1.9%	6.9%	4.6%
2020Q2	(36.1%)	(37.2%)	(31.6%)	(32.7%)	(74.0%)	(75.1%)	4.8%	3.8%
2020Q3	(21.7%)	(22.9%)	(3.2%)	(4.5%)	(69.0%)	(70.3%)	1.8%	0.5%
2020Q4	(19.8%)	(21.5%)	(4.8%)	(6.5%)	(62.3%)	(64.0%)	1.5%	(0.2%)
2021Q1	(16.0%)	(17.7%)	(8.3%)	(10.0%)	(64.1%)	(65.9%)	8.1%	6.4%
2021Q2	44.5%	40.6%	59.4%	55.4%	103.2%	99.3%	11.0%	7.1%
2021Q3	27.7%	22.6%	20.9%	15.8%	135.6%	130.4%	8.6%	3.5%
2021Q4	29.2%	22.9%	19.6%	13.2%	109.8%	103.4%	14.1%	7.7%
2022Q1	25.1%	18.1%	19.9%	12.9%	121.8%	114.8%	9.9%	2.9%
2022Q2	26.4%	17.6%	12.2%	3.5%	87.0%	78.3%	12.2%	3.4%
2022Q3	17.8%	8.6%	10.4%	1.3%	42.1%	32.9%	7.4%	(1.7%)
2022Q4	11.3%	4.1%	2.0%	(5.3%)	35.7%	28.5%	10.0%	2.7%

SOURCE: NYS Department of Taxation and Finance, Bureau of Labor Statistics, Office of the NYC Comptroller

NYC Real Estate Markets

Table 8. Manhattan Office Market Statistics

Period	Vacancy Rates			Leasing (YTD, msf)	Absorption (YTD, msf)	Asking Rent (psf)
	Direct	Sublease	Total			$2022*
Average 2010Q4 - 2019Q4	8.0%	1.6%	9.6%	29.4	4.1	$80.0
2020Q4	10.4%	4.8%	15.2%	12.8	(15.3)	$81.2
2021Q4	15.4%	5.1%	20.4%	18.6	(19.5)	$73.9
2022Q4	16.8%	5.4%	22.2%	24.3	(0.8)	$71.6

* Nominal value indexed to NY CPI-U quarterly average in 2022Q4. Average 2010Q4-2019Q4 is the average of the fourth quarters from each year.

SOURCE: Cushman & Wakefield, Bureau of Labor Statistics

The disconnect between occupancy and growth in office-using jobs continues, with the latter regaining and exceeding their previous peak in the fourth quarter of 2022. According to Kastle Systems data measuring swipes into office buildings in the NY area, attendance reached 47.8 percent of the pre-pandemic baseline in the first quarter of 2023 (data up to the week of February 9). Employers surveyed by the Partnership for NYC (PFNYC) indicated that average attendance reached 52 percent in January of 2023. Mass transit ridership also continued to increase at the start of the year, more markedly for the subway system (Table 9).

Table 9. Office-Using Jobs, Office Attendance, and Transit Indexes

Quarter	Office-using Jobs	Kastle Systems	PFNYC Surveys	MTA Ridership (Percent of Baseline)			
	('000s)	Swipes as a % of Baseline	Average Weekday Attendance	Subway	LIRR	Metro North	Bridges & Tunnels
2020Q1	1,494	68.9%	N/A	50.6%	11.8%	58.4%	72.0%
2020Q2	1,349	6.0%	N/A	11.8%	5.6%	5.4%	54.7%
2020Q3	1,347	11.7%	8.0%	25.5%	16.1%	12.9%	85.2%
2020Q4	1,369	14.2%	10.0%	30.8%	18.0%	14.5%	85.2%
2021Q1	1,385	13.6%	10.0%	31.2%	17.1%	14.2%	83.4%
2021Q2	1,397	17.9%	12.0%	39.6%	27.4%	23.9%	92.9%
2021Q3	1,411	23.8%	23.0%	47.0%	40.2%	36.2%	95.8%
2021Q4	1,450	29.9%	28.0%	55.5%	46.6%	43.2%	98.9%
2022Q1	1,461	29.6%	N/A	53.3%	44.9%	42.0%	95.6%
2022Q2	1,482	38.6%	38.0%	57.8%	53.9%	52.2%	99.1%
2022Q3	1,504	39.9%	49.0%	58.5%	56.3%	55.1%	98.5%
2022Q4	1,518	43.0%	N/A	63.5%	59.6%	60.2%	100.4%
2023Q1 (to 2/9)	N/A	47.8%	52.0%	66.2%	60.7%	61.9%	99.2%

NOTE: Red denotes to-date post-pandemic peak. Data matched to workdays in the Kastle data up to 2/9/2023, except PFNYC. PFNYC survey by date of publication: 8/20, 10/20, 3/21, 6/21, 8/21, 11/21, 5/22, 9/22, and 2/23. The PFNYC survey reported in 2023Q1 was conducted in January. All data are quarterly averages. Office-using jobs are the sum of FIRE, Information, and Professional and Business Services from the Current Employment Survey, seasonally adjusted by NYC OMB.

SOURCE: NYC OMB, Kastle Systems, Partnership for NYC, MTA, Office of the NYC Comptroller

Over time, PFNYC surveyed employers for both current and expected attendance, at varying horizons. As shown in Table 10, the difference between actual and expected attendance dropped dramatically in 2022 as average attendance rose toward the mid-50s. In the latest survey, PFNYC switched to asking about long-term ("new normal") expected attendance, which was only 4 percent higher than the reported actual. The data signals that attendance may be finally stabilizing. The survey indicated that 59 percent of employees were in the office 3 or more days per week. The modal schedule was 3 days/week for 35 percent of employees. The expectations

for the "new normal" pin the percentage in office for 3 or more days at 66 percent (40 percent for 3 days), with only 7 percent fully remote.

Table 10. Surveyed vs. Expected Office Attendance in NYC

Publication Month	Average Weekly Attendance			
	As of Survey Period	Expectation Horizon	Expected	Difference
August 2020	8%	July 2021	54%	46%
October 2020	10%	July 2021	48%	38%
March 2021	10%	September 2021	45%	35%
June 2021	12%	September 2021	62%	50%
August 2021	23%	January 2022	76%	53%
November 2021	28%	January 2022	49%	21%
May 2022	38%	September 2022	49%	11%
September 2022	49%	January 2023	54%	5%
February 2023	52%	"New normal"	56%	4%

SOURCE: PFNYC

For any combination of hybrid schedules, the demand for space depends on peak occupancy. It is increasingly apparent that peak occupancy tends to be Tuesday through Thursday, and this is directionally confirmed by the data from Kastle Systems in Table 9. Because occupancy is not distributed uniformly through the week, any reduction in demand for office space is likely to be less than average attendance. Nonetheless, hybrid schedules imply a downward adjustment to space demanded per job. In its U.S. Real Estate Market Outlook for 2023, CBRE suggests that the reduction could be around 15 percent. In the first quarter of 2020 office space per job averaged 241 square feet. CBRE's estimate suggests that, at current office-using jobs levels of around 1.5 million jobs (see Table 9 above), demand could be reduced by approximately 55 million square feet, other things equal.

Table 11. NY-Area Office Swipes by Day of Week

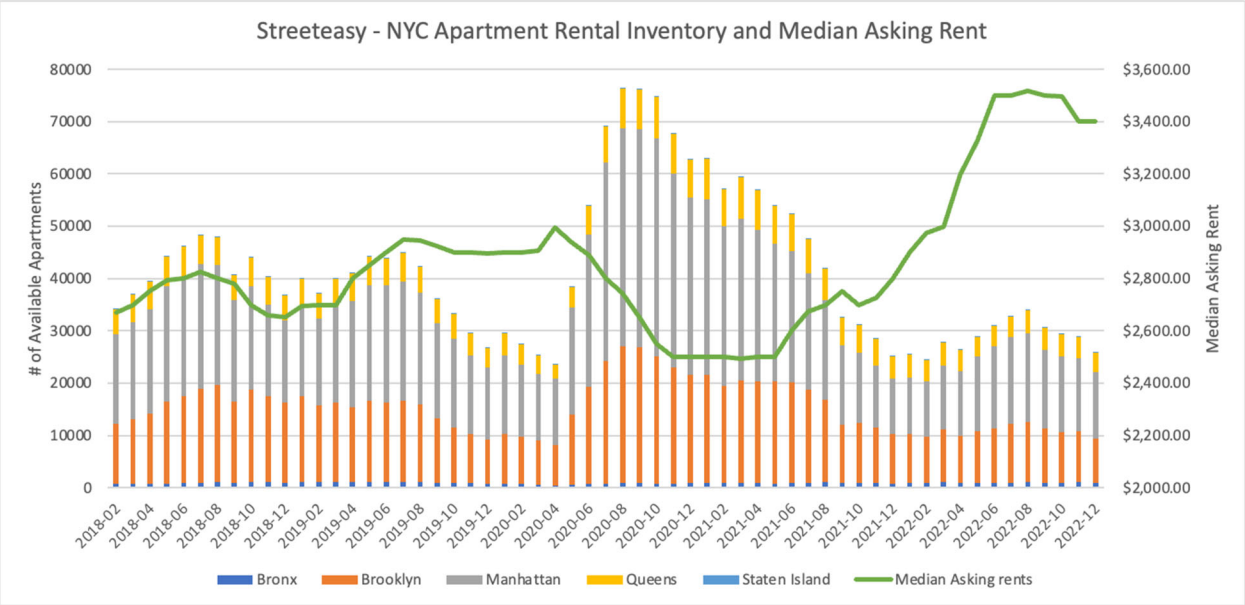
Day of Week	Swipes as Percent of Baseline		
	2021Q1	2022Q1	2023Q1 (to 2/9)
Monday	12.7%	27.3%	41.8%
Tuesday	14.1%	34.1%	57.0%
Wednesday	14.8%	34.4%	56.8%
Thursday	14.3%	32.2%	53.0%
Friday	11.7%	18.8%	25.6%

SOURCE: Kastle Systems, Office of the NYC Comptroller

In an indication that new high-quality office space continues to be attractive, the construction pipeline for office space continues to be robust. Market reports indicate 13 million square feet (msf) under construction, including, among others, Two Manhattan West (2 msf), PENN 2 (1.6 msf), 1 Madison Avenue (1.4 msf).

The residential market remained strong in 2022 but growth in rents moderated from the blistering pace established in the first half of the year. As shown in Chart 9, median New York City asking rents held steady at $3,400 in December 2022. Rents remain up 16 percent from pre-pandemic levels and up 27 percent from the pandemic lows. Available inventory remained low and started sliding in the second half of the year. Supply averaged 28.8 thousand apartments per month in 2022, 24.8 percent less than in 2019.

Chart 9. Residential Rents and Inventory



Similar to rents, sale prices have started to moderate, with the median and mean price for condos and coops in Manhattan dropping 5.5 percent and 0.4 percent in 2022Q4 from a year ago, according to the latest Elliman report. The Case-Shiller index for condos in the NY area is also decelerating, with prices growing 5.1 percent in November 2022 over the previous 12 months. The condo index peaked in August and has declined through November. The repeat sale index produced by StreetEasy specifically for NYC also peaked in August, although this index has fluctuated less than the Case-Shiller data.

Tourism

NYC hotels capped off a strong year in December 2022 with total room demand hitting 93 percent of its December 2019 level (92 percent for the entire last quarter). For the whole year demand was 85.4 percent of 2019 levels, dragged down by the spread of COVID-19 variants at the beginning of 2022. Revenue per available room (RevPAR) was $303, 14 percent higher than December 2019 (not adjusted for inflation). With more than 11,000 rooms in the pipeline, supply growth is expected to remain robust.

Passenger volume at Port Authority's airports increased sharply, going from 80 percent of pre-pandemic levels in December 2021 to 96 percent (or 11.4 million passengers) in December 2022. The total number of passengers in 2022 was 91 percent of 2019 levels (or 128.1 million passengers). The gain in international visitors was steeper, with December 2022 climbing to 88 percent of December 2019 levels vs. 63 percent in December 2021. The recent reopening of China to international travel could lift the outlook for tourism in 2023.

Risks to the Forecast

The U.S. economy is at a precarious moment where there is significant risk of a recession predicated by tightening monetary policy. The Fed has made its intentions clear that it will raise rates and even risk a downturn if inflation is not kept in check. Even though the "soft landing" scenario remains intact so far, a few months of wage and price growth could alter the near-term economic outlook significantly. Due to the strength of recent data on payroll jobs, consumer spending, and core services inflation, a "no landing" scenario has started to emerge, where the Fed needs to raise rates more to tighten financial conditions and slow down demand. Negotiations regarding the U.S. debt ceiling could also generate market volatility. The Congressional Budget Office estimates that the government's ability to issue additional debt could be exhausted between July and September.

At the city level, an additional risk derives from the possibility of deeper job losses in the securities and tech sectors, and in overall office-using employment. Higher interest rates (especially long-term rates) and stagnating or declining leasing activity could be a source of real financial stress for commercial real estate. Widespread monetary tightening and supply shocks could also slow the global economy beyond projections, slowing down the recovery of international travel and tourism spending.

III. The FY 2024 Preliminary Budget

The FY 2024 Preliminary Budget totals $102.66 billion, $3.73 billion less than the modified FY 2023 budget. Excluding reserves and adjustments, the January 2023 Financial Plan reflects $108.53 billion in FY 2023 spending, decreasing to $103.37 billion in FY 2024.

The drop in spending between FY 2023 and FY 2024 primarily reflects the continued ramp down of COVID grant-related spending of $1.6 billion, as well as the $1 billion in projected expenditures for the asylum seekers included in FY 2023 only. The remaining decreases are seen in general contractual services.

Changes to the FY 2023 Modified Budget and the FY 2024 Preliminary Budget since the November Plan are depicted in Table 12.

Table 12. Changes to FY 2023 and FY 2024 City-Funds Estimates from the November 2022 Plan

($ in millions)	FY 2023	FY 2024
Gap to be Closed – November 2022 Plan	$0	($2,890)
Revenues		
Property Tax Revenues	$0	$0
Non-Property Tax Revenues	1,253	501
Non-Tax Revenues	368	235
Revenues From PEGs	66	2
Total Revenue Changes	**$1,687**	**$738**
Expenditures		
Agency Expenditures	$445	$39
Savings from PEGs	(144)	(285)
Federal Funding Swap	(75)	(390)
Debt Service	(1)	(54)
Total Expenditure Changes	**$225**	**($690)**
Gap To Be Closed Before Prepayments	$1,462	($1,462)
FY 2023 Prepayment of FY 2024 Debt Service	($1,462)	$1,462
Gap to be Closed – January 2023 Plan	**$0**	**$0**

The January 2023 Financial Plan held Property Taxes and Personal Income taxes steady, but increased other taxes, including business, sales and hotel occupancy taxes, by $1.25 billion, and miscellaneous revenues by $503 million.

Expense changes were fairly limited in this Plan–the largest addition was to the Fire Department to right size personnel expenditures in FY 23 only for $140 million. $70 million was added to the Department of Small Business Services for the Early Childhood Education Stabilization Fund. $35 million was added to the Mayor's Office of Criminal Justice for transitional housing initiatives.

As discussed directly below, the Program to Eliminate the Gap (PEG) primarily resulted from vacancy reductions across City agencies.

The resulting budget surplus forms the basis for the pre-payment of FY 2024 Debt Service, enabling both years' budgets to balance, as required.

Program to Eliminate the Gap (PEG)

The January 2023 Financial Plan PEG totals $1.73 billion over the five years of the Financial Plan period: $210.5 million of savings in FY 2023, $340.6 million in FY 2024, $373.1 million in FY 2025, $396.0 million in FY 2026, and $413.1 million in FY 2027.

Savings were mostly concentrated in vacancy reductions as City agencies were required by the Administration to halve available vacancies (with some exceptions for public safety and essential services). The January Financial Plan proposes cutting City-funded vacancies by 3,660, resulting in a savings of $1.32 billion across the Plan in salary and fringe costs. The largest number of positions cut are in the Department of Social Services (773 positions), the Department of Education (390 non-pedagogical positions), and the Department of Health and Mental Hygiene (403 positions).

Revenue-generating initiatives total $72.1 million in savings throughout the January Plan, with $65.3 million in FY 2023. Most of these initiatives were already identified in the November 2022 Financial Plan, but FY 2023 savings were not accounted for at that time. Revenue proposals tied to new (not included in November) initiatives total $18.2 million, all in FY 2023 – with the bulk of revenue ($13.8 million) coming from the Office of Technology and Innovation (OTI, formerly known as the Department of Information & Telecommunications) mobile telecommunication franchising to offset declines in cable franchise revenues.

In a reversal from the City's typical budget cycle, the January Plan PEG was far more technical than the November 2022 Plan PEG. The table below provides a look at savings from the PEG across the two plans. For a detailed analysis on the November 2022 Plan PEG, refer to the PEG section of the Comptroller's latest *Annual State of the City's Economy and Finances*.

Table 13. November 2022 and January 2023 Plan PEGs

Category	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
January 2023 Financial Plan					
Debt Service	($616,957)	($53,812,000)	($79,819,057)	($98,664,469)	($111,802,343)
PS Savings	($144,597,385)	($285,047,311)	($291,594,235)	($295,592,072)	($299,626,167)
Revenue	($65,328,000)	($1,700,000)	($1,700,000)	($1,700,000)	($1,700,000)
January 2023 Financial Plan Total	**($210,542,342)**	**($340,559,311)**	**($373,113,292)**	**($395,956,541)**	**($413,128,510)**
November 2022 Financial Plan					
Debt Service	($83,297,519)	($116,163,806)	($147,652,118)	($158,593,298)	($244,103,734)
Expense Re-Estimate	($126,426,331)	($337,193,520)	($433,520,680)	($477,893,767)	($484,938,396)
Possible Program Impact	($61,007,001)	($373,974,503)	($405,132,687)	($372,021,785)	($370,825,074)
PS Savings	($366,431,053)	($349,123,202)	($290,620,868)	($263,352,741)	($254,383,677)
Revenue	($278,885,567)	($437,631,050)	($239,631,723)	($226,926,474)	($217,585,625)
November 2022 Financial Plan Total	**($916,047,471)**	**($1,614,086,081)**	**($1,516,558,076)**	**($1,498,788,065)**	**($1,571,836,506)**
Total PEG Impact November 2022 and January 2023					
	($1,126,589,813)	($1,954,645,392)	($1,889,671,368)	($1,894,744,606)	($1,984,965,016)

SOURCE: NYC Office of Management and Budget; Office of the NYC Comptroller

Risks and Offsets

The January 2023 Financial Plan presents stated budget gaps of $3.17 billion in FY 2025, $5.01 billion in FY 2026 and $6.47 billion in FY 2027.

The Comptroller's Office foresees some differences, including positive offsets against the Plan, but some additional risks as well.

Table 14. Risks and Offsets to the January 2023 Financial Plan

$ in millions, positive numbers decrease the gap and negative numbers increase the gap

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
City Stated Gap	**$0**	**$0**	**($3,166)**	**($5,011)**	**($6,469)**
Tax Revenues					
Property Tax	$177	$577	$730	$1,211	$2,539
Personal Income Tax	193	632	509	654	973
Business Taxes	180	27	(152)	(21)	(59)
Sales Tax	202	525	390	133	26
Real Estate Transaction Taxes	60	305	126	(105)	(195)
All Other	47	14	54	88	94
Audit	579	179	179	179	179
Subtotal Tax Revenues	**$1,438**	**$2,259**	**$1,836**	**$2,139**	**$3,557**
Miscellaneous Revenues	**($55)**	**$63**	**$68**	**$53**	**$53**
Total Revenues	**$1,383**	**$2,322**	**$1,904**	**$2,192**	**$3,610**
Expenditures					
PS Accrual Savings	$714	$357	$0	$0	$0
Temporary and Professional Services	0	(194)	0	0	0
Overtime	(651)	(563)	(440)	(440)	(440)
Collective Bargaining Agreements*	(2,500)	(1,800)	(3,400)	(3,900)	(4,700)
Education	(255)	(856)	(1,069)	(1,949)	(2,634)
Public Health Corps	0	0	(13)	(49)	(49)
FDNY Mental Health Response Program /B-HEARD	0	(37)	(37)	(37)	(37)
Public Assistance	(125)	(125)	(125)	(125)	0
Rental Assistance	0	(237)	(237)	(237)	(237)
Contributions to MTA	(74)	(125)	(271)	(445)	(492)
Prevailing Wage for Shelter Security Guards	0	(64)	(64)	(64)	(64)
Foster Care Reimbursement Rate	(47)	(118)	(118)	(118)	(118)
Variable Rate Debt Service Savings	60	50	50	50	50
Court Appointed Counsel	(84)	(84)	(84)	(84)	(84)
Temporary eFMAP (Public Health Emergency)	285	48	0	0	0
Lynch Settlement	0	(82)	0	0	0
Total Expenditures	**($2,678)**	**($3,829)**	**($5,808)**	**($7,399)**	**($8,805)**
Comptroller's (Risks)/Offsets	**($1,295)**	**($1,507)**	**($3,904)**	**($5,207)**	**($5,195)**
Restated (Gap)/Surplus†	**($1,295)**	**($1,507)**	**($7,070)**	**($10,218)**	**($11,664)**
Asylum Seekers					

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Federal Assistance-Asylum Seekers	($800)	0	0	0	0
State Assistance-Asylum Seekers	377	623	0	0	0
Asylum Seekers Expenses	(400)	(2,800)	(2,800)	(2,800)	(2,800)
Subtotal Asylum Seekers	**($823)**	**($2,177)**	**($2,800)**	**($2,800)**	**($2,800)**

NOTE: Numbers may not add to totals due to rounding. *Collective bargaining risk represents the floor based on the DC 37 pattern. †Comptroller's Restated (Gap)/Surplus does not include risks associated with Asylum Seekers.

Revenue

The Comptroller's Office anticipates tax and miscellaneous revenues to come in higher than the City's projections in each year of the Plan. All categories of tax revenue are forecast to come in higher than planned in the current fiscal year and FY 2024, with Audits notably higher in FY 2023 at $579 million above Plan. The Comptroller's Office forecast for Property Revenue grows significantly higher than the City's Plan in the outyears. All other tax revenues are higher than planned in each year, except business taxes and real estate transaction taxes which begin to fall below OMB's forecast in FY 2025 and FY 2026, respectively.

Miscellaneous Revenues show a slight risk in FY 2023 due to the possible non-payment from the City's vendor for bus shelter advertising. Fines are anticipated to come in higher in all years of the Plan.

In total, revenue offsets against the Plan are $1.38 billion in FY 2023, $2.32 billion in FY 2024, $1.90 billion in FY 2025, $2.19 billion in FY 2026, and $3.61 billion in FY 2027.

Expenditures

The current Financial Plan holds a labor reserve to cover annual wage increases of 1.25 percent pertaining to collective bargaining agreements. Since the January Plan was released, the City has come to a tentative agreement with DC 37, the City's largest union, for increases of 3 percent for the first four years of the agreement (retroactive to FY 2021) and 3.25 percent in the fifth year. The agreement also includes a one-time bonus of $3,000 upon ratification of the agreement. Typically, other unions follow the established pattern, though certain unions could negotiate higher increases. If followed, the DC 37 pattern is estimated to cost $2.5 billion in FY 2023, $1.8 billion in FY 2024, $3.4 billion in FY 2025, $3.9 billion in FY 2026, and $4.7 billion in FY 2027, based on the timing of the specific contract expirations and the respective retroactive payments associated with each contract. These amounts are above what is currently held in the labor reserve.

Other personnel expenditure variances against the four-year plan include payroll savings due to the current high vacancy rate and elevated temporary staff and overtime expenses compared to the budget.

The Comptroller's Office is including a variety of risks within the Department of Education's budget against the January Plan. Some of these are familiar risks that the office has previously included relating to the exhaustion of federal stimulus funds (fiscal cliffs associated with Summer Rising, Special Education Pre-K Expansion, Universal 3-K, and Community Schools), and the chronic underbudgeting for Carter cases, pupil transportation, and charter school tuition. A new risk is now included for the class size mandates imposed by the State last year. The City is estimating the cost of implementing smaller class sizes will cost $1.3 billion annually once fully implemented. Furthermore, the additional risks posed by the Governor's Executive Budget and the removal of the charter school cap, are not included in this number but could pose significant exposure. See the *Departmen*t of *Education* section for a further discussion of these items.

Other risks include underbudgeting within the City's ongoing support of the Metropolitan Transportation Authority (MTA). The City is currently required to pay 50 percent of the paratransit expenses, for a risk of $48 million in FY 2023 growing to $120 million in FY 2027. The City's budgeted amounts for the operating subsidies to the MTA Bus Company and Staten Island Railway are also underestimated; an additional risk is included for these items of $26 million in FY 2023, growing to $372 million in FY 2027. Not included in the table, but also looming within the Governor's Executive Budget is the possibility that the City will be required to contribute over $500 million further in additional paratransit costs, student MetroCards, and an enhanced Payroll Mobility Tax. See the *State Executive Budget* section for additional details on these items.

The Comptroller's Office risks include several other items that are currently not funded in the Financial Plan. Funding required to cover foster care reimbursement costs associated with a State requirement to pay 100 percent of the rates set by the State Office of Children and Family Services is estimated at $47 million in the current year and annualizing at $118 million per year. In addition, a New York State Court decision increased the hourly rate to be paid to court appointed counsel, with an estimated annual cost to the City of $84 million. In addition, New York City reached a settlement in the Lynch class action case on behalf of former detainees whose releases had been delayed for hours or days after they made bail. The Comptroller's Office is assuming that approximately 25 percent of the 72,000 potential claimants will come forward for payments of $3,500; the settlement will be paid by the City in FY 2024. The Comptroller's Office is also watching several other class-action cases, including Dunn et al v. NYC which concerns the Department of Correction's alleged failure to provide constitutionally appropriate incarceration conditions to detainees at Rikers Island, and the Onaida class action concerning the City's former policy of enforcing requests made by Immigration and Customs Enforcement to the Department of Correction.

The Comptroller's estimated expense risk, including the impact of Collective Bargaining, but not including the unexpected and unpredictable forecast around asylum seekers noted below, is $2.68 billion in FY 2023, $3.83 billion in FY 2024, $5.81 billion in FY 2025, $7.40 billion in FY 2026, and $8.81 billion in FY 2027. Combined with the revenue offsets above, the net risk, not yet incorporated into the Financial Plan, is $1.30 billion in FY 2023, $1.51 billion in FY 2024, $3.90 billion in FY 2025, $5.21 billion in FY 2026 and $5.20 billion in FY 2027.

The Comptroller's resulting restated budget gap for the January 2023 Plan is $1.30 billion in FY 2023, $1.51 billion in FY 2024, $7.07 billion in FY 2025, $10.22 billion in FY 2026, and $11.66 billion in FY 2027.

Asylum Seekers

The Comptroller's Office is carrying an expense risk of $400 million in FY 2023 and $2.8 billion in FY 2024, in line with OMB's recently stated cost estimates for providing shelter and services to the asylum seekers, who continue to come to New York City and are driving the shelter census upward. Although President Biden has recently announced a more stringent policy to stem the flow of asylum seekers at the border, there is much uncertainty in how the courts will respond, and some level of new arrivals can be expected to continue, particularly given that the underlying

causes in the home countries of many of these migrants remain unresolved. Also, the lack of sufficient affordable housing within the city suggests no simple alternative to the shelter system for those who arrive in New York without a place to live. The Comptroller's Office is maintaining a below the line risk at $2.8 billion in the outyears, though acknowledging significant uncertainty in either direction. The City budgeted $1 billion in federal aid in FY 2023 when it first introduced these expenses in November. The Comptroller's Office anticipates some level of federal reimbursement given the $800 million allocated nationally in the Omnibus appropriations bill in December, but is assuming only 25 percent of the allocation will come to New York City. Furthermore, the Governor has proposed to cover 29 percent of the shelter expenses for the asylum seekers, yet capped the amount at $1 billion over two years.

State Executive Budget

As noted above and further outlined in the *State Executive Budget* section, the Governor's proposed budget includes a variety of items that would have a potential negative impact on the City. These cost shifts and unfunded mandates would cost the City $992 million in FY 2024 and grow to approximately $2.3 billion over time if the charter cap is removed and the full number of allowable charter schools are implemented. The Comptroller's Office will incorporate items that are in the State Budget into its assessment of Risks and Offsets once the Budget is enacted.

Revenue Analysis

Tax Revenues

The January 2023 Plan revises expected local tax revenues upward by $1.3 billion in the current fiscal year (FY 2023) compared to the November 2022 Plan. This revision primarily reflects collections that have significantly exceeded OMB's prior expectations thus far by a similar amount.

The second column to the left in Table 15 shows the FY 2023 variance of collections through December relative to the November 2022 projections. As of December, total tax revenues grew 13.2 percent from the same period in FY 2022 and were above expectations by $1.4 billion. Non-property taxes grew by 23.6 percent. Some of the strength is temporary, particularly in PIT due to the timing of collections and expected refunds related to the Pass-Through Entity Tax (PTET) and an anomalous amount of State/City offsets received at the end of October that are expected to be more fully reversed later in the fiscal year.[7] Even after correcting for these and other timing issues, non-property taxes grew 12.4 percent over the year, as noted at the bottom of the table.

[7] According to the NYS Department of Taxation and Finance who administers the City's PIT, the anomaly is related to the accounting treatment of NYS Pass-Through Entity Tax (PTET) credit toward NYS PIT. PTET is discussed in more detail in the NYC Comptroller's recent The State of the City's Economy and Finances report.

The table also reports, in the fourth column, OMB's full-year FY 2023 expected growth rate per the January Plan, which is slightly negative (-0.9 percent) despite the large positive growth in collections observed in the fiscal year to-date. Their prediction for non-property taxes in FY 2023 is down more than 6 percent from FY 2022 despite collections running over 12 percent higher than FY 2022 so far in this fiscal year (after collections timing adjustments). The last column in Table 15 shows the implicit rate of growth (year-over-year) in OMB's January forecast for the remainder of FY 2023. Their forecast contains significant expected declines in non-property taxes, a drop of over 20 percent from the prior year (after adjusting for technical timing issues).

Table 15. Tax Revenues FY 2023 to-Date Relative to the Mayor's November 2022 Projections

	Collected FY to-date through Dec. 2022 ($ in mil.)	Variance versus Mayor's November 2022 Plan ($ in mil.)	FY 2023 to-date growth versus prior year	January Plan forecast growth versus prior year	Implied forecast growth for remainder of FY (versus prior year)
Total	44,471	1,352	13.2%	(0.9%)	(19.1%)
Property tax	24,920	62	6.3%	6.2%	6.1%
Non-Property Taxes	19,551	1,229	23.6%	(6.1%)	(27.9%)
PIT	6,850	382	17.7%	(19.7%)	(39.7%)
Business taxes*	4,998	562	54.0%	13.8%	(46.1%)
GCT/Bank tax	2,496	305	0.6%	(9.0%)	(16.5%)
UBT	819	74	7.3%	(8.9%)	(15.8%)
PTET	1,682	182	N/A	N/A	N/A
Sales Tax	4,682	166	16.2%	6.9%	(1.4%)
Real Estate Transaction Taxes	1,286	11	(13.6%)	(32.6%)	(48.7%)
RPTT	719	(4)	(19.3%)	(34.0%)	(51.2%)
MRT	567	14	(5.2%)	(30.6%)	(48.7%)
All Other	1,390	110	45.4%	12.8%	(8.0%)
NYC DOF Audits	347	61	24.3%	(15.1%)	(34.3%)
Memo: PIT with collections adjustments (PTET and offsets)	6,541	73	12.4%	(8.5%)	(19.6%)
Memo: Non-property taxes with collections adjustments	17,460	820	12.4%	(6.1%)	(19.3%)

* Growth rate includes PTET

SOURCE: NYC Office of Management and Budget, Office of the NYC Comptroller

Based on a much-improved economic outlook for the first half of 2023, continued strong sales tax collections and unexpectedly high audit collections, the Comptroller's Office has revised its tax forecast upward for FY 2023. Overall, tax revenues are projected to be $70.4 billion, up approximately $1.5 billion from our previous estimate.

The difference between the Comptroller's and OMB's tax revenues forecasts is reported in Table 16. The Comptroller's Office expects tax revenues will be higher than OMB's estimates by

$1.4 billion in FY 2023, $2.3 billion in FY 2024, $1.8 billion in FY 2025, $2.1 billion in FY 2026, and $3.6 billion in 2027.[8]

Table 16. Tax Revenues Risks and Offsets ($ in millions)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Property Tax	$177	$577	$730	$1,211	$2,539
PIT/PTET	$193	$632	$509	$654	$973
Business taxes	$180	$27	($152)	($21)	($59)
Sales Tax	$202	$525	$390	$133	$26
Real Estate-Related	$60	$305	$126	($105)	($195)
Other	$47	$14	$54	$88	$94
Audits	$579	$179	$179	$179	$179
Total	**$1,438**	**$2,259**	**$1,836**	**$2,139**	**$3,557**

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Tables 17 and 18 provide both levels and growth rates from the Comptroller's and OMB's forecasts. A discussion of the individual taxes follows.

[8] Alternative, more optimistic revenue estimates are available from the NYC Independent Budget Office and the NYC Council.

Table 17. Comparison of Tax Revenue Projections: Growth Rates

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FYs 2024 – 2027 Average Annual Growth
Property						
Comptroller	6.8%	3.1%	0.9%	1.5%	4.0%	2.4%
Mayor	6.2%	1.9%	0.4%	0.0%	0.0%	0.6%
PIT/PTET						
Comptroller	(7.3%)	0.0%	3.2%	3.5%	4.4%	2.7%
Mayor	(8.5%)	(2.9%)	4.2%	2.6%	2.5%	1.6%
Business						
Comptroller	(6.8%)	(6.4%)	0.0%	3.8%	1.2%	(0.4%)
Mayor	(9.0%)	(4.5%)	2.5%	1.9%	1.7%	0.4%
Sales						
Comptroller	9.2%	4.9%	4.8%	4.1%	2.6%	4.1%
Mayor	6.9%	1.5%	6.5%	6.9%	3.7%	4.6%
Real Estate- Related						
Comptroller	(4.1%)	6.8%	(1.1%)	(2.5%)	1.2%	1.0%
Mayor	(6.0%)	(1.1%)	4.7%	4.7%	3.9%	3.0%
All Other						
Comptroller	23.9%	(3.2%)	5.2%	3.3%	1.5%	1.7%
Mayor	20.9%	(1.6%)	3.1%	1.7%	1.3%	1.1%
Audits						
Comptroller	53.1%	(30.8%)	0.0%	0.0%	0.0%	(8.8%)
Mayor	(15.1%)	0.0%	0.0%	0.0%	0.0%	0.0%
Total Tax						
Comptroller	1.2%	1.0%	1.8%	2.4%	3.4%	2.1%
Mayor	(0.9%)	(0.2%)	2.5%	2.0%	1.5%	1.5%

SOURCE: Office of the NYC Comptroller, NYC Office of Management and Budget

Table 18. Comparison of Tax Revenue Projections: Levels

($ in millions)

		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Property Tax	Comptroller	31,598	32,590	32,876	33,367	34,695
	Mayor	31,421	32,013	32,146	32,156	32,156
PIT/PTET	Comptroller	15,477	15,476	15,971	16,523	17,242
	Mayor	15,284	14,844	15,462	15,869	16,269
Business Taxes	Comptroller	7,670	7,181	7,180	7,453	7,543
	Mayor	7,490	7,154	7,332	7,474	7,602
Sales Taxes	Comptroller	9,333	9,791	10,258	10,682	10,961
	Mayor	9,131	9,266	9,868	10,549	10,935
Real Estate-Related	Comptroller	3,105	3,315	3,277	3,194	3,232
	Mayor	3,045	3,010	3,151	3,299	3,427
Other	Comptroller	1,956	1,894	1,991	2,058	2,089
	Mayor	1,909	1,879	1,937	1,970	1,995
Audits	Comptroller	1,300	900	900	900	900
	Mayor	721	721	721	721	721
Total	Comptroller	70,440	71,147	72,453	74,177	76,662
	Mayor	69,002	68,888	70,618	72,038	73,105

Property Tax

The Comptroller's forecast of real property tax (RPT) revenue for FY 2023 is $31.6 billion, an increase of 6.9 percent from FY 2022. As of December 2022, the total RPT collections is $24.9 billion. The Department of Finance (DOF) released the tentative 2024 assessment roll in January 2023 and based on these tentative property values, the Comptroller forecasts that the RPT revenue in FY 2024 would be $32.4 billion, an increase of 3.2 percent over the FY 2023 revenue forecast. The growth in the revenue for FY 2024 is primarily due to an increase in values of Class 1 and Class 4 properties. The market values of Class 1 properties are estimated using sales of mostly one, two, and three-family homes. The median sales price for a one-family home sold outside Manhattan (these properties make up most of Class 1 properties) increased by 10.2 percent from 2020 to 2021 and 7.0 percent from 2021 to 2022. The Comptroller forecasts revenue growth for FY 2025 to FY 2027 would average 2.1 percent with revenue forecasted to be $34.6 billion in 2027.

In the tentative roll released by DOF, the total market value for all properties citywide increased by 6.1 percent from FY 2023 to $1.5 trillion. Class 1 and Class 4 properties saw the biggest increase in their market values at 8.3 percent and 7.4 percent, respectively. Even with this increase, the total market value of Class 4 properties remains below its pre-pandemic level in FY 2021. Class 2 properties had the smallest increase in market value at 0.9 percent. This was mainly due to the reduction in the market values of Manhattan rental and cooperative properties. The total *taxable* assessed value for all properties increased by 4.4 percent to $286.8 billion, with the biggest increase for Class 1 and Class 4 properties at 6.0 percent and 5.2 percent, respectively.

Property owners are given a period to request a review or to appeal their tentative assessments before the final roll is published in May. The Comptroller estimates that on the final roll, the total taxable assessed value will be $284.6 billion.

The Comptroller's property tax revenue forecast for FY 2023 is $177.0 million more than the revenue forecast by the Office of Management and Budget (OMB) for the January Plan. The difference between the revenue estimates increases from $576.8 million in FY 2024 to $2.5 billion for FY 2027. OMB has not yet incorporated the tentative FY 2024 roll in its forecast for FY 2024 to FY 2027. The difference in the revenue forecast for FY 2023 is primarily due to the differences in our forecast of refunds, net cancellations, and gross delinquency of the property tax reserve since the levy for FY2023 is set. The comptroller is forecasting a refund of $335.2 million vs. OMB forecast of $500 million, a net cancellation of $690.8 million vs OMB forecast of $703.4 million, and a gross delinquency of $559.7 million vs. OMB's forecast of $600 million. Additionally, the FY 2023 proceeds from the sale of delinquent liens were moved to FY 2024, under the assumption that the authority to conduct a sale will be renewed at some point in the future. Finally, the FY 2023 forecast incorporates the lower estimated cost of the property tax rebate enacted in 2022 ($60 million vs. budgeted $90 million).

Personal Income Tax

Both OMB and the Comptroller expect NYC Personal Income Tax (PIT) to end FY 2023 lower than the prior year. PIT collections to-date have exceeded the prior year on the strength of withholding during the months before the high bonus season. But shrinking bonuses this winter plus the impact of a depressed stock market on January 2023 estimated payments have resulted in declining collections that are forecast to remain lower through the rest of the fiscal year.

Income tax withholding grew strongly through the first five months of fiscal year 2023—rising by 9.9 percent in July through November versus the same months in 2021—but flattened during the start of the bonus season, rising a scant 0.4 percent year-over-year in December 2022/January 2023. There is little doubt that the switch in fortune was mostly the result of the size of the bonuses themselves, particularly in the securities industry where bonuses are closely related to financial market performance. After an especially strong year in 2021 for profits and bonuses, Wall Street profits fell 56.3 percent in 2022. Based on our analysis of withholding up through February 24th, bonus payments are tracking a 20.5 percent decline versus the previous season.

Income tax installment payments also were also affected by the swings of markets, with estimated tax payments received in December and January 48 percent below the prior year. Capital gain and loss realizations are an important cause of fluctuations in estimated tax, and 2022 was the first year since 2009 to end with a lower stock market valuation than it began. As the final payment for the tax year, the January installment can be especially influenced by asset performance, as investors may realize losses (or smaller gains) at the close of the year and some taxpayers make an adjustment to their payments to account for their actual annual income. But even before January of this year, tax installments from June and September 2022 were declining by more than 30 percent from their 2021 levels, for an overall fiscal year decline through January of 40 percent (See Table 19 below).

Table 19. PIT Collections FY through January

($ in millions)	FY 2023	FY 2022	Growth
Withholding	$6,349.6	$5,968.3	6.4%
Installments/Extension Payments	$992.9	$1,660.7	(40.2%)
Returns	$223.6	$135.4	65.1%
Assessments	$148.7	$150.5	(1.2%)
State/City Offsets	$1,172.0	$384.0	205.2%
Refunds	($284.3)	($276.1)	3.0%
Total Net of Admin Charges	**$8,546.7**	**$7,967.1**	**7.3%**

SOURCE: Office of the NYC Comptroller, NYC Office of Management and Budget

The January Plan projects that the economy slows down rapidly to almost no growth in calendar year 2023, impacting both the total wage and capital income tax bases driving PIT collections. The Comptroller forecast is for a much less pronounced slowdown, with moderate growth this year, which accounts for much of the difference between PIT revenue forecasts in the near term.

Business Taxes

FY 2023 business tax collections (corporation taxes and Unincorporated Business Tax, net of audits) grew 0.6 percent through January. This is a sharp deceleration from the 22.9 percent gain in the same period in FY 2022 driven by lower collections in the finance sector as seen in Table 20. This is a consequence of lower profits in the securities sector (which are estimated to have declined 60 percent in 2022). For calendar year 2022, collections from the finance sector dropped 3.5 percent (12.7 percent for corporate taxes) while non-finance payments grew 14.7 percent. Correspondingly, the share of payments from the finance sector went from 41.2 percent in 2021 to 37.1 percent in 2022.

Table 20. Business Taxes Gross Collections (Year-over-Year Growth)

Calendar Quarter	Finance	Non-Finance	Total
2021Q1	36.8%	1.0%	11.1%
2021Q2	81.3%	42.4%	58.7%
2021Q3	29.2%	(2.0%)	10.0%
2021Q4	27.6%	16.1%	20.0%
2022Q1	19.2%	15.7%	16.9%
2022Q2	(12.2%)	19.3%	4.2%
2022Q3	(19.5%)	20.8%	2.5%
2022Q4	6.2%	2.7%	4.0%

SOURCE: NYC DOF, Office of the NYC Comptroller

In FY 2023, the forecast calls for revenues to drop to $7.7 billion from $8.2 billion in FY 2022 (a 6.8 percent decline). Another decline to $7.2 billion is expected in FY 2024 as the economy slows down and Wall Street profits stabilize at $22.0 billion. Revenues are expected to stabilize in FY 2025 and resume growth afterward.

Sales Tax

Sales tax collections have risen sharply through the first seven months of FY 2023, growing by 16.0 percent over the same months of the prior year. Even the most recent collections data do

not reveal a downward turn has yet occurred, with January 2023 collections 11.4 percent above January 2022.

However, like OMB, the Comptroller expects the year-over-year growth to drop significantly over the remainder of the fiscal year as the impact of slower wage growth, lower bonuses, and declining savings puts an end to the post-pandemic spending spree that we have seen over the past year. The Comptroller forecasts sales tax collections to end FY 2023 9.2 percent above the prior year. This is higher than the OMB forecast of 6.9 percent growth. The OMB forecast implies that sales tax collections in the second half of FY 2023 will be slightly below collections in the same months of the prior fiscal year. This is consistent with their forecast of a sharper turn for the economy starting this fiscal year.

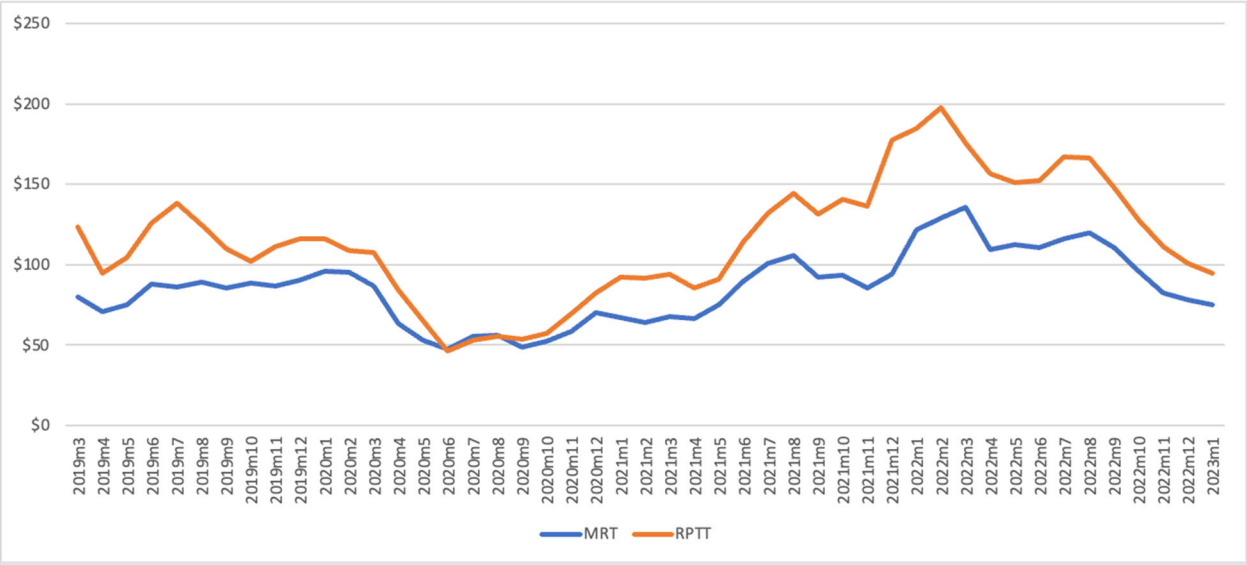
The difference between Comptroller and OMB projected sales tax revenue peaks in FY 2024, when our divergent views of economic and wage growth are most pronounced. Over the subsequent fiscal years, the differences recede with more stable growth rates.

Other Taxes

Collections from real estate transactions are declining but the pace of the decline is slowing. Chart 10 shows the 3-month moving average of MRT and RPTT on a steady downward path since September, with previous data reflecting strength at the end of FY 2022. As of January 2023, the 3-month moving averages stood at 38 percent and 49 percent below the previous year for MRT and RPTT, respectively.

Chart 10. MRT and RPTT Collections (3-Month Moving Average)

$ in millions



SOURCE: NYC DOF, Office of the NYC Comptroller

In the forecast, we lift expectations for the current year by $141 million ($60 million above the January Plan's assumption). The outlook for FY 2024 and beyond remains unchanged. However, because OMB lowered its forecast profile substantially, the Comptroller's forecast is now providing offsets in FY 2024 ($305 million) and FY 2025 ($126 million) and a smaller risk in FY 2026 ($105 million).

The Comptroller's forecast for the hotel occupancy tax assumes that demand in 2023 stabilizes just below the previous peak in 2019 and exceeds it in 2024. This is in line with NYC & Company's estimates and OMB's forecast profile. The Comptroller's forecast provides offsets of $47 million in FY 2023, $14.3 million in FY 2024, and slightly larger amounts in the outyears of the Plan, peaking at $93.9 million in FY 2027.

The Office of the NYC Comptroller has long held that the financial plan underestimates the amount of City tax audits. The January Plan holds the amount at $721 million each year. Year-to-date through January the City has collected $958 million due to $481 million collected in January from the Banking Corporation Tax. Even at a reduced pace of $50 million per month for the remainder of the year (February through August), it appears likely that total tax audits can reach $1.3 billion. The City should be able to collect $900 million in tax audits in each year of the plan.

Risks to the Tax Revenues Forecast

The elevated uncertainties surrounding the U.S. and NYC economies have an impact on the tax revenue forecast. OMB's tax forecast—which reflects the consequences of very slow growth in 2023 but not a recession—will underestimate tax revenues if the economy holds up well through this year, as is now being predicted by many forecasters.

The Comptroller's tax revenue forecast is based on a higher economic growth rate this year but still anticipates job declines and curtailed bonuses for certain key, high-wage industries. If financial markets remain more resilient, even the Comptroller's tax revenue estimates may fall below future collections. If the economy falls into an actual recession—certainly a possibility given current Fed policy statements—tax revenues would be expected to be significantly lower than both OMB and the Comptroller project.

Miscellaneous Revenues

In the January 2023 Financial Plan, the City raised its FY 2023 miscellaneous revenue projection by a net $433 million, to $5.77 billion, a 13.6 percent increase over the previous year. About $66 million of this revenue increase is included in the City's January PEG Program. The bulk of the revision reflects higher projections for interest income and fine revenues. Table 21 shows the changes in the FY 2023 miscellaneous revenue projections since the November Plan.[9]

Table 21. Changes in FY 2023 Miscellaneous Revenue Estimates January 2023 Plan vs. November 2022 Plan

($ in millions)	November	January	Change
Licenses, Permits & Franchises	$737	$751	$14
Interest Income	107	325	218
Charges for Services	1,029	1,004	(25)
Water and Sewer Charges	1,801	1,817	16
Rental Income	250	255	5
Fines and Forfeitures	1,076	1,273	197
Other Miscellaneous	337	345	8
Total	**$5,337**	**$5,770**	**$433**

[9] Miscellaneous revenue analysis excludes intra-city revenues. Water and sewer revenues are mostly payments from the New York City Water Board for the operation and maintenance of the water delivery and sewer systems and are not available for general operating purposes.

The projected interest income for FY 2023 increased by $218 million to $325 million. This re-estimate, the first since the April 2022 Plan, reflects higher year-to-date collections following increases in short-term interest rates and greater than anticipated cash balances.

The Plan also raised FY 2023 fine revenue projections by $197 million to $1.27 billion to reflect higher than anticipated collections, in line with the Comptroller's forecast after the November Plan. The bulk of this change reflects increased projections for camera fines. This includes $120 million in additional revenues from speed camera fines, $20 million in bus lane camera fines, and $9 million in red light camera fines. Projected revenues from parking violation fines also increased by about $50 million.

Revenue projections for licenses, permits, and franchises increased by a net $14 million. This is mostly due to a $32 million increase in mobile telecommunication franchise revenues, which was partially offset by a $17 million decline in expected revenues from cable television franchises.

Revenues from charges for services decreased by $25 million. The re-estimate reflects decreases in projected parking meter revenues ($27 million), fire inspection fees ($12.1 million), NYPD towing operations ($5.7 million), commissary funds ($3.5 million) and other fees. These were partially offset by increases in projected fee revenues from the Affordable NY Housing Program ($19 million), credit card convenience fees ($6.3 million), and 2 percent fire insurance fees ($5.4 million). Estimated rental income increased by $5 million, mostly to account for additional commercial rent revenue from arbitration of City commercial property.

The category "other miscellaneous" increased by a net $8 million including $4.4 million in additional auto auction revenue, $2.4 million in employee health contributions and $2.3 million in recycled bulk and paper sales revenue.

Total miscellaneous revenue projections for FYs 2024 and 2025 increased by a net $237 million and $102 million respectively. These adjustments include a $241 million increase in projected revenues from interest income in FY 2024 and a $103 million increase in FY 2025 which reflect higher short-term interest rate assumptions compared to the November Plan projections. FYs 2026 and 2027 projections remain relatively unchanged from the November Plan.

Table 22 shows the City's January Plan projections for all categories of miscellaneous revenues. After increasing 13.6 percent in FY 2023 to $5.8 billion, total miscellaneous revenues are expected to drop slightly to $5.6 billion in FY 2024 and remain stable over the remainder of the plan period ranging from $5.4 billion to $5.5 billion annually in FYs 2025-2027.

Table 22. Miscellaneous Revenue Forecast January 2023 Plan

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Licenses, Permits & Franchises	751	696	694	699	679
Interest Income	325	402	298	228	225
Charges for Services	1004	1024	1026	1026	1026
Water and Sewer Charges	1817	1768	1755	1749	1749
Rental Income	255	254	254	254	254
Fines and Forfeitures	1273	1121	1115	1122	1122
Other Miscellaneous	345	349	339	338	338
Total	**5770**	**5614**	**5481**	**5416**	**5393**

Based on the City's January Plan projections and collection trends, the Comptroller's Office projects total miscellaneous revenue will be below the City's current forecasts by $55 million in FY 2023, and above the City's forecast by $63 million in FY 2024, $68 million in FY 2025, and $53 million in each of FYs 2026-2027.

As discussed in the Annual Report on the State of the City's Economy and Finances published in December, the Comptroller projects that the City's bus stop franchise agreement with JCDecaux poses a risk of $108 million to FY 2023 revenues.

Our projections for fine revenues are above the City's current forecast by $53 million in FY 2023, $63 million in FY 2024, and $53 million in each of FYs 2025-2027. The Comptroller projects revenues from parking fines and camera violation fines will exceed current plan projections by a combined $45 million in FY 2023, $55 million in FY 2024, and $45 million annually in FYs 2025-2027. The Comptroller's revenue projection for Environmental Control Board (ECB) fines is also above the City's projection by $8 million in each of the FYs 2023 through 2027.

Finally, based on the Comptroller's forecast of short-term interest rates and cash balances, interest income will be above the City's projections by $15 million in FY 2025.

Federal and State Aid

The January Financial Plan projects total Federal and State aid of $29.73 billion (including unrestricted aid) in FY 2023, supporting nearly 28 percent of the City's expenditure budget. Compared with the November Plan, the City has reflected an increase of $696 million in the current year comprised of $613 million in Federal aid and $83 million in State grants. Over the next two fiscal years, additional Federal funds of $466 million and $420 million are reflected in FY 2024 and FY 2025, respectively.

The increased Federal funding is primarily from the recognition of about $1.46 billion in COVID-related grants. Major changes in the January Plan include $1.08 billion in American Rescue Plan-State and Local Fiscal Recovery Funds (ARP SLFRF) grants and $300 million in ARP and Coronavirus Response and Relief Supplemental Appropriations (CRRSA) education grants resulting from the roll of unspent FY 2022 funding allocations, that were previously unaccounted for in the November Plan.

The January Plan reflects the roll of ARP SLFRF funds in increments ranging from $265 million to $425 million annually in FY 2023 – FY 2025. The recognition of ARP SLFRF funding produces funding swaps totaling $890 million, after adjusting for a $190 million allocation to Health + Hospitals in the current year. The swaps reduce City-funded spending by $75 million in FY 2023, $390 million in FY 2024, and $425 million in FY 2025. The largest funding shifts are $490 million for the Department of Sanitation and $75 million each for the Department of Social Services and Department of Parks and Recreation. The roll of ARP-CRRSA education grants has provided the DOE budget with corresponding increases of $220 million in FY 2023 and $80 million in FY 2024, further detailed in the *Department of Education* section later in the report.

Revisions in the January Plan have raised total Federal COVID assistance anticipated by the City to $7.56 billion in FY 2023 – FY 2027, as shown in Table 23. The largest component is $3.99 billion in combined ARP-CRRSA education funding for the DOE budget, followed by $2.02 billion in ARP SLFRF and $768.5 million in FEMA grants (including unrestricted aid) currently reflected in the January Plan. These three funding categories constitute nearly 90 percent of the Federal COVID assistance assumed in the Plan. Combined with grants recognized in FY 2020 through FY 2022, which totaled about $18.88 billion, overall COVID-19 assistance is currently expected to reach $26.45 billion.

Table 23. Projected Federal COVID Assistance – January 2023 Plan

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
ARP SLFRF	610.4	574.1	834.4	0	0	2,018.8
ARP-CRRSA Education	1,991.3	1,747.9	245.8	0	0	3,985.1
FEMA	515.9	1	0	0	0	516.9
Epidemiology and Laboratory Capacity Grants	295	10.3	0.1	0	0	305.4
All Other	362.2	57.9	44.0	15.4	7.1	486.5
Subtotal	**$3,774.7**	**2391.1**	**1,124.3**	**15.4**	**7.1**	**7,312.7**
Unrestricted Aid-FEMA	251.6	0	0	0	0	251.6
Subtotal	**251.6**	**0**	**0**	**0**	**0**	**251.6**
Grand Total	**4,026.3**	**2,391.1**	**1,124.3**	**15.4**	**7.1**	**7,564.3**

SOURCE: NYC Office of Management and Budget

State grant changes in the January Plan (aggregate increase of $83 million) were concentrated in the social service-related agencies and the Department of Health and Mental Hygiene. These included a $42.2 million increase in FY 2023 funding for the Administration of Children's Services tied to foster care and $35.1 million in OTPS and PS funding for the Department of Health and Mental Hygiene's Public Health Works! Campaign. The remaining $6 million in increases reflects changes in a variety of other areas including $1.9 million for the Department of Youth and Community Development for runaway and homeless youth and a $1.5 million modification to support the Economic Development Corporation's project to dredge Hammond's Cove, flowing through the Department of Small Business Services.

Federal and State grants are projected to fall sequentially in the outyears to $26.41 billion in FY 2024, $25.31 billion in FY 2025 before settling at about $24.2 billion annually in FY 2026 and FY 2027. This trend essentially mirrors the decline in Federal COVID-19 grants in the outyears and the absence of any expected Federal assistance for asylum seekers beyond FY 2023. Moreover, in the January Plan, the City anticipates State aid to grow by less than $250 million or slightly more than one percent, over the next four years. School aid, the largest component of State support, would grow modestly from $12.52 billion in the current year to $12.89 billion in FY 2025 and remain flat thereafter. As a result, Federal and State support of the City's expenditure budget would taper to 25.7 percent in FY 2024 and 23.8 percent in FY 2025, and then level off at about 22 percent in both FY 2026 and FY 2027.

State Executive Budget

On February 1st, Governor Kathy Hochul released a proposed budget for the State fiscal year that begins on April 1st. The State Department of Budget forecasts a surplus of $8.7 billion in its current fiscal year, largely due to an upward revision of $5.9 billion in tax receipts compared to the Mid-Year Update released in November. The Governor's budget includes a number of proposals that will significantly impact the City (Table 24).

Positive budget impacts were primarily found in formula-based school aid and funding support for New York City's asylum crisis.

Record-level school aid was driven by the first ever full funding of the State's Foundation Aid formula. However, the City is set to receive only 21 percent of the historic $2.73 billion increase. For a full discussion of education funding, refer to the *Department of Education* section of this report.

The State has pledged to contribute 29 percent of shelter costs for asylum seekers but capped the amount at $1 billion over two years. After the release of the City's Preliminary Budget, the New York City Office of Management and Budget (OMB) reported that asylum seeker costs were revised upwards by a large margin, to $1.4 billion in FY 2023 and $2.8 billion in FY 2024 – effectively reducing the State's promised share of contributions to 23.8 percent ($1 billion of the new $4.2 billion estimate) of costs. For a comprehensive discussion of the asylum crisis, refer to the *Homeless Services and Asylum Seeker Emergency* section of this report.

While the Governor's budget also includes $300 million in one-time aid for the MTA, it concurrently proposes raising New York City contributions to the transit system by over $500 million per year. These additional contributions include the City fully reimbursing net operating shortfalls for paratransit services at an additional cost of $266 million in FY 2024, $105 million a year in costs associated with taking over payments for student MetroCards, and a Payroll Mobility Tax (PMT) offset of $115 million a year to cover the costs of revenue from exempt organizations including libraries and schools. The City also estimates an additional $40 million a year in costs associated with City agency and contractor payments resulting from a proposed rise in the PMT (also referred to as the Metropolitan Commuter Transportation Mobility Tax or MCTMT) from 0.34 percent to .50 percent. Lastly, the Governor's budget proposes allocating the City's full 20 percent share of any potential future casino revenue directly to the MTA on top of the proposed $500 million contribution just described; other localities would retain their local shares of casino revenue.

The Governor's Executive budget also puts forward intercepting Enhanced Federal Medical Assistance Percentage (eFMAP) funds intended for local use. The eFMAP funds are provided by the federal government based on proportionate shares paid into Medicaid and historically passed on to localities to pay for services. Under the Governor's proposed budget, these funds would shift to the State, costing New York City $343 million and other counties $281 million per year.

The budget also proposes a mandate on health insurers to pay emergency department visits and emergency admissions up-front, requiring them to pursue recoupments for payments of any stays subsequently deemed not medically necessary. OMB estimates this "Pay and Pursue"

policy, if enacted, would increase the City's health insurance costs by $36 million in FY 2024 and $75 million in FY 2025, with costs continuing to increase in future fiscal years.[10] NYC Health + Hospitals would benefit from the policy, as would other non-public hospitals throughout the City.

The Governor also proposes indexing the State's minimum wage of $15 to inflation, with several off-ramps that would limit the impact of the policy if approved.[11] NYC OMB initially estimated a cost impact of $15 million in FY 2024 and $180 million over the financial plan period to cover City employee and contractor wage increases resulting from this action. Recently, the Administration tentatively came to terms with DC 37, the City's largest municipal employee union, on a new employment contract to take effect retroactively from 2021 to 2025. This agreement increases wages by 3% a year, outpacing the Governor's proposal. The Comptroller's Office assumes other unions will follow this pattern, and the agreed-upon increases will be passed on to contracted employees at a similar level, reducing the impact of the Governor's proposal to $5 million in FY 2024 and $89 million over the four years of the Financial Plan. The remaining costs are primarily due to college interns and Summer Youth Employment Program participants, whose wage status is not yet clear. A more expansive bill, Raise Up NY, sponsored by Senator Jessica Ramos (S3062D/A7503C) would increase the minimum wage over three years and then index it to inflation. If passed, it would cost the City over the Financial Plan period approximately $600 million, largely to cover the cost of contracted human service workers.

[10] OMB had provided an earlier estimate of $111 million in FY 2024 and $265 million in FY 2025, which was based on an earlier proposal with broader implications.

[11] See the Comptroller's February spotlight for a fuller description of the Governor's minimum wage proposal, and a comparison to the Raise Up NY bill: https://comptroller.nyc.gov/wp-content/uploads/documents/Spotlight-Minimum-Wage.pdf

Table 24. Potential Impact of Proposed FY 2024 State Budget

($ in millions)	FY 2023	FY 2024	Total Two-Year Impact
Formula-based School Aid	$61	$407	$468
Other Positive Spending Impacts	$377	$667	$1,044
State Support for Migrant Shelter and HERRC Costs	377	623	1,000
Fund Threat Assessment Management Teams	<1	<1	<1
Increase Funding for Re-Entry Programs	<1	1	1
Increase NYC Federal Revenue by Reducing State Share of Indigent Care Pool		43	43
Increase Funding for Code Blue Program		<1	<1
Other Negative Spending Impacts	($125)	($992)	($1,117)
ACA eFMAP to Offset Growth Financed by State	(125)	(343)	(468)
Redirect Title XX Funding to Child Welfare		(8)	(8)
Increase NYC Funding for MTA School MetroCards		(105)	(105)
Increase NYC Share of MTA Paratransit		(266)	(266)
Offset Payroll Mobility Tax (PMT) for Exempt Organizations		(115)	(115)
Increased PMT taxes associated with City workforce and contract staff		(40)	(40)
Increase State Share of SUNY Indigent Care Pool		(72)	(72)
Increase Access to Opportunity for Public Assistance Recipients		(2)	(2)
Pay and Pursue (Managed Care Program Reforms)		(36)	(36)
Index the Minimum Wage to Inflation		(5)	(5)
Revenue Impacts		$2	$2
Require State S-Corporation Conformity with Federal Return		2	2
Create a NYC Biotech Tax Credit		(3)	(3)
NYC Parking Reform		3	3

SOURCE: NYS Division of Budget, NYC Office of Management and Budget, and Office of the NYC Comptroller.

The Governor's budget includes additional items that are either outside of the plan window or not fully costed out.

The Governor recommends increasing the charter school cap and reviving defunct charters. This would potentially add 85 new charter schools and revive over 20 "zombie" charters without additional State funding. The charter school reforms are estimated to cost the City up to $1.3 billion in additional funds if fully implemented, representing a 44 percent increase in costs to the City for charters based on projected FY 2023 charter school spending in the DOE budget. Unlike other localities in the State, NYC is not eligible for Transition Aid to offset the cost of charter school tuition, and is also responsible for the leasing expenses when charter schools are located in public buildings. Further discussion on charters is also located in the *Department of Education* section of this report.

Outside the Financial Plan window, the Waste Reduction and Recycling Infrastructure Act mandating responsibility for disposal management to producers of packaging and paper products is expected to save the City $50 million by FY 2028 and $100 million in FY 2029 and out.

The budget also includes policy proposals to encourage residential housing development, a "Cap-and-Invest" program to limit greenhouse gas emissions, a community hiring initiative for candidates from disadvantaged backgrounds, the renewal of J-51 property tax exemptions for renovations on residential buildings, the right for New York City to lower its speed limit, and expanded mental health services including specialized housing options and additional hospital beds.

Expenditures Analysis

The January Financial Plan reflects $106.39 billion in spending in FY 2023, decreasing to $102.66 billion in FY 2024, and then growing to $110.99 billion in FY 2027. Both FY 2023 and FY 2024 expenditures include prior year adjustments which artificially lower expenditures by $3.95 billion and $2.17 billion, respectively. Excluding these adjustments and reserves, the FY 2023 expenditure budget of $108.53 will drop to $103.37 billion in FY 2024 before increasing to $104.87 billion in FY 2025, $106.99 billion in FY 2026, and $109.53 billion in FY 2027.

The largest change in the expenditure budget over the financial plan is a $6.53 billion decrease in OTPS between FY 2023 and FY 2024, specifically in the Contractual Services and Other OTPS categories. This is primarily due to:

- $1 billion in spending for asylum seekers included in FY 2023 only;
- a $1.6 billion ramp down in COVID grant-related spending;
- a $1.3 billion decrease in contractual services spending across City agencies;
- a $733 million decrease in all other DOE/CUNY OTPS;
- and a $408 million decrease for Temporary and Contracted Professional Services.

Personnel services grow by 10.2 percent over the life of the plan, largely driven by health insurance premium growth, as well as headcount, pension contributions, and other fringe benefits changes.

Table 25. FY 2023 – FY 2027 Expenditure Growth Adjusted for Prepayments and Reserves

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Growth FYs 2023-2027	Annual Growth
Personal Service							
Salaries and Wages	$31,107	$31,114	$31,556	$32,245	$32,942	5.9%	1.4%
Pensions	9,301	9,451	9,671	9,839	9,687	4.1%	1.0%
Health Insurance	7,963	8,822	9,565	10,175	10,630	33.5%	7.5%
Other Fringe Benefits	4,476	4,585	4,720	4,851	5,004	11.8%	2.8%
Subtotal-PS	**$52,847**	**$53,971**	**$55,512**	**$57,109**	**$58,263**	**10.2%**	**2.5%**
Other Than Personal Service							
Medicaid	$6,564	$6,385	$6,385	$6,385	$6,535	(0.4%)	(0.1%)
Public Assistance	1,650	1,650	1,650	1,650	2,000	21.2%	4.9%
Judgments and Claims	1,199	1,165	877	823	840	(29.9%)	(8.5%)
Contractual Services	23,110	19,327	19,232	18,956	18,952	(18.0%)	(4.8%)
Other OTPS	15,507	12,973	12,859	12,961	13,178	(15.0%)	(4.0%)
Subtotal-OTPS	**$48,030**	**$41,499**	**$41,003**	**$40,775**	**$41,505**	**(13.6%)**	**(3.6%)**
Debt Service	**$7,654**	**$7,900**	**$8,356**	**$9,105**	**$9,767**	**27.6%**	**6.3%**
Expenditures Excluding Prior Year Adjustments and Reserves	**$108,531**	**$103,371**	**$104,870**	**$106,989**	**$109,534**	**0.9%**	**0.2%**
Prior Year Adjustment	($3,948)	($2,166)					
General Reserve	$1,555	$1,200	$1,200	$1,200	$1,200		
Capital Stabilization Reserve	$250	$250	$250	$250	$250		
Total Expenditures	**$106,388**	**$102,655**	**$106,320**	**$108,439**	**$110,984**		

NOTE: Intra-city adjustments are reflected in each of their respective expense categories.

Headcount

At the end of FY 2022, the City employed 282,498 full-time employees. At the time of the Adopted Plan, the number of full-time employees for FY 2023 was forecast to be 306,302 by June 30, 2023. As of December 31, 2022, full-time headcount has remained relatively stable, declining slightly to 280,987 employees. As stated in the Comptroller's Office report, *Title Vacant*, the City is facing a vacancy crisis at many agencies.

With so many vacancies going unfilled, the January Plan reflects budgetary savings of more than $200 million in FY 2023 resulting from personnel and vacancy reductions since budget adoption. More than a quarter of the positions reduced are at agencies that provide health and welfare services – the Department of Social Services (DSS) with a reduction of 938 positions, the Department of Health and Mental Hygiene (DOHMH) with 403, and the Department of Homeless Services (DHS) with 107. As shown in Table 26, several agencies saw more than 10 percent of their authorized headcounts lowered, including the Department of Correction (DOC), City University (CUNY), and the Law Department.

Table 26. Personnel Reductions (Civilian Only) FY 2023 Full-time Headcount

Agency	FY 2023			FY 2023 Adopted Budget Plan	PEG % Adopted Budget Plan
	Total HC Reduction	City Funded	Other Funding		
Social Services	938	773	165	13,023	7.2%
Police	504	504	0	15,042	3.4%
Health & Mental	403	403	0	6,050	6.7%
Education	390	390	0	13,472	2.9%
Transportation	271	155	116	5,708	4.7%
Parks and Recreation	259	200	59	4,830	5.4%
Correction	244	244	0	1,974	12.4%
City University	200	200	0	1,946	10.3%
Law Department	177	177	0	1,704	10.4%
Fire Department*	166	166	0	6,537	2.5%
Environmental	138	14	124	6,413	2.2%
Design and	123	0	123	1,310	9.4%
Finance	116	116	0	1,992	5.8%
Mayoralty	116	114	2	1,395	8.3%
DCAS	107	107	0	2,428	4.4%
Homeless Services	107	107	0	2,012	5.3%
Technology	101	101	0	1,755	5.8%
All Other	623	592	51	218,711	0.3%
TOTAL	**5,003**	**4,363**	**640**	**306,302**	**1.6%**

* Includes reduction of 54 positions resulting from the re-estimate of the B-HEARD program.

Also shown in Table 26, most of the reductions to FY 2023 authorized headcount, about 87 percent, were for City-funded positions. About 10 percent of the total reflected reductions were supported through Inter-Fund Agreements (IFAs). IFAs are internal City contracts whereby there is an agreement to use funds earmarked for the capital budget to reimburse the general fund for the cost of City employees who work on specific capital projects. The remaining reduction of 165 positions was at the Department of Social Services (DSS), Medicaid Eligibility Unit. The authorized headcount for that unit was reduced from 791 at budget adoption to 626 in the January Plan.

The reductions to FY 2023 budgeted headcount were partly offset by increases of 271 positions to support new initiatives and a net increase from other adjustments (primarily, headcount revisions) of 1,047 positions. These actions altogether resulted in a net decrease of 3,685 positions since budget adoption as shown in Table 27. The actual headcount level as of December 31, 2022 highlights a gap in planned hiring for FY 2023 of 21,630. It is interesting to note that despite the number of vacancy reductions at DSS, the agency still has the authorization to hire 1,746 employees by the end of FY 2023. DSS, DOHMH, and DHS together are expected to hire more than 2,500 positions by year-end to achieve their authorized headcount levels. It is unlikely that agencies will be able to achieve their planned headcount levels by the end of the fiscal year. The Comptroller's Office is carrying an offset against the budget for these vacancies in FY 2023 of $714 million and $357 million in FY 2024, as well as risks for the overtime and temporary services used to compensate.

Table 27. December 31, 2022 Headcount vs. Planned June 30, 2023 Headcount

	FY 2023 Adopted Budget Plan	FY 2023 12/31/2022 Actuals	FY2023 6/30/2023 January Plan	Planned Change FY 2023 Adopted to January Plan	Gap in Planned Hiring
Pedagogical					
Dept. of Education	126,892	116,593	126,895	3	(10,302)
City University	4,313	4,278	4,293	(20)	(15)
Subtotal	**131,205**	**120,871**	**131,188**	**(17)**	**(10,317)**
Uniformed					
Police	35,030	33,913	35,030	0	(1,117)
Fire	10,952	10,647	10,954	2	(307)
Correction	7,060	6,583	7,060	0	(477)
Sanitation	7,449	8,131	7,599	150	532
Subtotal	**60,491**	**59,274**	**60,643**	**152**	**(1,369)**
Civilian					
Dept. of Education	13,472	12,633	13,109	(363)	(476)
City University	1,946	1,592	1,746	(200)	(154)
Police	15,042	13,992	14,680	(362)	(688)
Fire	6,537	6,174	6,427	(110)	(253)
Correction	1,974	1,469	1,731	(243)	(262)
Sanitation	1,995	1,855	1,907	(88)	(52)
Admin. For Children's Services	7,073	6,188	7,079	6	(891)
Social Services	13,023	10,401	12,147	(876)	(1,746)
Homeless Services	2,012	1,804	1,952	(60)	(148)
Health and Mental Hygiene	6,050	5,094	5,798	(252)	(704)
Finance	1,992	1,626	1,878	(114)	(252)
Transportation	5,708	4,957	5,681	(27)	(724)
Parks and Recreation	4,830	4,235	4,661	(169)	(426)
All Other Civilians	32,952	28,822	31,990	(962)	(3,168)
Subtotal	114,606	**100,842**	**110,786**	**(3,820)**	**(9,944)**
TOTAL	**306,302**	**280,987**	**302,617**	**(3,685)**	**(21,630)**

The January Plan reflects a decline in headcount levels throughout the plan period from 302,617 as of June 30, 2023 to 297,221 by FYs 2026 and 2027. The overall decline in headcount is driven primarily by lower projections for Department of Education (DOE) pedagogical employees and civilian employees. As shown in Table 28, pedagogical employees' headcount at DOE is projected to decline between FY 2023 and FY 2027 by 3,528, and civilian employees' headcount is expected to decrease by 554 in the same period.

Table 28. Total Funded Full-Time Year-End Headcount January 2023 Financial Plan

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	% Change FY 2023 – FY 2027
Pedagogical						
Dept. of Education	126,895	126,075	125,186	123,367	123,367	(2.8%)
City University	4,293	4,289	4,289	4,289	4,289	(0.1%)
Subtotal	**131,188**	**130,364**	**129,475**	**127,656**	**127,656**	**(2.7%)**
Uniformed						
Police	35,030	35,030	35,030	35,030	35,030	0.0%
Fire	10,954	10,954	10,954	10,954	10,954	0.0%
Correction	7,060	7,060	7,060	7,060	7,060	0.0%
Sanitation	7,599	7,649	7,651	7,653	7,653	0.7%
Subtotal	**60,643**	**60,693**	**60,695**	**60,697**	**60,697**	**0.1%**
Civilian						
Dept. of Education	13,109	13,109	13,102	12,555	12,555	(4.2%)
City University	1,746	1,735	1,735	1,735	1,735	(0.6%)
Police	14,680	14,502	14,502	14,502	14,502	(1.2%)
Fire	6,427	6,285	6,276	6,276	6,276	(2.3%)
Correction	1,731	1,730	1,730	1,726	1,726	(0.3%)
Sanitation	1,907	1,902	1,902	1,902	1,902	(0.3%)
Admin. for Children's Services	7,079	7,079	7,079	7,079	7,079	0.0%
Social Services	12,147	12,127	12,003	11,990	11,990	(1.3%)
Homeless Services	1,952	1,920	1,905	1,887	1,887	(3.3%)
Health and Mental Hygiene	5,798	5,604	5,514	5,507	5,507	(5.0%)
Finance	1,878	1,878	1,878	1,878	1,878	0.0%
Transportation	5,681	5,768	5,838	5,841	5,841	2.8%
Parks and Recreation	4,661	4,586	4,589	4,589	4,589	(1.5%)
All Other Civilians	31,990	31,430	31,414	31,401	31,401	(1.8%)
Subtotal	**110,786**	**109,655**	**109,467**	**108,868**	**108,868**	**(1.7%)**
TOTAL	**302,617**	**300,712**	**299,637**	**297,221**	**297,221**	**(1.8%)**

Labor

The City maintains a labor reserve within the Financial Plan to cover anticipated expenses from collective bargaining agreements for contracts that are currently pending negotiation. The current balance in the labor reserve of $1.38 billion in FY 2023, $1.91 billion in FY 2024, $2.55 billion in FY 2025, $3.22 billion in FY 2026, and $3.88 billion in FY 2027 was held primarily to provide annual wage increases of 1.25 percent.

Since the January Plan was released, the City announced a tentative agreement with DC 37, the City's largest union, for increases of 3 percent for the first four years of the agreement (retroactive to FY 2021) and 3.25 percent in the fifth year. The agreement includes an Equity Fund of $70 million to provide for salary adjustments for hard-to-recruit positions and to ensure that all employees represented by DC 37 will make at least $18 an hour as of July 1, 2023. Members will also receive a one-time bonus of $3,000 upon ratification of the agreement. This agreement is estimated to cost the City $4.4 billion through FY 2027. Typically, other unions and management follow the established pattern and if so, the agreements will cost the City $26 billion through FY 2027 for all employees. After offsets from funds held in the labor reserve, the remaining costs to the City are estimated to be $2.5 billion in FY 2023, $1.8 billion in FY 2024, $3.4 billion in FY 2025, $3.9 billion in FY 2026, and $4.7 billion in FY 2027, based on the timing of the specific contract expirations and the respective retroactive payments associated with each contract.

The Patrolmen's Benevolent Association (PBA) is the only major union that has yet to reach a labor agreement with the City under the previous round of collective bargaining. Labor negotiations between the City and PBA were declared at an impasse by the New York State Public Employment Relations Board (PERB). Both parties have presented arguments before an arbitration panel and are currently awaiting a final ruling. The City has funded this contract based on the pattern established by the Uniformed Officers Coalition of 7.95 percent over three years. Through FY 2023, approximately $1.3 billion retroactive to August 2017 has been allocated both through accruals and in the labor reserve.

Overtime

The FY 2024 Preliminary Budget includes $1.23 billion for overtime expenditures, 23 percent lower than the $1.60 billion currently budgeted for FY 2023. Based on the current overtime spending trend, both FYs 2023 and 2024 overtime costs will likely exceed the Plan's budget. As shown in Table 29, the Comptroller's Office expects overtime expenditures to exceed Plan projections by $651 million in FY 2023 and $563 million in FY 2024.

Table 29. Projected Overtime Spending, FY 2023 and FY 2024

($ in millions)	FY 2023 Adopted Budget	FY 2023 January Plan	FY 2023 Comptroller's Projection	FY 2023 Risk	FY 2024 Preliminary Budget	FY 2024 Comptroller's Projection	FY 2024 Risk
Uniformed							
Police	$372	$374	$640	($266)	$372	$650	($278)
Enhanced Subway Safety	N/A	0	100	(100)	0	0	0
Fire	252	418	418	0	244	275	(31)
Correction	126	126	250	(124)	126	200	(74)
Sanitation	148	169	169	0	109	109	0
Total Uniformed	**$898**	**$1,087**	**$1,577**	**($490)**	**$851**	**$1,234**	**($383)**
Civilian							
Police-Civilian	80	$81	$120	($39)	$81	$100	($19)
Social Services	16	57	80	(23)	16	60	(44)
All Other Agencies	306	376	475	(99)	283	400	(117)
Total Civilians	**$402**	**$514**	**$675**	($161)	$380	$560	($180)
Total City Risk	**$1,300**	**$1,601**	**$2,252**	**($651)**	**$1,231**	**$1,794**	**($563)**
State funding for Enhanced Subway Safety through January*	N/A	N/A	N/A	62			
ADJUSTED RISK	**N/A**	**N/A**	**N/A**	**($589)**	**N/A**	**N/A**	**($563)**

* "Mayor Eric Adams Makes a Subway Safety-Related Announcement with Governor Kathy Hochul", January 27, 2023. Adjustment to risk will be made if the Enacted State Budget includes this funding.

The City has increased its overtime expenditure projections for FY 2023 by $224 million in the January 2023 Financial Plan, for a total of $300 million since the budget adoption. Seventy-one percent or $213 million of the total increase to the overtime budget went to FDNY, with $166 million budgeted for uniformed overtime spending. Of that amount, $155 million was added in the January Plan. FDNY uniformed headcount has declined from 10,952 employees as of June 30, 2022 to 10,647 by December 31, 2022. By June 30, 2023, the department is authorized to add 307 uniformed employees. If filled, these positions should reduce overtime usage in FY

2024, as it appears likely that spending for FDNY uniformed overtime in FY 2024 will be similar to the pre-pandemic average of $275 million, for a risk of $31 million.

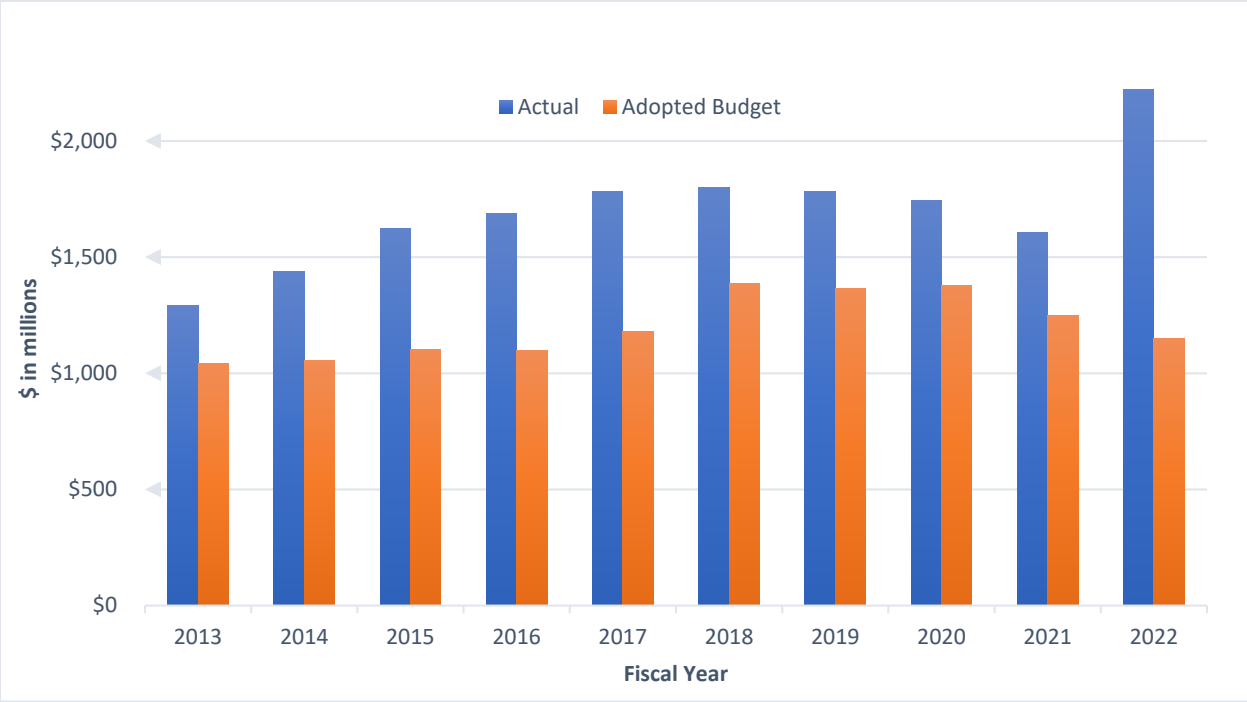
The City routinely underbudgets police uniformed overtime costs in an effort to stem the growth in overtime expenditures. The January 2023 Financial Plan includes $374 million for that expense in FY 2023 and $372 million for FY 2024. These amounts are overly optimistic when compared to actual overtime spending of $671 million in FY 2022. Past attempts to reduce police uniformed overtime spending have not been very successful. Currently, the NYPD continues to utilize higher overtime usage to address increased criminal activity, including within the subway system. For most of FY 2022, the City was faced with rising crime within the system with major crimes increasing more than 50 percent when compared to FY 2021. This trend continued into FY 2023, with an increase of 27 percent during the first four months when compared to the same period in FY 2022. In response, the City, with the support of the State, implemented the Cops, Cameras and Care program, whereby 1,200 additional patrol shifts were added daily within the subway system at an estimated cost of $680,000 per day, beginning in late October. Three months into this program, overtime costs of $62 million have been incurred. The Governor has indicated that the State will reimburse the City for the costs spent through January. Since the program began, major crimes within the subway system have declined by 28 percent, and the City is committed to continuing this program. Each additional month at the current level of spending will increase overtime cost by approximately $20 million. Assuming that the program continues at this level through March 2023 coupled with historical patterns of overtime that are continuing, the Comptroller's Office projects that NYPD uniformed overtime costs could pose risks to the budget of at least $366 million for FY 2023 and $278 million for FY 2024; the risk will be reduced if the Governor's committed amount is included in the enacted State budget.

There are also risks to the DOC uniformed overtime budget of $124 million in FY 2023 and $74 million in FY 2024. DOC continues to face challenges in hiring uniformed staff, exerting upward pressure on the use of overtime.

The City's spending for civilian overtime averaged $585 million between FY 2016 and FY 2020. That spending declined to $510 million in FY 2021 due to the scale-back on everyday operations and non-essential City employees working from home. However, as the City faced difficulties in hiring employees and relied more on overtime usage for FY 2022, that cost increased to $660 million. The Comptroller's Office projects civilian overtime spending of at least $675 million for FY 2023 and $560 million for FY 2024.

Actual overtime costs have consistently been much higher than the Adopted Budget forecast in prior fiscal years. Between FYs 2013 and 2017, actual overtime costs averaged 43 percent higher, ranging from 24 percent higher than the FY 2013 Adopted Budget to 54 percent above the FY 2016 Adopted Budget (Chart 11). In FY 2022, actual overtime costs of $2.22 billion were almost double the Adopted Budget estimate of $1.15 billion due to lower headcount levels and the COVID-19 outbreak in the winter of 2022. Because actual headcount this year remains at consistently low levels, the Comptroller's Office is expecting overall overtime in FY 2023 to remain consistent with the FY 2022 level, as shown in Table 29 above.

Chart 11. Overtime Expenditures FY 2013 – FY 2022



SOURCE: NYC Annual Comprehensive Financial Report of the Comptroller adjusted for unplanned events such as Hurricane Sandy and protests following the deaths of Eric Garner in 2014 and George Floyd in 2020

Temporary and Contracted Professional Services

City agencies often contract with outside vendors to staff and perform essential functions. These include temporary services and various professional services, including legal services, accounting services, architectural and engineering services, and other consultant services, and can be used to counter high vacancy rates in particular areas or titles, or to fill a temporary or highly specialized need. The January 2023 Plan forecasts $1.25 billion in spending authority in FY 2023, sharply decreasing to $809.6 million in FY 2024, and then slowly ramping down to $764.7 million in FY 2027. Historically, the City conservatively budgets these expenses in the Adopted Plan, particularly in Computer Services, Legal Services, Professional Services-Other, and Temporary Services. The City then adjusts spending throughout the fiscal year in each Plan (Table 30). Since FY 2019, agencies have consistently committed and spent upwards of $1 billion, with $1.18 billion already committed for FY 2023. It is likely that agencies will still require these services at a similar level to current spending in FY 2024, which could pose a risk of $194 million to the FY 2024 budget (Table 31). The City may reduce its reliance on these services if it hires up to its authorized headcount in the outyears.

Table 30. Historical Actual Commitments vs Plan

($ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Actual Commitments	$1,099.7	$1,141.6	$1,043.8	$1,189.3	$1,180.8
Adopted Plan	$847.4	$841.2	$727.9	$890.9	$955.9
November Plan	$1,021.7	$1,103.8	$949.8	$1,212.2	$1,177.4
Preliminary Plan	$1,105.8	$1,152.2	$1,046.9	$1,264.8	$1,247.7
Executive Plan	$1,174.0	$1,226.2	$1,120.7	$1,263.3	N/A

NOTE: FY 2023 Actual Commitments are as of February 26, 2023. Planned expenditures and commitments exclude COVID-related budget codes, but are otherwise All-Funds.

Table 31. Potential Risk (Temporary and Contracted Professional Services)

($ in millions)	FY 2024
Plan	$809.6
Commitment	$1,165.0
Underbudgeting Risk - All Funds	**($355.4)**
Underbudgeting Risk - City Funds	**($193.6)**

NOTE: FY 2024 Commitment is a projection based on the average of FY 2019 – FY 2023 historical actual commitments, including a 3 percent price increase to account for inflation.

Health Insurance

The FY 2024 Preliminary Budget includes $8.82 billion for employees' and retirees' pay-as-you-go health insurance in FY 2024, $859 million higher than the adjusted health insurance cost for FY 2023. The increase from FY 2023 reflects projected premium rate increases of 6 percent for active employees and pre-Medicare retirees and 4.8 percent for the senior care rate. Health insurance costs are then projected to increase to $9.57 billion in FY 2025, $10.18 billion in FY 2026 and to $10.63 billion in FY 2027, growing at an annual rate of 6.4 percent. The outyear projections assume annual increases in health insurance premium rates for active employees and pre-Medicare retirees of 5.75 percent in FY 2025, 5.5 percent in FY 2026, and 5.25 percent in FY 2027. Senior care rates are projected to increase by 4.7 percent for FY 2025 and FY 2026 and 4.6 percent in FY 2027.

Table 32. Projected Pay-As-You-Go Health Expenditures

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Department of Education	$2,740	$3,249	$3,681	$3,990	$4,131
CUNY	139	138	150	150	163
All Other	4,292	5,435	5,733	6,035	6,336
Sub-total	**7,170**	**8,822**	**9,565**	**10,175**	**10,630**
FY 2023 Retiree Health Prepayment	792				
PAYGO Health Insurance Costs	**$7,962**	**$8,822**	**$9,565**	**$10,175**	**$10,630**

Compared to the November 2022 Financial Plan, budgeted amounts for health insurance are lower by $70 million in FY 2023 and by an average of $94 million annually in the outyears. Fringe benefit costs for employees were re-estimated to reflect lower projected headcount levels resulting from the vacancy reductions.

The continued growth in health insurance premium costs poses a major challenge to the City. With the support of the Municipal Labor Committee (MLC), the City in 2021 announced a plan to implement the NYC Medicare Advantage Plus Program, replacing the current Senior Care program for retirees. If this plan is implemented, the City estimates an annual cost savings of approximately $600 million, which would be deposited into the Health Insurance Stabilization Fund.[12] Retirees challenging this plan were successful in obtaining court decisions requiring the City to honor the current laws relating to health insurance coverage in the City's Administrative Code.[13] A proposal put forward by the Mayor and the MLC requesting the City Council to amend the City's Administrative Code was not successful. An amendment to the Administrative Code would allow the City to establish more than one benchmark for health insurance plans, requiring retirees who opt out of the Medicare Advantage Plan to pay the premium for the senior care program. The City has appealed the court's latest decision and is awaiting the court's ruling.

Pensions

Pension expenditures in the January 2023 Financial Plan are expected to remain relatively stable throughout the Plan period, averaging $9.6 billion. Included in the Plan are reserved amounts of

[12] The Health Insurance Stabilization Fund created in the mid 1980s paid the difference between the GHI and HIP health insurance premiums, essentially protecting employees and retirees from paying more to be covered by GHI. Currently, the City contributes $35 million to the fund annually. For several fiscal years, the GHI premium was lower than the HIP premium leading to a higher than anticipated balance in the fund. Over time, the City and unions were able to draw from the fund balance to offset wage increases and other benefits for employees. In recent years, however, GHI health insurance premiums have been about equal or higher than HIP premiums. This has led to a reduction in the balance of the fund and the likelihood that the fund will not be able to meet obligations in coming fiscal years.

[13] Administrative Code of the city of New York section 12-126 (b) (1).

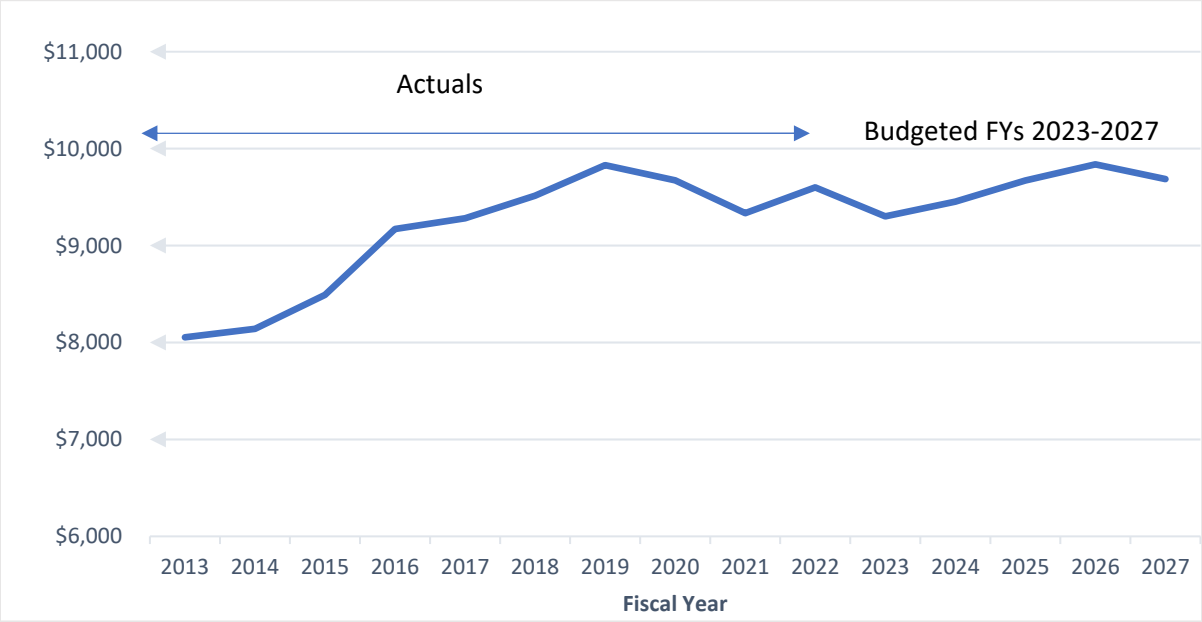
$861 million in FY 2024, $1.97 billion in FY 2025, $3.02 billion in FY 2026, and $4.07 billion in FY 2027 to fund the additional costs to the pension systems due to the FY 2022 combined investment loss of 8.65 percent.[14] These funds were included in the November 2022 Financial Plan and are being held in reserve until the valuations of the pension funds are updated to reflect the FY 2022 investment loss and other demographic changes. No changes were made in the January 2023 Financial Plan.

Pension investments realized average returns of approximately 8 percent annually between FY 2013 and FY 2022. Pension costs to the City, however, increased steadily between FY 2013 and FY 2019 from $8.05 billion to $9.83 billion after incorporating wage increases associated with labor contracts and the updating of certain underlying assumptions used in the calculations of pension expenditures (See Chart 12). Revaluing the pension systems' assets to reflect the market value as of June 30, 2019 helped reverse that trend with pension expenditures declining to $9.33 billion in FY 2021 before rising to $9.59 billion in FY 2022.[15] For FY 2023, pension expenditures are projected to decline to $9.30 billion before trending upward in FY 2024 through FY 2027, reflecting the impact of the FY 2022 investment loss.

[14] Investment gains or losses above or below the actuarial interest rate assumption (AIRA) of 7 percent will decrease or increase pension expenditures by similar amounts beginning the second fiscal year following the given fiscal year returns.

[15] Due to the phasing in of investment gains or losses above or below the AIRA, the value of the pension assets, referred to as the actuarial assets, used in determining the required employer contributions do not equal exactly to the market value of assets. The Chief Actuary may choose at a given point in time to revalue the actuarial pension assets to equal the market value of assets.

Chart 12. City Pension Contributions FY 2013 – FY 2027



NOTE: (1) Budgeted amounts for FYs 2023 – 2027 per January 2023 Financial Plan. (2) FY 2022 contributions to the pension systems were comprised of approximately 70 percent from City contributions, 12 percent from other employers' contributions and 18 percent from member contributions.

SOURCE: NYC Annual Comprehensive Financial Report of the Comptroller and NYC Office of Management and Budget

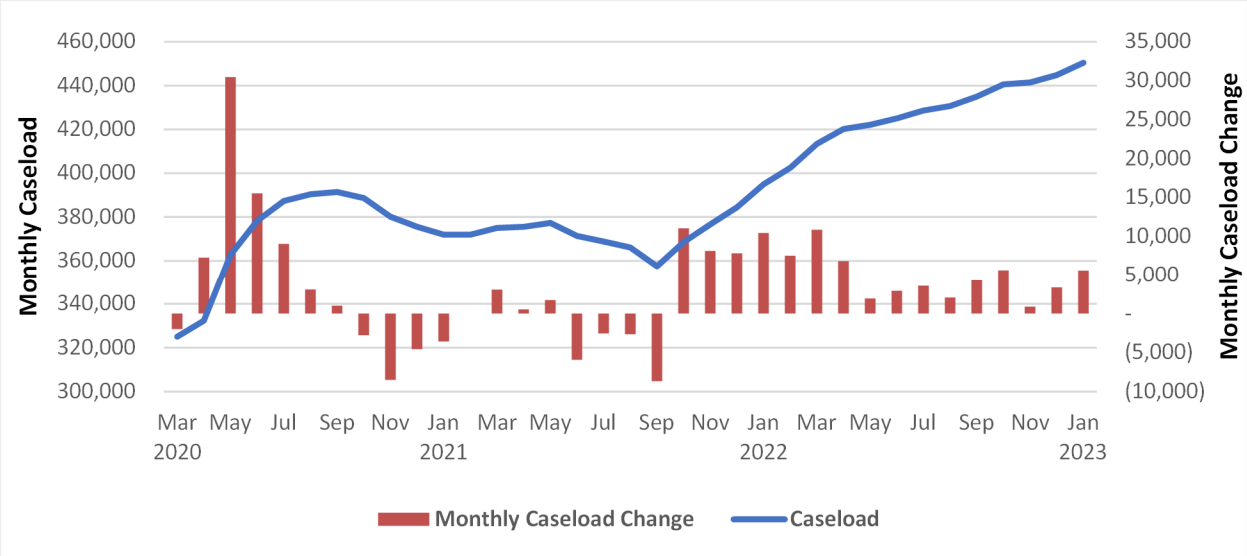
Public Assistance

Through January, the City's public assistance caseload has averaged 438,793 recipients per month in FY 2023. Over the same July-January period in the prior year, caseload averaged only 373,879. The caseload average in the current year represents a 17.4 percent increase over the same period in FY 2022. As shown in Chart 13, the caseload spike comes on the heels of the end of the Federal Pandemic Unemployment Compensation program in September 2021, which provided supplemental unemployment benefits dating back to the initial months of the COVID outbreak.[16]

According to the Human Resources Administration, between September 2021 and January 2023, there was a 74 percent increase in the average number of applicants per month compared to the final month in FY 2021. For applications received between September 2021 and August 2022, the most recent month for which complete data is available, the average monthly case acceptance rate increased to 46 percent from 35 percent in June 2021.

[16] A more detailed review of NYC pandemic aid can be found in the January 2023 Economic Newsletter.

Chart 13. Public Assistance Caseload and Monthly Changes March 2020-January 2023



SOURCE: NYC Department of Social Services

The City currently maintains internal caseload projections in the 440,000 range and baseline grants expenditure estimates of approximately $1.48 billion annually in FY 2023–FY 2026, before rising to $1.83 billion in FY 2027. Given the surge in both caseload and monthly grant spending over the past year, it appears likely that spending will stabilize at higher levels for the foreseeable future at a monthly rate of at least $145 million. At this rate, the City will likely need to provide additional funding of at least $125 million annually in FY 2023–FY 2026 to keep pace with its obligations for public assistance spending.

Department of Education

The January Modification reflects a net increase of $248 million in the Department of Education (DOE) budget in the current year. For FY 2023, the DOE budget now totals $31.21 billion net of intra-city funds, representing a decline of about one percent or $269 million from actual FY 2022 spending of $31.48 billion.

Compared to the November Plan, the bulk of the increase in the FY 2023 budget is attributable to a roll of $220 million in unspent FY 2022 stimulus funds. The City has utilized the Federal funds to indirectly increase its budget for special education Carter Cases spending, through a funding swap that frees up City funds previously allocated towards school custodial services. The remainder of the changes in the current year mainly consists of about $50 million in additional fuel and energy costs.

These increases are partly offset by PEG savings assigned to the DOE in the January Plan, consisting of $22 million from the reduction of vacant positions across various functions that grows to $42 million in FY 2024, with fringe benefits savings comprising more than one-third of

the totals. Overall, PEG actions in the November 2022 and January 2023 Plans have reduced City support for the DOE budget by a combined $976 million – $176 million in the current year and $800 million in FY 2024. The significantly higher savings in FY 2024 is primarily attributable to a November Plan action to scale back expansion and supplant existing City funds with Federal stimulus money in the 3K for All program, culminating in a one-time City funds savings of $568 million, and a net budget decline of $284 million in FYs 2024 and 2025.[17]

The FY 2024 Preliminary Budget projects DOE spending of $30.73 billion, an increase of $37 million compared to the November Plan projections. Aside from the January Plan PEG savings, the City has incorporated the remaining $80 million from the roll of unspent FY 2022 stimulus funds in school budget allocations. Schools were provided certain register relief[18] from declining enrollments during the pandemic, which had been budgeted to ramp down from $375 million in FY 2022 to $160 million in FY 2023 and $80 million in FY 2024. This January Plan adjustment brings register relief in FY 2024 in line with the current FY 2023 projection of $160 million.[19]The January Plan does not assume any further register relief beyond FY 2024.

Under the State Executive Budget released in February, school formula aids would increase by $3.07 billion statewide in the next fiscal year. Against the January Plan State aid assumptions for DOE, the proposed formula aids increase would provide additional funding of $61 million in FY 2023 and $407 million in FY 2024. Foundation Aid, in the final year of a three-year phase-in to become fully funded for the first time, will rise by a historic $2.73 billion in the Governor's proposal. Despite the record increase, the City would receive only 21 percent of the additional Foundation Aid. Comparatively speaking, the City's Foundation Aid allocation would grow by 6.4 percent while the rest of the state will receive a 17.5 percent increase. As a result, the City's share of statewide Foundation Aid would fall from 42 percent in SFY 2023 to slightly below 40 percent in SFY 2024.

The State Executive Budget also includes measures that could significantly increase the number of charter schools in the City. The Governor has proposed to lift the existing cap on the number of charter schools operating in the City and reauthorize slots that are currently taken up by defunct schools. According to the City, the two proposals could separately increase the number of charter schools by over 80 from the cap removal and more than 20 from renewed slots, potentially increasing annual DOE spending by $1 billion and up to $300 million, respectively, when fully phased-in. Similar to the class size reduction legislation enacted in 2022, the State is

[17] The net impact of the Federal funding shift and City funding changes reduced 3K programmatic funding from $996 million to $712 million in the November Plan for both FY 2024 and FY 2025. The funding baseline for the 3K program then falls further to $619 million annually in FY 2026 and FY 2027.

[18] School budgets are funded through a Fair Student Funding formula based on the number of students, assigning greater weights for students with various needs. Given the enrollment decline during the pandemic, schools with register losses were set to face drastic cuts. The City used stimulus funds to hold schools harmless from these cuts and brought certain school budgets in line with pre-pandemic levels (known as register relief).

[19] Subsequent to the release of the January Plan, the DOE has internally allocated an additional $136 million in ARPA funds to school budgets for register relief in the current year, bringing total register relief funding to $296 million in FY 2023.

again seeking to impose new or expand existing mandates that seemingly target the New York City exclusively without providing new funding to help shoulder the additional costs.

In the outyears, the City projects the DOE budget to increase from $30.73 billion to $31.20 billion. Over this span, Federal stimulus funding under ARP-CRRSA education grants will continue to wind down, falling from $1.99 billion in FY 2023 to $1.75 billion in FY 2024 and then $246 million in FY 2025, before expiring in FY 2026. The reduced Federal support is offset mainly by higher level of City funds in the Plan, rising by $1.69 billion between FY 2023 and FY 2027, while State support is expected to grow by only $366 million across the same period.

A significant number of risks to the DOE budget projections remain unaddressed in the January Plan, as shown in Table 33. The City indicates that unless the State provides dedicated funding to support charter school tuition rate increases, it could lead to potential funding shortfalls of $81 million in FY 2024, $133 million in FY 2025, $313 million in FY 2026, and $514 million in FY 2027. In addition, the City has underbudgeted spending for special education Carter Cases in each year of the Plan, which has nearly tripled over the past six years. In order to maintain baseline funding similar to the FY 2022 spending level of $918 million, the City will need to increase Carter Cases funding by an additional $255 million in FY 2023, even after the January plan adjustment mentioned above, and $475 million annually in FY 2024–FY 2027. Moreover, the DOE budget has likely underfunded pupil transportation costs in the outyears that could require additional City funding of $75 million beginning in FY 2024 growing to $225 million by FY 2027.

The City could also face risks for various core instructional and support initiatives upon the expiration of Federal COVID-19 grants. Chief among these are the underfunding of 3K programmatic costs by $93 million annually in FY 2026 and FY 2027, and respective needs of $176 million and $49 million for the continuation of Summer Rising and school nursing each year beginning in FY 2024. The City would also need to provide additional funding of $111 million in FY 2025 and $235 million annually in FY 2026 and FY 2027 as ongoing support of special education pre-kindergarten expansion, mental health, and community schools programs unless these initiatives can be phased out.

In addition, the January Plan does not include funding to address the State's mandate to further lower class size caps in FY 2024 through FY 2027. The approved legislation would begin imposing the stricter class size limits, designated for New York City only, in the next school year. Under the plan, the City will need to phase-in the reductions over a five-year period and achieve full compliance by September 2028. The City estimates that, once fully implemented, the new mandate could impose additional costs reaching $1.3 billion annually. The State has the authority to withhold certain education aid receipts from the City unless stipulated conditions are met, which includes the submission of annual progress reports and implementation of corrective actions if needed. The bill also contains a provision forewarning the City that compliance with the plan will be taken into consideration in the determination of its Foundation Aid increases. The City indicates it would seek a change in the legislation that would limit the implementation of smaller class size caps to kindergarten through third grade only, as well as additional State assistance to help cover the new costs.

Table 33. Projected Education-Related Risks to the January 2023 Financial Plan

$ in millions, Negative numbers indicate risks to the Financial Plan, and increase the gap.

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Charter School Tuition	$0	($81)	($133)	($313)	($514)
Carter Cases	(255)	(475)	(475)	(475)	(475)
Pupil Transportation	0	(75)	(125)	(175)	(225)
Class Size Reduction Mandate	0	0	0	(433)	(867)
3K Expansion	0	0	0	(93)	(93)
Special Ed Pre-K Expansion	0	0	(47)	(95)	(95)
DOE Mental Health Services	0	0	(37)	(86)	(86)
Community Schools Expansion and Sustainability	0	0	(27)	(54)	(54)
Summer Rising	0	(176)	(176)	(176)	(176)
DOE Contracted Nursing	0	(49)	(49)	(49)	(49)
Total Education-Related Risks	**($255)**	**($856)**	**$1,069)**	**($1,949)**	**($2,634)**

NOTE: Numbers may not add to totals due to rounding.

The implementation of the mandate poses major logistical and financial challenges to the City. The $1.3 billion cost estimate does not include additional billions in capital spending that have yet to be quantified for the creation of new classroom space, as new schools and annexes will likely be needed in districts with more acute space shortages. Moreover, the mandate will require hiring a significant number of new teachers over the next several years. The DOE anticipates it would need to hire as many as 7,000 teachers in order to comply with the law. Given the system is already experiencing teacher shortages, hiring and retaining a quality pedagogical staff could evolve into a process that requires more extensive planning and coordination as well as new job incentives. The mandate could also have other unintended negative consequences such as the effect on school choice. As enrollment capacities for special programs narrow over time under the law (unless more programs are introduced), the admission process will become even more competitive for schools that are already strained by high numbers of applicants.

Homeless Services and the Asylum Seeker Emergency

New York City has been confronted with an unprecedented surge of asylum seekers since the spring of 2022, which has had unexpected consequences for the City's FY 2023 budget after it was adopted in June. Providing immediate shelter and services for these new arrivals has

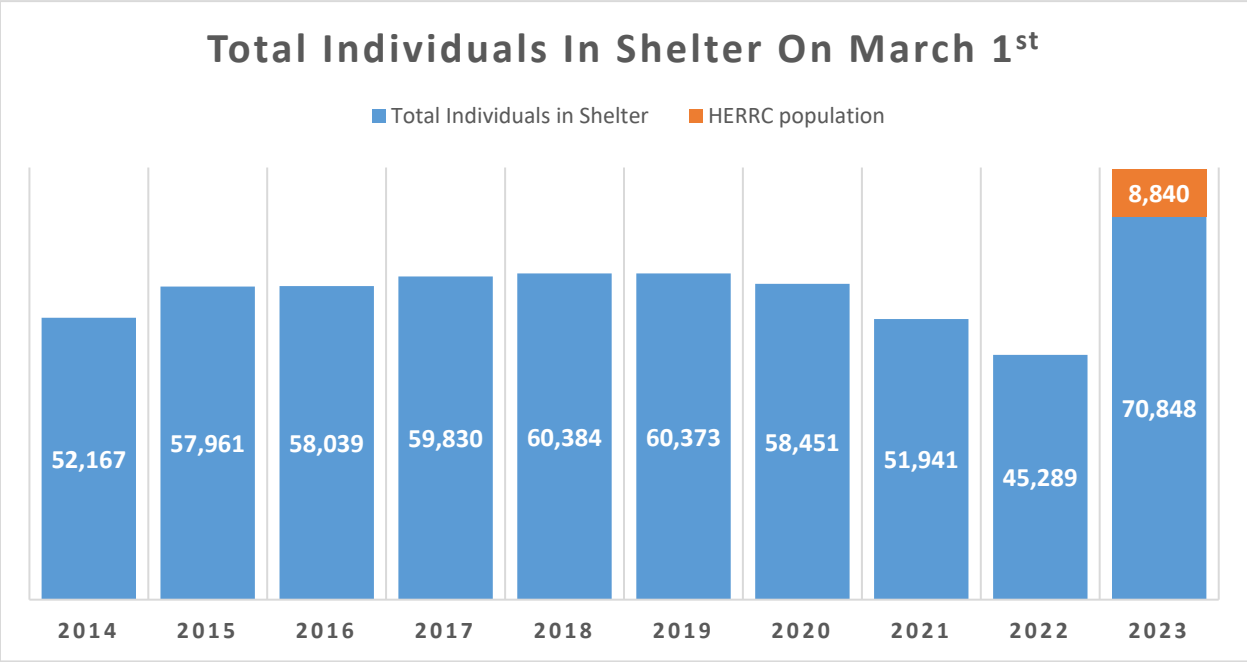
presented both operational and fiscal challenges for the City. In the longer run, these immigrants will face significant housing and income challenges due to their ineligibility for social safety net programs, lack of work opportunities due to their immigration status and current eligibility requirements, and insufficient affordable housing more generally.

Since April, over 49,000[20] asylum seekers have passed through the City's care. Initially the City responded to this need by standing up emergency shelters within the existing DHS shelter system. In October, the Mayor issued an Emergency Authorization designating the NYC Health and Hospitals (H+H) to operationalize Humanitarian Emergency Response and Relief Centers (HERRCs). While the HERRCs were initially envisioned as short-term intake and referral centers to welcome the new arrivals, they have instead become longer-term shelter for asylum seekers with nowhere else to turn.

There are currently 86 new emergency hotels that have been opened since April managed by the Department of Homeless Services, and 6 (soon to be 7) HERRCs run by H+H.

Chart 14 provides historical context for the extraordinary demand for shelter that has emerged since the beginning of 2023 and specifically delineates the population living in HERRCs.

Chart 14. Growth in the Shelter Census, FY 2014 – FY 2023



SOURCE: Total individual shelter census on March 1st of each year as published by NYC Open Data. The 2023 HERRC population reflects the March 1 census number reported to the Comptroller's Office by the Mayor's Office.

[20] As of March 1, 2023, the City reports that over 49,000 asylum seekers have gone through the system and been offered a place to sleep since last Spring.

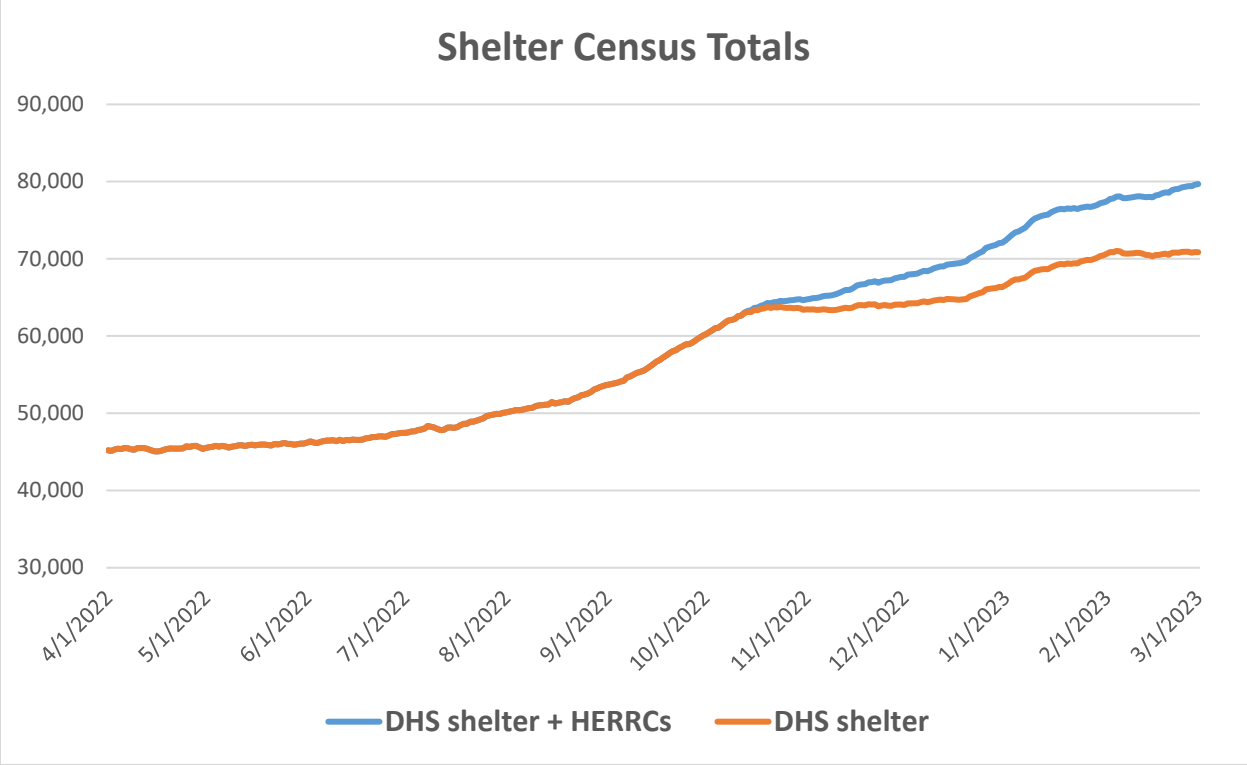
The unique and potentially long-term nature of this new and persistent influx of shelter dwellers, coupled with a lack of Federal funding to assist the City in accommodating asylum seekers into its shelter system, has created tremendous fiscal uncertainty.

The Adopted Budget for FY 2023 for the Adult and Family Shelter Operation Divisions within DHS was $831 million and $1.1 billion respectively. The City added $600 million in the November Plan to the DHS budget to fund the 58 emergency shelters that DHS had opened as of that time. It also added $400 million, primarily to H+H, to operationalize the HERRCs, and to cover the projected costs for sheltering additional asylum seekers for the remainder of the year. The November Plan authorized funding for a total expense of $1 billion in FY 2023, with no funding in FY 2024 or the outyears. The $1 billion was predicated on an increase of approximately 34 households per day. Since then, the daily increase has fluctuated, at times well above that level.

No new funding was added in the January Plan, but OMB has stated that they anticipate the full cost for the asylum seekers to be approximately $1.4 billion in FY 2023 and $2.8 billion in FY 2024. The Comptroller's Office can approximate these numbers by assuming a continued increase of approximately 65 households a day (the estimated average daily increase since August) for the remainder of FY 2023, and then holding the census flat for FY 2024.

Without knowing what will happen at the southern border (Title 42 is set to expire with the expiration of the Public Health Emergency in May, if not earlier), it is impossible to know if this is a reasonable assumption. When Title 42 expires, the influx could return to the mid-December level, and assuming no other interventions to reduce the flow of migrants at the border, these costs could easily grow well beyond the $2.8 billion estimate for next fiscal year.

Chart 15. Total Individuals in DHS Shelter and HERRC Facilities since April 2022



SOURCE: NYC Open Data, NYC Mayor's Office, Office of the NYC Comptroller

The per diem cost of emergency shelter will also likely remain at an elevated level throughout FY 2024 as the City continues to use emergency procurement, temporary staffing, and shorter-term contracts to operationalize the emergency hotels and HERRCs. Whether the per-unit costs can be brought down significantly with longer term planning is uncertain, particularly if census levels continue to rise.

The Comptroller's Office is carrying an expense risk in line with OMB's assumptions of $400 million in FY 2023 (the expected expense above the budgeted $1 billion) and $2.8 billion in FY 2024. If the census is able to stabilize, the City should move away from emergency response and procurement and the unit cost may revert back to the historical cost of providing shelter. The continued inflow of some level of new arrivals seems likely given the underlying causes in the home countries of the asylum seekers, significant uncertainty with Title 42 sunsetting, and the likelihood of a legal challenge to President Biden's recently announced proposal to limit asylum seekers entering the country at the Southern border. Furthermore, without the availability of new affordable housing options in the city for those already being provided temporary shelter, it is likely that the homeless census will remain at elevated levels regardless of these external factors. The Comptroller's Office is maintaining the risk at the FY 2024 level in the outyears.

The Federal and State governments, as noted earlier in the report, have indicated some financial support. The Federal government allocated $800 million in the Omnibus Reconciliation act for

FEMA to reimburse localities for the costs of caring for asylum seekers. However, these funds are intended for all localities and the appropriations are for one year only. In FY 2023, the Comptroller's Office anticipates federal reimbursement through FEMA grants of only $200 million for this purpose (compared to the $1 billion assumed in the Financial Plan). The Governor's Executive Budget lays out a commitment to cover 29 percent of the shelter costs for asylum seekers, however the amount is capped at $1 billion over two years. The Governor did not extend this commitment into the outyears.

Rental Assistance

In addition, the January 2023 Financial Plan shows a significant drop in funding for the City's rental assistance program. The Comptroller's Office projects a risk of at least $237 million in City funds for the CityFHEPs (City Fighting Homelessness and Eviction Prevention Supplement) rental assistance program just to maintain prior year spending and the current vouchers already in use. There is likely to be further upward pressure on the rental assistance budget as more families require vouchers to exit the shelter system and with the shift to Federal Section 8 Fair Market Housing Rent levels. Proposed legislation to reduce requirements for longer term shelter residents (eliminating work requirements and enabling undocumented immigrants to access vouchers) is being considered by the City Council. Other legislation that would remove the shelter prioritization is also being considered, and would pose financial risks well beyond those stated here.

NYC Health + Hospitals

In the January Plan update, the City projects NYC Health + Hospitals (H+H) will end the current fiscal year with a cash balance of $563 million. This estimate represents a decline of $187 million from the previous projection, mainly owing to a swing from a modest income of about $18 million in the FY 2023 Executive Budget to a current projected loss of nearly $144 million. For the FY 2024 Preliminary Budget, the City anticipates the year-end cash balance for H+H will continue retreating to $453 million.

The City projects the H+H budget will trend downward from $12.7 billion in FY 2022 to $10.6 billion in FY 2023 as the wind down of COVID-related activities continues, significantly reducing their impact on the FY 2023 budget. For the current year, the City has raised H+H's revenue projection by a net $768 million that includes the recognition of increased third party revenues of $929 million, primarily from Supplemental Medicaid ($744 million) and managed care ($135 million) revenues, partly offset by a $180 million reduction in strategic revenue initiatives. The additional Supplemental Medicaid revenues are mainly due to revised timing of Upper Payment Limit (UPL) receipts previously anticipated in FY 2022. These revenue increases are eclipsed by $903 million in greater expenses. The higher spending mainly stems from the $763 million in other OTPS costs, which includes more than $300 million for oversight and operations of HERRCs for asylum seekers and over $150 million from delays of certain payments due to the City from the prior year. A more detailed discussion on the HERRCs appears in the *Homeless Services and the Asylum Seeker Emergency* section of this report.

Similarly, the City projects an operating loss of $110 million for H+H in the FY 2024 Preliminary Budget, leading to a lower expected cash balance of $453 million compared to the April 2022 Plan. The most notable element in the FY 2024 Preliminary Budget, projected at about $9.4 billion, is the anticipated cut of Supplemental Medicaid Disproportionate Share Hospitals (DSH) revenue. Unless the Federal government once again delays implementation, the cut would go into effect in October 2023 and reduce H+H baseline revenues by over $600 million annually beginning in FY 2024.

Compared to prior estimates, the Preliminary Budget also reflects an increase of over $300 million in strategic revenue initiatives, which are almost in equal parts due to revised assumptions for ongoing UPL conversion and additional Federal and State actions needed to address the DSH revenue reduction. On the negative side, delayed Covid-19 related reimbursement and higher spending totaling $520 million more than offset revenue increases reflected in the latest update.

Over the remainder of the Plan, H+H's cash balance is anticipated to rise to $531 million in FY 2025 before resuming its decline to $300 million in FY 2026 and $12 million in FY 2026. These projections assume the continuation of DSH cuts, and therefore the outlook could improve significantly if the cuts are restored by Congress. Strategic initiatives, which have become a growing component in the H+H budget, will continue to hover around $2 billion annually during this span. About 80 percent of the total value of strategic initiatives during this span is comprised of revenue actions, with a significant portion dependent on Federal and State actions.

IV. Capital Budget and Financing Program

Capital Commitment Plan, FY 2023 – FY 2027

All-Funds Commitments

The January 2023 Capital Commitment Plan totals $96.55 billion in all-funds authorized commitments, a $551.2 million increase compared to the September 2022 Capital Plan over the same fiscal years. City-funds authorized commitments make up $92.29 billion of the total authorized commitments. After adjusting for the reserve for unattained commitments, all-funds planned commitments drop to $87.74 billion, as shown in Table 34. The City-funds commitments after adjusting for the reserve for unattained commitments drop to $83.48 billion. Twenty-two percent, or $21.46 billion, of the all-funds authorized commitments are scheduled for FY 2023. When adjusted for the reserve for unattained commitments, the percentage drops to 17 percent. In the outyears of the Plan, authorized commitments increase to $22.18 billion in FY 2024, then decrease to $19.01 billion in FY 2025, to $17.03 billion in FY 2026, and to $16.86 billion in FY 2027, resulting in an average authorized commitment amount of $19.31 billion per year over the period.

Table 34. FY 2023–FY 2027 Capital Commitments, All-Funds

($ in millions) Project Category	FY 2023–FY 2027 January 2023 Commitment Plan	Percent of Total	Change from September 2022 Plan
Education and CUNY	$15,776	16.3%	($19)
Environmental Protection	15,995	16.6%	1,178
Dept. of Transportation and Mass Transit	14,881	15.4%	(1,152)
Housing and Economic Development	16,373	17.0%	76
Administration of Justice	9,972	10.3%	(36)
Resiliency, Technology and Equipment	6,539	6.8%	289
Parks Department	3,917	4.1%	(379)
Hospitals	2,991	3.1%	122
Other City Operations and Facilities	10,101	10.5%	472
Total Authorized Commitments	**$96,545**	**100.0%**	**$551**
Reserve for Unattained Commitments	**($8,807)**	**N/A**	**($239)**
Total Net of Reserve for Unattained Commitments	**$87,739**	**N/A**	**$312**

NOTE: Numbers may not add due to rounding.

SOURCE: NYC Office of Management and Budget, FY 2023–FY 2027 January 2023 Capital Commitment Plan

Following a similar pattern as past Plans, almost two-thirds of the Plan is in the four program areas of Education and CUNY, Environmental Protection (DEP), Department of Transportation (DOT) and Mass Transit, and Housing and Economic Development as shown in Table 34. Housing and Economic Development leads the way with 17.0 percent of the total, followed by DEP with 16.6 percent, Education and CUNY with 16.3 percent, and DOT and Mass Transit at 15.4 percent.

The increase of $551.2 million is a complicated mix of increases and decrease over 39 project types. The top three increases are for water pollution control related projects in the amount of $744 million, followed by an increase of $406 million for Sanitation related projects, and $263 million for citywide equipment, resiliency and energy efficiency projects. The top three decreases are in DOT related highway bridges projects of $988 million, Parks projects of $379 million, and DOT highways and street reconstruction projects of $225 million.

The remaining net increase of about $730 million over the period is comprised of increases for 20 project types totaling $1.12 billion, offset by a combined $387 million decrease in 11 other project types, along with two other project types with no change. Notable increases include DEP water supply projects in the amount of $202 million, and DEP water main-related projects of $175 million. Notable decreases are $115 million in cultural affairs-related projects and $64 million in CUNY projects.

Ten-Year Capital Strategy

The City is required by Sections 215 and 234 of the City Charter to issue a Preliminary Ten-Year Capital Strategy (the Preliminary Strategy or PTYCS) every odd calendar year. The Preliminary Strategy for FY 2024–FY 2033 totals $159.33 billion — $155.45 billion in City-funds and $3.88 billion in non-City funds. This is an increase of $25.59 billion, or 19.1 percent, from the Ten-Year Capital Strategy (TYCS) published in April 2021, as shown in Table 35. The Preliminary Strategy increased by $26.16 billion in City funds but decreased by $575.8 million in non-City funds. The Preliminary Strategy is supported almost exclusively by City General Obligation (GO), Transitional Finance Authority (TFA), and New York Water Finance Authority financing, accounting for 97.6 percent of the total.

Table 35. Ten-Year Capital Strategy, Published in April 2021 vs January 2023 Preliminary Ten-Year Capital Strategy

($ in millions)	April 2021 Capital Strategy City-Funds	April 2021 Capital Strategy All-Funds	January 2023 Capital Strategy City-Funds	January 2023 Capital Strategy All-Funds	Change in City-Funds	Change in All-Funds
Education (DOE and CUNY)	$22,967	$22,971	$18,105	$18,169	($4,862)	($4,802)
Environmental Protection	22,046	22,669	28,418	29,046	6,372	6,377
DOT	21,375	22,846	29,978	31,280	8,604	8,434
Housing (HPD and NYCHA)	14,805	15,125	22,728	23,048	7,923	7,923
Administration of Justice	13,529	13,582	13,358	13,391	(171)	(191)
Hospitals (H + H)	2,533	3,300	3,174	3,831	640	530
Resiliency, Tech. & Equipment	9,035	9,367	9,702	9,811	666	444
Economic Development	4,778	4,999	5,963	6,058	1,185	1,060
Parks Department	5,209	5,613	8,324	8,747	3,116	3,134
All Other	13,012	13,273	15,702	15,951	2,690	2,678
Total	**$129,289**	**$133,745**	**$155,451**	**$159,332**	**$26,163**	**$25,587**

SOURCE: January 2023 Preliminary FY 2024 Ten-Year Capital Strategy, Fiscal Years 2024-2033, and the April 2021 Ten-Year Capital Strategy, Fiscal Years 2022-2031
NOTE: Numbers may not add due to rounding.

The January 2023 Preliminary Strategy is front-loaded with 47.1 percent of estimated commitments over the first four years and 57.1 percent over the first five. However, this is an improvement from the April 2021 TYCS when the percentages were 57.4 and 68.1 percent, respectively. Consistent with past strategies, most of the commitments are for Education, DEP, housing (including NYCHA), economic development, and DOT projects, which together constitute 67.5 percent of the Capital Strategy. The categories with the largest changes from the April 2021 TYCS are DOT with an increase of $8.43 billion, housing with an increase of $7.92 billion, DEP with an increase of $6.38 billion, and the Parks Department with an increase of $3.13 billion as shown on Table 35. Offsetting these increases is a projected decrease of $4.80 billion in Education/CUNY related projects.

The increase in DOT is largely driven by a projected increase of $2.93 billion for bridge life extension projects and miscellaneous related work, $2.07 billion for capital improvements for bridges rated "fair," and $1.72 billion for primary street reconstruction projects. The $7.92 billion

increase in housing is primarily from a projected $3.52 billion increase for new housing, $1.34 billion for low to moderate income housing upgrades related to NYCHA, $1.22 billion for the preservation of existing housing, and $1.07 billion for special needs housing. DEP's increase of $6.38 billion is comprised of $2.11 billion for sewer extensions to accommodate new development, $1.46 billion for water pollution control plant upgrades and reconstruction, and $903 million for the replacement and/or augmentation of existing sewers. The increase of $3.13 billion to the Parks Department is driven by the projected increase of $2.43 billion for neighborhood parks and playgrounds. The decrease in the January 2023 PTYCS from the April 2021 TYCS in the DOE/CUNY program area of $4.80 billion is due primarily to decreases of $2.39 billion for DOE new school system expansion, $1.34 billion in other system expansion alternatives, and $974 million in educational enhancement projects. CUNY, however, saw an increase of $246 million for miscellaneous construction projects.

The PTYCS is also categorized by service categories. This categorization places capital projects in broad infrastructure, equipment, vehicle, land, and facility categories. Just below 60 percent of the Capital Strategy is allocated in four of the eleven service categories for Road and Bridge Works, Public Building and Facilities, Housing, and Stormwater and Wastewater management as shown on Table 36. Planned commitments for Road and Bridge works sum to $29.66 billion, $16.37 billion (55.2 percent) of which are for the rehabilitation and reconstruction of bridges, highlighted by $9.76 billion for bridge useful life extension projects throughout the city, and $5.83 billion for the reconstruction of bridges rated "fair." Major projects include $398 million for the Trans-Manhattan Expressway and $1.53 billion for the Brooklyn Queens Expressway (BQE) bridge related projects. Another 42.3 percent ($12.56 billion) of projected commitments for Road and Bridge works are allocated for street reconstruction and resurfacing, including $5.18 billion for primary street reconstruction, $3.55 billion for pedestrian ramp construction, and $3.80 billion for primary street resurfacing and sidewalk reconstruction. The remaining commitments for Roads and Bridge works are allocated for facilities reconstruction, bridge painting, East River bridges, traffic pavement markings, and lighting projects.

Within the Public Buildings and Facilities category, $6.84 billion of estimated commitments are for new borough-based jail facilities over FY 2024—2028,[21] followed by $6.32 billion for miscellaneous energy efficiency, sustainability, and retrofit projects, $2.67 billion for the reconstruction and renovation of court facilities, and $1.67 billion for building systems and infrastructure projects for the Department of Correction, and $1.40 billion for Department of Sanitation garages and facilities. Within the Housing category, projected commitments are directed primarily to new housing construction ($7.55 billion), preservation of existing housing stock ($5.4 billion), low to moderate income public housing construction and upgrades associated with NYCHA which include roof replacements, lead abatement, elevator rehabilitation, heating component upgrades, and pest mitigation ($4.36 billion), and special needs housing ($3.96 billion).

[21] $891 million of planned commitments for borough based jail facilities reside in FY 2023 and actual commitments to date are about $500 million.

Table 36. FY 2024 – FY 2033 Ten-Year Capital Strategy Major Capital Commitments by Service Category and Life-Cycle Classifications

($ in millions) Service Category	State of Good Repair	Program Expansion	Programmatic Replacement	Total	Percent of Total
Road and Bridge Works	$29,664	$0	$0	$29,664	18.6%
Public Buildings and Facilities	13,772	567	9,620	23,959	15.0%
Housing	11,539	11,509	0	23,048	14.5%
Stormwater and Wastewater Management	1,334	8,023	9,270	18,627	11.7%
Educational Facilities	13,859	4,231	3	18,093	11.4%
Equipment and Technology	1,253	0	9,784	11,037	6.9%
Water Supply and Treatment	166	6,460	3,150	9,776	6.1%
Parks and Open Spaces	8,072	512	0	8,584	5.4%
Community Facilities	7,631	96	170	7,897	5.0%
Economic Development	0	6,058	0	6,058	3.8%
Mass Transit	0	0	2,589	2,589	1.6%
Total	**$87,290**	**$37,457**	**$34,585**	**$159,332**	**100.0%**
Percent of Total	**54.8%**	**23.5%**	**21.7%**	**100.0%**	

SOURCE: Office of Management and Budget, FYs 2024-2033 Preliminary Ten-Year Capital Strategy, January 2023

NOTE: Numbers may not tie due to rounding.

In the Stormwater and Wastewater Management category, $6.60 billion is projected for water pollution control upgrades and reconstruction, $3.40 billion is estimated for citywide sewer extension to accommodate new development, and $3.01 billion for the replacement and/or augmentation of existing sewers citywide.

The remaining 40 percent of the Preliminary Strategy is allocated among seven service categories, with $18.09 billion of it allocated for Educational Facilities, $11.04 billion for Equipment and Technology, $9.78 billion for Water Supply and Equipment, $7.90 billion for Community Facilities, $8.58 billion for Parks and Open Spaces, $6.06 billion for Economic Development projects, and $2.59 billion for Mass Transit. The top three items in the Educational Facilities category are the rehabilitation of school components with a projected $7.72 billion, new school construction or expansion with $3.20 billion, and emergency, inspection, and miscellaneous projects with $3.18 billion. Within the Equipment and Technology category, the major items include $3.48 billion for data processing equipment along with $2.23 billion for Sanitation trucks and other equipment. Within Water Supply and Treatment, the highlights are trunk and distribution water main extensions and replacements in the amount of $2.75 billion, the Kensico City tunnel project with $1.81 billion, and $1.77 billion for various water quality preservation projects.

Parks and Open Spaces are led by $4.02 billion for neighborhood parks and playground related projects, followed by $2.36 billion for large, major, and regional park reconstruction projects, and $1.49 billion for major recreational facilities and facility projects. Community Facilities related projects include a variety of H+H's routine reconstruction projects in the amount of $3.09 billion, along with $1.43 billion for the essential reconstruction of facilities for cultural institutions, and $1.34 billion allocated to the four library systems largely for state of good repair work.

Notable projects in the Economic Development and Mass Transit categories include $1.67 billion for miscellaneous economic development projects related to program expansion, $1.31 billion for neighborhood revitalization, $1.15 billion for commercial development, $2.06 billion for track and other miscellaneous improvements related to New York City Transit, and $529 million for DOT related ferry boat upgrades and terminal reconstruction work.

In addition to the Service Categories noted above, capital commitments in the Preliminary strategy are also allocated among three "lifecycle" project categories: state of good repair (SOGR), which involves maintaining and repairing facilities and infrastructure, program expansion, which involves adding new or expanding current facilities and infrastructure, and programmatic replacement, which involves replacing facilities or equipment. More than half of the commitments, $87.29 billion (54.8 percent), are allocated for state of good repair, followed by $37.46 billion (23.5 percent) for program expansion, and $34.59 billion (21.7 percent) for programmatic replacement as shown in Table 36.

In the SOGR category, Road and Bridge Works, Educational Facilities, Public Buildings and Facilities, constitute just less than 66 percent, or $57.29 billion of commitments within the SOGR; with commitments for Educational Facilities and Road and Bridge Works totaling more than $43.52 billion combined. These SOGR projected commitments account for over 76 percent of

planned commitments for Educational Facilities and the entirety of planned commitments for Road and Bridge Works.

Within the program expansion category, the service categories of Housing, Stormwater and Wastewater, Water Supply and Treatment, and Economic Development projects constitute over 85 percent of the total. Major anticipated capital commitments include $7.55 billion for new housing construction, $3.96 billion for special needs housing, and $3.40 billion of sewer extensions to accommodate new construction.

Within the programmatic replacement category, the service categories of Equipment and Technology, Public Buildings and Facilities, and Stormwater and Wastewater projects make up 82.9 percent of the total. Projected capital commitments include $6.84 billion for the design and construction of new borough-based jail facilities, $6.60 billion for upgrades to water pollution control plants, $3.15 billion for water main replacement and dam safety programs at DEP, and $3.48 billion for citywide information systems and equipment.[22]

The January 2023 PTYCS continues to be primarily financed by City bonds – General Obligation (GO) and Transitional Finance Authority Future Tax Secured (TFA FTS) – with an estimated $127.03 billion in anticipated local tax-supported borrowing, or 79.7 percent of the Strategy. Municipal Water Finance Authority (NYW) debt is expected to fund $28.42 billion, or 17.8 percent of the Strategy. The remaining 2.4 percent, about $3.88 billion, will be funded with Federal ($3.04 billion), State ($604.2 million), and other non-City sources ($236 million) as shown in Table 37.

[22] Given the current inflationary environment, there is the potential for higher construction costs for the new Borough Based Jails planned in the four boroughs. In addition, meeting the initial 2026 deadline for completion of the four facilities is unlikely.

Table 37. Funding of the FY 2024 – FY 2033 Preliminary Ten-Year Capital Strategy, January 2023

($ in millions) Agency/Project Type	Tax-Supported	Water Authority Funded	Non-City Funded	Total Funded
Department of Education/CUNY	**$18,105**	**$0**	**$64**	**$18,169**
Department of Environmental Protection:	**$0**	**$28,418**	**$628**	**$29,046**
Water Pollution Control	0	8,855	416	9,271
Water Mains	0	6,494	204	6,698
Sewers	0	9,348	8	9,356
Water Supply	0	3,077	0	3,077
DEP Equipment	0	643	0	643
Dept. of Transportation	**$29,978**	**0**	**$1,301**	**$31,280**
Bridges and Highway Bridges	15,956	0	446	16,402
Highways	12,453	0	569	13,022
Traffic	1,092	0	145	1,237
Ferries	388	0	141	529
Transportation Equipment	89	0	0	89
Housing Preservation and Development	**$18,366**	**$0**	**$320**	**$18,686**
NYCHA	**$4,362**	**$0**	**$0**	**$4,362**
Economic Development (SBS)	**$5,963**	**$0**	**$95**	**$6,058**
Administration of Justice	**$13,358**	**$0**	**$33**	**$13,391**
Police	1,471	0	25	1,496
Correction	9,032	0	0	9,032
Courts	2,856	0	8	2,863
Resiliency, Technology, and Citywide Equipment	**$9,702**	**$0**	**$109**	**$9,811**
Parks Department	**$8,324**	**$0**	**$423**	**$8,747**
Hospitals (H +H)	**$3,174**	**$0**	**$657**	**$3,831**
Other City Operations and Facilities	**$15,702**	**$0**	**$249**	**$15,951**
Total	**$127,034**	**$28,418**	**$3,881**	**$159,332**
Percent of Total Funding	**79.73%**	**17.84%**	**2.44%**	**100.0%**

NOTE: FYs 2024-2033 Preliminary Ten-Year Capital Strategy, January 2023. Numbers may not tie due to rounding.

Financing Program

Total projected borrowing in the January 2023 Financial Plan for FY 2023 through FY 2027 is $62.35 billion. For the period FY 2023-2026, the January 2023 Plan is $1.28 billion less than the November 2022 Financial Plan's estimate.[23] This is a result of decreases of $1.24 billion in GO borrowing, $335 million in Transitional Finance Authority (TFA) Future Tax Secured (FTS) borrowing, with an increase of $287 million in New York City Municipal Water Finance Authority (NYW) borrowing over the period. The reduction in overall borrowing, despite the modest increase of $551 million in capital commitments from the September 2022 Capital Plan, stems primarily from $1.38 billion of commitment deferrals from FY 2023 and FY 2024 to the outyears and the expected additional capital proceeds from bond premiums in FY 2023.[24] Estimated total borrowing ranges from $9.23 billion in FY 2023 to $14.98 billion in FY 2027, with an annual average of $12.47 billion over the period, down from $12.73 billion per year in the November 2022 Financial Plan. Excluding NYW borrowing, the GO/TFA borrowing averages are $10.60 billion per year in the January 2023 Plan over FY 2023–FY 2027, compared with $10.92 billion per year in the November 2022 Financial Plan.

Table 38. January 2023 Plan Financing Program

($ in millions)	Estimated Borrowing and Funding Sources FY 2023 – FY 2027	Percent of Total
General Obligation Bonds	$26,595	42.6%
TFA FTS Bonds	26,420	42.4%
NYC Water Finance Authority	9,333	15.0%
TFA BARBs	0	0.0%
Total	**$62,348**	**100.0%**

SOURCE: NYC Office of Management and Budget, FY 2024 Preliminary Budget and January 2023 Financial Plan.

Debt Service

As shown in Table 39 debt service, net of prepayments, in the January 2023 Financial Plan and FY 2024 Preliminary Budget (January 2023 Plan) totals $7.73 billion in FY 2023, $7.98 billion in FY 2024, $8.43 billion in FY 2025, $9.17 billion in FY 2026, and $9.84 billion in FY 2027.[25]These amounts represent decreases from the November 2022 Financial Plan of $1 million in FY 2023, $54 million in FY 2024, $80 million in FY 2025, $99 million in FY 2026 and $112 million in FY 2027

[23] The changes are measured from FY 2023-2026 as FY 2027 was not contained in the November 2022 Financial Plan.

[24] When the City issues bonds with coupon rates that exceed current market rates for the associated principal maturity, the computed bond proceeds will exceed the face (par) value of the issued bond. (aka bond premiums).

[25] Includes GO, conduit debt, TFA-PIT bonds, and TSASC.

for a total decrease of $345 million over the Plan period.[26] Between FY 2023 and FY 2027, total annual debt service is expected to increase by $2.11 billion, or by 27.2 percent. In addition, these estimates for debt-service represent an estimated annual average percent increase of 6.2 percent. These projections exclude debt service of the NYW, which is backed by water and sewer user fees, and the debt service of TFA BARBs, supported by State building aid.

Table 39. January 2023 Financial Plan Debt Service Estimates

$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Change FY 2023 – FY 2027	Average Annual Growth
GO	$4,212	$4,430	$4,604	$4,849	$5,039	$827	4.6%
TFA FTS[a]	3,295	3,352	3,635	4,140	4,613	1,318	8.8
Lease-Purchase	147	118	117	116	115	(32)	-6.0
TSASC, Inc.	76	76	76	69	69	(7)	-2.4
TOTAL	**$7,730**	**$7,976**	**$8,432**	**$9,174**	**$9,836**	**$2,106**	**6.2%**

SOURCE: NYC Office of Management and Budget, FY 2024 January 2023 Financial Plan, January 2023

NOTE: Debt service is adjusted for prepayments.

a Amounts do not include TFA BARBs

The $345 million reduction from the November 2022 Plan over FY 2023–FY 2027 is comprised of $293 million of GO savings and $52 million in TFA savings. GO debt service projected savings over the Plan period are derived almost exclusively from the decrease in estimated borrowing over the period resulting in debt service savings of $52 million in FY 2024, $71 million in FY 2025, $81 million in FY 2026, and $88 million in FY 2027. Projected TFA debt service reductions over the Plan period are similarly driven by reduced projected borrowing, albeit less dramatic, in the amount of $2 million in FY 2024, $9 million in FY 2025, $18 million in FY 2026, and $24 million in FY 2027. These savings are in the City's PEG program and are additive to the PEG savings for debt-service savings presented in the November 2022 Plan.

Debt Affordability

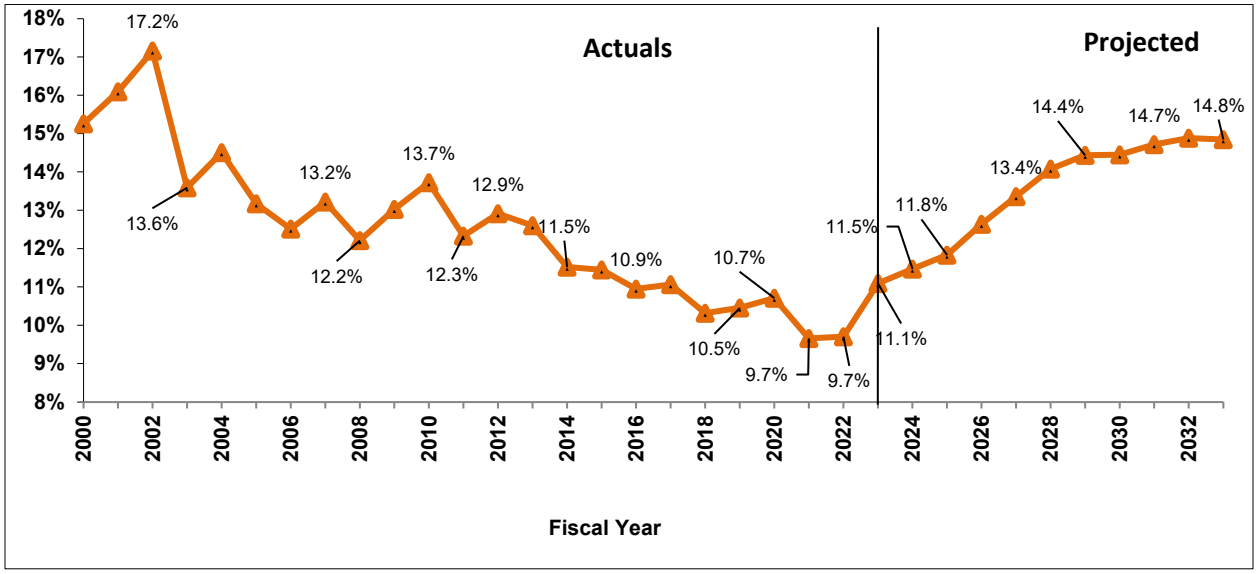
Debt affordability continues to be an important topic facing the City. Debt service as a percent of local tax revenues and as a percent of total-funds revenues are widely used measures of debt affordability.[27] In FY 2022, the City's debt service was 9.7 percent of local tax revenues, a continuation of FY 2021's historically low percentage. The January 2023 Plan projects debt service will consume 11.1 percent of local tax revenues in FY 2023, 11.5 percent in FY 2024, 11.8 percent in FY 2025, 12.6 percent in FY 2026, and 13.4 percent in FY 2027 as shown in Chart 16. The upward

[26] These figures represent all-funds and thus may differ from estimates in the City's PEG program.

[27] Debt service in this discussion is adjusted to exclude prepayments.

trend in the debt service to tax revenue ratio reflects the disparity between debt service and tax revenue growth rates over the Financial Plan period. Debt service is projected to grow at an average annual rate of 6.3 percent[28] from FY 2023 to FY 2027 while tax revenue during this period is projected to grow 1.5 percent annually. Beyond FY 2027 the ratio is estimated to reach 14.8 percent by FY 2033, below the 15 percent threshold for debt-service affordability. OMB's assumed tax revenue growth is 3.6 percent per year over the FY 2027 to FY 2033 period. If this assumed rate is less than projected, the ratio could possibly exceed the 15 percent mark. However, in past Ten-Year Capital Strategies which contain a ten-year outlook for debt service, it is often the case that the debt-service to tax revenue ratio is estimated to approach but not exceed 15 percent.

Chart 16. NYC Debt Service as a Percent of Tax Revenues

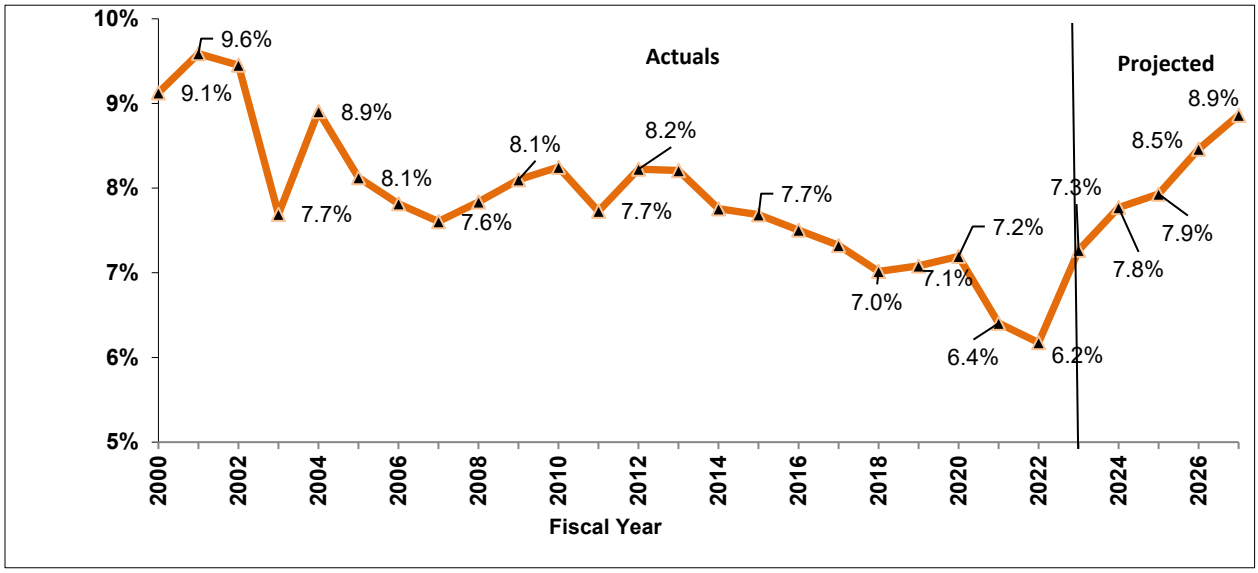


SOURCE: Office of the NYC Comptroller, Comprehensive Annual Financial Reports, FY 1992 – FY 2022 and NYC Office of Management and Budget, FY 2023 January Plan and FY 2024 Preliminary Budget

Debt service as a percent of total revenues was 6.2 percent in FY 2022. Due to the drop in total revenues in FY 2023, the January 2023 Plan projects that debt service as a percent of total revenues will be 7.3 percent in FY 2023, 7.8 percent in FY 2024, 7.9 percent in FY 2025, 8.5 percent in FY 2026, and 8.9 percent in FY 2027. This is driven by a 6.2 percent annual growth rate in debt service compared to a growth rate in revenues of 1.1 percent over the same period.

[28] These ratios exclude TSASC debt-service and revenues. When TSASC is included, the growth drops slightly to 6.2 percent per annum.

Chart 17. NYC Debt Service as a Percent of Total Revenues



SOURCE: Office of the NYC Comptroller, Comprehensive Annual Financial Reports, FY 1992 – FY 2022 and NYC Office of Management and Budget, FY 2023 January Plan and FY 2024 Preliminary Budget

V. Appendix

Table A1. January 2023 Financial Plan Revenue Detail

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Change FYs 2023– 2027		Annual Percent Change
						Dollars	Percent	
Taxes:								
Real Property	$31,421	$32,013	$32,146	$32,156	$32,156	$735	2.3%	0.6%
Personal Income Tax	15,284	14,844	15,462	15,869	16,269	$985	6.4%	1.6%
General Corporation Tax	5,170	4,789	4,902	4,951	4,982	(188)	(3.6%)	(0.9%)
Unincorporated Business Tax	2,320	2,365	2,430	2,523	2,620	300	12.9%	3.1%
Sale and Use Tax	9,131	9,266	9,868	10,549	10,935	1,804	19.8%	4.6%
Real Property Transfer Tax	1,256	1,294	1,376	1,462	1,540	284	22.6%	5.2%
Mortgage Recording Tax	927	853	909	969	1,019	92	9.9%	2.4%
Commercial Rent	862	863	866	868	868	6	0.7%	0.2%
Utility	379	395	403	418	418	39	10.3%	2.5%
Hotel	589	644	695	713	738	149	25.3%	5.8%
Cigarette	18	17	16	16	16	(2)	(11.1%)	(2.9%)
All Other	924	824	824	823	823	(101)	(10.9%)	(2.9%)
Tax Audit Revenue	721	721	721	721	721	0	0.0%	0.0%
Total Taxes	**$69,002**	**$68,888**	**$70,618**	**$72,038**	**$73,105**	**$4,103**	**5.9%**	**1.5%**
Miscellaneous Revenue:								
Licenses, Franchises, etc.	$751	$696	$694	$699	$679	($72)	(9.6%)	(2.5%)
Interest Income	325	402	298	228	225	(100)	(30.8%)	(8.8%)
Charges for Services	1,004	1,024	1,026	1,026	1,026	22	2.2%	0.5%
Water and Sewer Charges	1,817	1,768	1,755	1,749	1,749	(68)	(3.7%)	(0.9%)
Rental Income	255	254	254	254	254	(1)	(0.4%)	(0.1%)
Fines and Forfeitures	1,273	1,121	1,115	1,122	1,122	(151)	(11.9%)	(3.1%)
Miscellaneous	345	349	339	338	338	(7)	(2.0%)	(0.5%)
Intra-City Revenue	2,213	1,902	1,900	1,896	1,896	(317)	(14.3%)	(3.8%)
Total Miscellaneous Revenue	**$7,983**	**$7,516**	**$7,381**	**$7,312**	**$7,289**	**($694)**	**(8.7%)**	**(2.2%)**
Unrestricted Intergovernmental Aid:								
Other Federal and State Aid	$252	$0	$0	$0	$0	($252)	(100.0%)	(100.0%)

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Change FYs 2023– 2027		Annual Percent Change
						Dollars	Percent	
Total Unrestricted Intergovernmental Aid	**$252**	**$0**	**$0**	**$0**	**$0**	**($252)**	**(100.0%)**	**(100.0%)**
Reserve for Disallowance of Categorical Grants	**($15)**	**($15)**	**($15)**	**($15)**	**($15)**	**$0**	**0.0%**	**0.0%**
Less: Intra-City Revenue	**($2,213)**	**($1,902)**	**($1,900)**	**($1,896)**	**($1,896)**	**$317**	**(14.3%)**	**(3.8%)**
TOTAL CITY-FUNDS	**$75,009**	**$74,487**	**$76,084**	**$77,439**	**$78,483**	**$3,474**	**4.6%**	**1.1%**
Other Categorical Grants	**$1,172**	**$1,060**	**$1,057**	**$1,055**	**$1,054**	**($118)**	**(10.1%)**	**(2.6%)**
Inter-Fund Agreements	**$726**	**$698**	**$699**	**$699**	**$699**	**($27)**	**(3.7%)**	**(0.9%)**
Federal Categorical Grants:								
Community Development	$407	$252	$239	$239	$239	($168)	(41.3%)	(12.5%)
Social Services	3,473	3,458	3,443	3,441	3,441	(32)	(0.9%)	(0.2%)
Education	3,947	3,687	2,147	1,901	1,901	(2,046)	(51.8%)	(16.7%)
Other	4,597	2,088	2,322	1,436	1,418	(3,179)	(69.2%)	(25.5%)
Total Federal Grants	**$12,424**	**$9,485**	**$8,151**	**$7,017**	**$6,999**	**($5,425)**	**(43.7%)**	**(13.4%)**
State Categorical Grants:								
Social Services	$1,965	$1,863	$1,853	$1,846	$1,846	($119)	(6.1%)	(1.5%)
Education	12,522	12,695	12,887	12,887	12,887	365	2.9%	0.7%
Higher Education	276	276	276	276	276	0	0.0%	0.0%
Department of Health and Mental Hygiene	639	605	605	606	606	(33)	(5.2%)	(1.3%)
Other	1,655	1,486	1,542	1,602	1,666	11	0.7%	0.2%
Total State Grants	**$17,057**	**$16,925**	**$17,163**	**$17,217**	**$17,281**	**$224**	**1.3%**	**0.3%**
TOTAL REVENUES	**$106,388**	**$102,655**	**$103,154**	**$103,427**	**$104,516**	**($1,872)**	**(1.8%)**	**(0.4%)**

NOTE: Numbers may not add due to rounding.

Table A2. January 2023 Financial Plan Expenditure Detail

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Change FYs 2023 – 2027		Annual Percent Change
						Dollars	Percent	
Mayoralty	$191	$160	$159	$158	$158	($33)	(17.2%)	(4.6%)
Board of Elections	236	137	137	137	137	(99)	(41.9%)	(12.7%)
Campaign Finance Board	77	13	13	13	13	(65)	(83.6%)	(36.3%)
Office of the Actuary	7	7	7	7	7	0	0.9%	0.2%
President, Borough of Manhattan	6	5	5	5	5	(1)	(13.3%)	(3.5%)
President, Borough of Bronx	7	6	6	6	6	(1)	(14.1%)	(3.7%)
President, Borough of Brooklyn	8	6	6	6	6	(2)	(19.9%)	(5.4%)
President, Borough of Queens	7	5	5	5	5	(2)	(28.1%)	(7.9%)
President, Borough of Staten Island	5	4	4	4	4	(1)	(11.7%)	(3.1%)
Office of the Comptroller	113	114	114	114	114	1	0.5%	0.1%
Dept. of Emergency Management	156	33	31	31	31	(125)	(79.9%)	(33.1%)
Office of Administrative Tax Appeals	6	6	6	6	6	(0)	(0.3%)	(0.1%)
Law Dept.	265	217	217	217	217	(49)	(18.3%)	(4.9%)
Dept. of City Planning	47	44	43	42	43	(3)	(7.0%)	(1.8%)
Dept. of Investigation	50	40	39	39	39	(10)	(20.7%)	(5.6%)
NY Public Library — Research	31	29	29	29	29	(2)	(5.7%)	(1.5%)
New York Public Library	161	150	150	150	150	(11)	(6.6%)	(1.7%)
Brooklyn Public Library	122	114	114	114	114	(8)	(6.4%)	(1.7%)
Queens Borough Public Library	126	118	118	118	118	(9)	(6.9%)	(1.8%)
Dept. of Education	31,209	30,726	30,821	31,002	31,204	(5)	(0.0%)	(0.0%)
City University	1,385	1,254	1,268	1,269	1,286	(99)	(7.1%)	(1.8%)
Civilian Complaint Review Board	23	22	22	22	22	(0)	(1.9%)	(0.5%)
Police Dept.	5,337	5,182	5,224	5,243	5,253	(84)	(1.6%)	(0.4%)
Fire Dept.	2,507	2,242	2,238	2,237	2,234	(273)	(10.9%)	(2.8%)
Dept. of Veterans' Services	6	5	5	5	5	(0)	(8.1%)	(2.1%)
Admin. for Children Services	2,790	2,693	2,687	2,666	2,666	(124)	(4.4%)	(1.1%)

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Change FYs 2023 – 2027		Annual Percent Change
						Dollars	Percent	
Dept. of Social Services	11,310	10,668	10,624	10,599	11,099	(211)	(1.9%)	(0.5%)
Dept. of Homeless Services	3,014	2,327	2,207	2,188	2,188	(826)	(27.4%)	(7.7%)
Dept. of Correction	1,250	1,196	1,186	1,186	1,186	(64)	(5.1%)	(1.3%)
Board of Correction	3	3	3	3	3	0	6.9%	1.7%
Citywide Pension Contributions	9,301	9,451	9,671	9,839	9,687	385	4.1%	1.0%
Miscellaneous	14,134	14,928	15,729	16,851	18,053	3,920	27.7%	6.3%
Debt Service	4,359	4,548	4,721	4,965	5,154	795	18.2%	4.3%
TFA Debt Service	3,295	3,352	3,635	4,140	4,613	1,317	40.0%	8.8%
FY 2022 BSA and Discretionary Transfers	(6,114)	0	0	0	0	6,114	(100.0%)	(100.0%)
FY 2023 BSA	2,166	(2,166)	0	0	0	(2,166)	(100.0%)	(100.0%)
Public Advocate	5	5	5	5	5	(0)	(5.6%)	(1.4%)
City Council	100	64	64	64	64	(36)	(35.8%)	(10.5%)
City Clerk	6	5	5	5	5	(0)	(8.0%)	(2.1%)
Dept. for the Aging	533	466	484	403	403	(130)	(24.4%)	(6.8%)
Dept. of Cultural Affairs	239	150	150	150	150	(90)	(37.4%)	(11.1%)
Financial Info. Serv. Agency	116	113	113	113	113	(3)	(2.7%)	(0.7%)
Office of Payroll Admin.	15	15	15	15	15	(0)	(0.4%)	(0.1%)
Independent Budget Office	6	6	6	6	6	(0)	(6.4%)	(1.6%)
Equal Employment Practices	1	1	1	1	1	0	1.1%	0.3%
Civil Service Commission	1	1	1	1	1	(0)	(1.9%)	(0.5%)
Landmarks Preservation Commission	7	7	7	7	7	(0)	(5.5%)	(1.4%)
Districting Commission	1	0	0	0	0	(1)	(100.0%)	(100.0%)
Taxi & Limousine Commission	172	51	50	50	50	(121)	(70.6%)	(26.4%)
Commission on Human Rights	14	13	13	13	13	(1)	(7.7%)	(2.0%)
Youth & Community Development	1,012	801	801	781	781	(231)	(22.8%)	(6.3%)
Conflicts of Interest Board	3	3	3	3	3	(0)	(1.5%)	(0.4%)
Office of Collective Bargaining	2	2	2	2	2	(0)	(0.0%)	(0.0%)

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Change FYs 2023 – 2027		Annual Percent Change
						Dollars	Percent	
Community Boards (All)	20	20	20	20	20	(1)	(3.4%)	(0.9%)
Dept. of Probation	120	110	109	108	108	(12)	(9.6%)	(2.5%)
Dept. Small Business Services	425	164	173	144	144	(281)	(66.0%)	(23.7%)
Housing Preservation & Development	1,431	1,193	1,195	1,208	1,210	(221)	(15.4%)	(4.1%)
Dept. of Buildings	218	188	183	181	181	(37)	(16.8%)	(4.5%)
Dept. of Health & Mental Hygiene	2,868	2,016	1,985	1,954	1,954	(914)	(31.9%)	(9.2%)
NYC Health + Hospitals	1,677	826	824	787	787	(889)	(53.0%)	(17.2%)
Office of Administrative Trials & Hearings	65	63	63	63	63	(2)	(3.2%)	(0.8%)
Dept. of Environmental Protection	1,669	1,542	1,523	1,516	1,516	(153)	(9.1%)	(2.4%)
Dept. of Sanitation	1,921	1,816	1,824	1,818	1,819	(102)	(5.3%)	(1.4%)
Business Integrity Commission	9	8	8	8	8	(1)	(5.9%)	(1.5%)
Dept. of Finance	338	327	318	318	318	(20)	(5.9%)	(1.5%)
Dept. of Transportation	1,456	1,400	1,391	1,369	1,361	(95)	(6.5%)	(1.7%)
Dept. of Parks and Recreation	564	521	513	514	514	(50)	(8.9%)	(2.3%)
Dept. of Design & Construction	265	145	146	146	146	(118)	(44.7%)	(13.8%)
Dept. of Citywide Admin. Services	667	568	565	565	565	(102)	(15.2%)	(4.0%)
D.O.I.T.T.	679	560	574	546	546	(133)	(19.5%)	(5.3%)
Dept. of Record & Info. Services	17	16	16	16	16	(0)	(2.0%)	(0.5%)
Dept. of Consumer & Worker Protection	64	61	61	61	61	(3)	(5.1%)	(1.3%)
District Attorney - N.Y.	156	147	147	147	147	(9)	(5.7%)	(1.5%)
District Attorney – Bronx	103	99	99	99	99	(4)	(4.1%)	(1.0%)
District Attorney – Kings	133	130	130	130	130	(3)	(2.2%)	(0.5%)
District Attorney – Queens	87	86	86	86	86	(1)	(0.7%)	(0.2%)
District Attorney - Richmond	23	21	21	21	21	(2)	(7.0%)	(1.8%)
Office of Prosec. & Special Narc.	26	26	26	26	26	0	0.0%	0.0%

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Change FYs 2023 – 2027		Annual Percent Change
						Dollars	Percent	
Public Administrator - N.Y.	1	1	1	1	1	0	4.9%	1.2%
Public Administrator - Bronx	1	1	1	1	1	0	3.0%	0.7%
Public Administrator - Brooklyn	1	1	1	1	1	0	0.0%	0.0%
Public Administrator - Queens	1	1	1	1	1	0	5.0%	1.2%
Public Administrator - Richmond	1	1	1	1	1	(0)	(4.0%)	(1.0%)
General Reserve	1,555	1,200	1,200	1,200	1,200	(355)	(22.8%)	(6.3%)
Energy Adjustment	0	10	7	99	108	108	N/A	N/A
Lease Adjustment	0	43	87	133	180	180	N/A	N/A
OTPS Inflation Adjustment	0	0	56	111	167	167	N/A	N/A
TOTAL EXPENDITURES	**$106,388**	**$102,655**	**$106,320**	**$108,439**	**$110,984**	**$4,597**	**4.3%**	**1.1%**

NOTE: Numbers may not add due to rounding. Agency expenditures shown above are net of intra-city expenditures.

Acknowledgements

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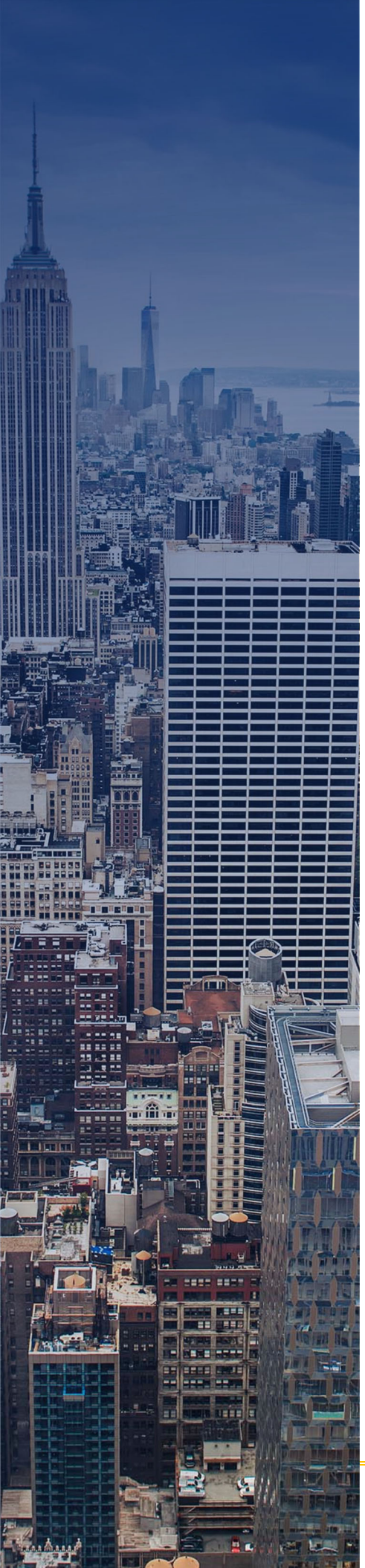


NEW YORK CITY COMPTROLLER
BRAD LANDER

Understaffed, Underserved

Impact of Staff Vacancies on Agency Performance

MARCH 2023

Introduction

Employee retention and recruitment for City agencies continue to be areas of concern as the City of New York engages in the annual cycle of setting the City's financial priorities. As a follow-up to December's report, Title Vacant, the Comptroller's Office compared staff vacancies as of October 2022 to the Preliminary Mayor's Management Report (MMR) released in January 2023, which provides a snapshot of the City's performance on metrics related to its agencies' core missions.

The Comptroller's Office matched nearly 1,000 performance indicators to 83 Units of Appropriation (U/A) across 35 City agencies, with a particular focus on agencies with high staff vacancy rates. A Unit of Appropriation represents the funding category for a particular program, purpose, or activity within an agency's budget. The priorities of agencies, and the metrics they track, are understandably quite diverse. Some MMR indicators have established "targets" that stay relatively constant year-over-year. Others simply have a desired direction (e.g. bring processing times down, or revenue collections up). An agency may additionally designate some indicators as "critical" to their core

mission. The Comptroller's office used three standard measures of performance to compare all indicators for an agency and its Units of Appropriation:

1. *Proficiency:* If the indicator had a goal, is the agency on track to meet/exceed that goal this year?
2. *Short Term Improvement:* Is an agency performing better than they were last year?
3. *Long Term Improvement:* Is an agency performing better than the average of the past five years?

Key Findings

MMR Outcomes for Agencies with High Vacancy Rates

Among the 15 agencies with the highest vacancy rates highlighted in Title Vacant, the **Department of Small Business Services** (SBS) stands out as an agency that is particularly struggling to meet performance metrics, with 50 percent or fewer of its *critical* indicators succeeding on the measure of proficiency or either measure of growth. The **Department of Health and Mental Hygiene** (DOHMH), **Housing Preservation and Development** (HPD) and **Department of City Planning** are also consistently failing to meet or improve on the goals self-identified as critical.

Table 1: MMR Critical Indicators Met and Improving at Agencies with High Vacancies

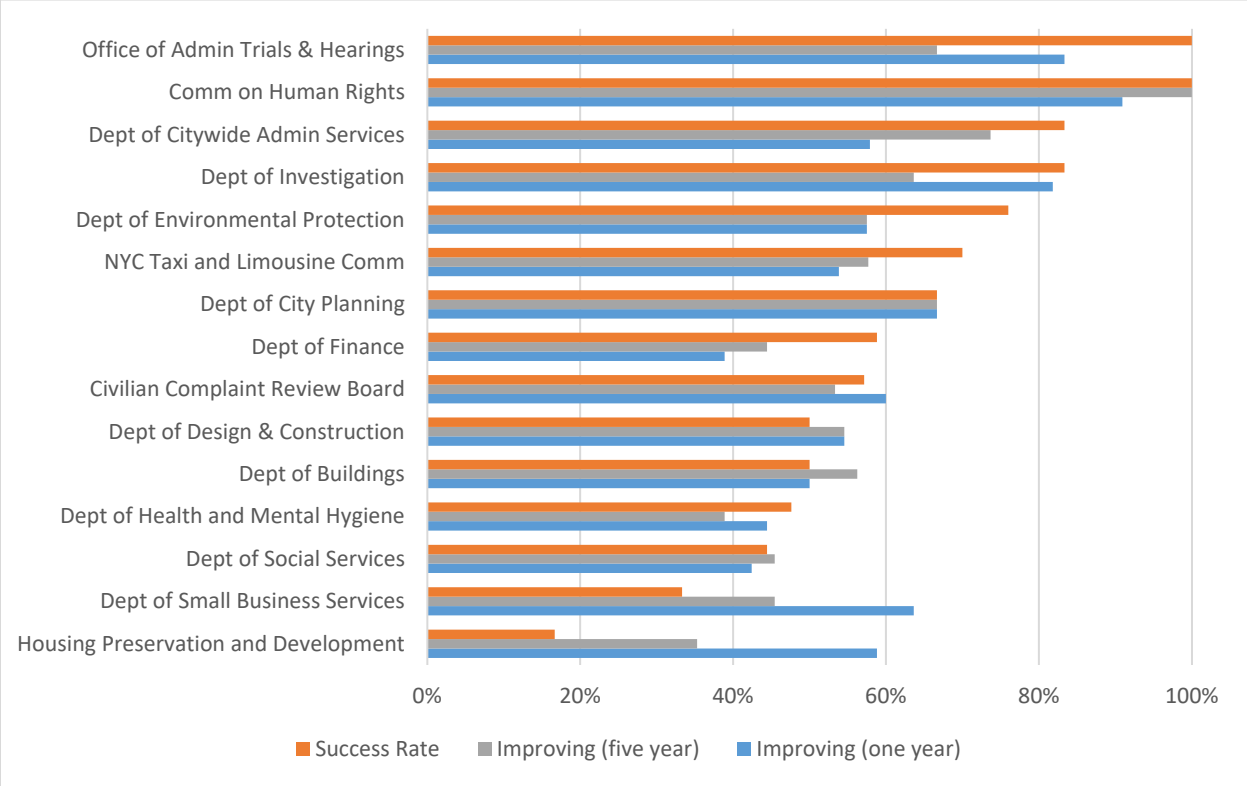
Agency	Targets Met (%)	Targets Improving Compared to Last Year (%)	Targets Improving Compared to Last Five Years (%)	Vacancy Rate (%)
Dept. of Small Business Services	33%	50%	25%	32.0%
Dept. of Investigation	100%	50%	50%	25.4%
Dept. of Buildings	43%	57%	57%	22.7%
Dept. of City Planning	67%	33%	33%	20.7%
Civilian Complaint Review Board	57%	57%	57%	20.5%
NYC Taxi & Limousine Commission	88%	44%	67%	20.1%
Dept. of Social Services	42%	47%	60%	20.0%
Housing Preservation & Development	33%	75%	25%	18.2%
Dept. of Finance	69%	41%	65%	18.0%
Dept. of Citywide Admin. Services	75%	50%	100%	17.7%
Dept of Design and Construction	33%	80%	80%	17.2%
Dept. of Health & Mental Hygiene	50%	22%	39%	17.1%
Dept. of Environmental Protection	81%	56%	69%	17.0%

SOURCE: Comptroller's office analysis of Mayor's Management Report metrics on Open Data and FMS, accessed February 15, 2023.

When the lens is widened to include all MMR Indicators for the agencies, **HPD**, **DOHMH** and the **Department of Social Services** all appear to struggle to meet their targets or outperform prior years.

Other agencies, including the NYC **Commission on Human Rights**, the **Office of Administrative Trials and Hearings**, **Department of Investigation**, and **Department of Citywide Administrative Services** have maintained progress on their goals at a high level, despite high vacancy rates.

Figure 1: All MMR Indicators Among Agencies with High Vacancy Rates



SOURCE: Comptroller's office analysis of Mayor's Management Report metrics on Open Data and FMS, accessed February 15, 2023.

Units of Appropriation with Low Performance and High Vacancies

Units of Appropriation (U/As) provide greater insight into the operations of various programs. Tying MMR performance to the specific U/A reveals more granular insight into functions within an agency that are in need of particular attention. Table 2 therefore looks at U/As where there were failures across all three MMR measures, and where vacancy rates exceed 10%. We found 10 such Units of Appropriation.

Table 2: Units of Appropriation with Low Performance And High Vacancies

Agency	Unit of Appropriation	Targets Met (%)	Targets Improving Compared to Last Year (%)	Targets Improving Compared to Last Five Years (%)	Vacancy Rate for U/A (%)
Dept. of Education	Early Childhood Programs/Univ Pre-K	17%	50%	17%	23%
Dept. of Parks and Recreation	Design & Engineering	50%	50%	50%	21%
Dept. for the Aging	In Home Services	25%	25%	0%	19%
Housing Preservation and Development	Office Of Administration	0%	0%	0%	17%
NYC Emergency Management	Personal Services	20%	50%	40%	16%
Human Resources Administration	Public Assistance	0%	33%	33%	15%
Dept. of Health and Mental Hygiene	Environmental Health	0%	14%	43%	15%
Dept. of Finance	Administration & Planning	0%	17%	33%	15%
Dept. of Health and Mental Hygiene	Disease Control	0%	29%	14%	11%
Dept. of Records and Info Svcs	Personal Services	33%	47%	47%	11%

SOURCE: Comptroller's office analysis of Mayor's Management Report metrics on Open Data and FMS, accessed February 15, 2023.

The U/As that are experiencing trouble represent a spectrum of City services, from direct services that immediately impact vulnerable New Yorkers, to risk management and planning indicators that are less visible but will accumulate over time and may cause long-term harm to the city and its residents. A few examples:

Direct Services

- The **Department for the Aging**'s In-Home Services, with poor performance on home meals delivered and case management services.
- **Human Resources Administration**'s Public Assistance, with much-reported deficiencies in SNAP application processing and Cash Assistance provision.
- **DOHMH**, where childhood immunizations are noticeably down, STI cases are up, and restaurant inspections are down.
- The **Department of Finance**'s Administration & Planning is taking longer to process Senior Citizen and Disability Rent Increase Exemptions (SCRIE and DRIE).

Planning and Risk Management

- At **NYC Emergency Management**, the number of emergency preparedness drills and tabletop exercises is down.
- The **Parks Department**'s Design and Engineering is completing fewer capital projects on time.

What Can NYC Do

The City should take steps to modernize its hiring and retention practices, by implementing recommendations in the Comptroller's office's Title Vacant and the 5BORO Institute's Solving the Staffing Crisis.

Both of those reports recommend expediting hiring, allowing hybrid work for appropriate positions, reconsidering compensation levels for key hard-to-recruit slots, and designating Chief Talent/Recruitment/Retention Officer(s) to drive this work.

In the recently-announced tentative agreement between the NYC Office of Labor Relations and DC 37 (the City's largest municipal labor union), the parties agreed to establish a "Flexible Work Committee" to discuss options to provider greater flexibility and enhance employee morale, including remote work, compressed and flexible work schedules, and improve transit benefits. The parties' goal is to begin a pilot program that includes remote work no later than June 1, 2023.

Methodology

We narrowed the focus to MMR indicators that had valid data for October 2022, a Desired Direction, and were identifiably associated with an agency for which we had employment data. These parameters narrowed the scope to 975 indicators, of which 279 were Critical Indicators.

We estimated the full-year FY23 performance to compare with prior years. For cumulative indicators, we projected the full-year level by scaling the reported Oct. 2022 value by the portion of that indicator's full-year value which was typically achieved by October in prior years. This was done both for indicators marked as additive in MMR data and others where the pattern of prior year data showed they were logged cumulatively. For rate-type indicators not logged cumulatively, we treat the Oct. 2022 value as an estimate for FY23 full-year value.

We measure agency success in three ways: whether the projected performance surpasses the goal this year, whether the performance is improved compared to FY22, and whether performance is improved compared to the average performance over the last five years. We compute the percentage of critical indicators that are successful across each agency and the percentage all indicators that are successful across each unit of appropriation.

Each indicator is a measure of a broader Service. (For instance, the indicator "Average days between electrical inspection request and inspection" measures the Department of Building's Service of "Facilitat[ing] safe and compliant development"). We identified the appropriate Unit of Appropriation for each Service.

We build on our prior analysis of vacant positions across City agencies (detailed in 'Title Vacant') and focused our analysis on the performance of agencies and units of appropriation which have the highest vacancy rates.

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Testimony of the New York City Independent Budget Office
To the New York City Council Committee on Finance
Regarding the Mayor's Preliminary Budget for 2024 and Financial Plan through 2027
March 6, 2023

Good afternoon, Chair Brannan and members of the New York City Council Committee on Finance, I am Louisa Chafee, director of the New York City Independent Budget Office. I am pleased to be joining you on this, my fourth working day in the role. Before I turn it over to my colleagues who will be providing you with highlights from IBO's analysis of the Preliminary Budget and our latest tax and revenue forecast, I wanted to express my excitement for this new role and say that I look forward to working with all of you.

Good afternoon, Chair Brannan and members of the finance committee. I am Elizabeth Brown, communications director at the New York City Independent Budget Office. Thank you for the opportunity to testify. Joining me today are several of my colleagues, including Michael Jacobs, assistant director for economics, and Brian Cain, budget review analyst.

I will begin with a discussion of our bottom line—one that will likely be changing given recent events. A month ago, IBO released our analysis of the Preliminary Budget along with our latest revenue estimates. We projected that the city would end fiscal year 2023 with a $4.9 billion surplus, $2.8 billion more than the Mayor's Office of Management and Budget (OMB) estimated. (All years refer to fiscal years, unless otherwise noted.) Our projection was based upon IBO's higher tax revenue forecast and somewhat lower estimates of city spending in 2023 compared with the Mayor. Assuming that the surplus would be used to prepay 2024 expenses, we then projected a $2.6 billion surplus in 2024. After gaps of around $3 billion each year through 2027. We cautioned, however, that the greatest risk to these near-term surpluses was the cost of the city's unsettled labor contracts. Since the release of our report, the size of that risk has become somewhat clearer.

Estimated Cost of Labor Settlements. As you know, the Adams administration two weeks ago reached a tentative contract agreement with New York City-District Council 37 (DC 37), one of the city's largest municipal labor unions. The agreement includes 3 percent raises for each of the first four years of the new contract (retroactive to the contract start date in May 2021), a 3.25 percent raise in the fifth year, and a $3,000 one-time ratification bonus for members, among other terms, including a work from home pilot program. Assuming this agreement is ratified, and that it sets the pattern of wage increases for all municipal employees, IBO estimates that the cost to the city, above what is already included in the city's labor reserve, would be between $16 billion to $17 billion over the course of the financial plan through 2027, not materially different than the Administration's appraisal. Apart from the estimate of one-time

bonuses, which is calculated using current headcount, IBO's estimate is based on 2022 city staffing, since the impact of this agreement on attrition, hiring, and retention is unclear.

When exactly these costs are incurred depends on when each of the city's municipal labor unions ratify their contracts, however. For example, if all unions were to settle for a similar pattern as DC 37's tentative agreement this fiscal year, IBO estimates the additional cost to the city would be approximately $2.4 billion in 2023 (including all backpay and one-time bonuses), $2.0 billion in 2024, and growing to $4.8 billion in 2027, above the funds already budgeted in the labor reserve. Assuming no other changes to the budget, this would sap all but $318 million of our 2023 projected surplus, and result in a budget shortfall of $1.9 billion for 2024. Outyear gaps would increase to $6.2 billion in 2025, $7.9 billion in 2026 and $7.6 billion in 2027. While it is very unlikely that all unions will sign new contracts this year, and there is no guarantee that all unions will follow the DC 37 pattern, the near-term impact of the biggest risk as of our February report is less opaque today.

Economics and Revenue Forecasts. Moving from the municipal workforce to the city's workforce writ large, I will provide some highlights from our latest economic forecast. IBO's economic forecast is premised on slowing growth in both the national and local economies over the next 12 months, although we do not anticipate negative growth for a sustained period. For calendar year 2022, we expect the New York City economy will have added about 212,300 jobs, based on preliminary numbers, which would bring the city's total employment to 97.6 percent of its pre-pandemic level. However, the expected slowdown in national economic growth, and the fact that most of the nearly 900,000 jobs lost during the height of the pandemic have already been regained, will substantially slow growth this year and beyond. For 2023 we forecast the addition of only 45,700 jobs, before bouncing back to 93,000 in 2024. We now project the city will recover all lost jobs by the third quarter of 2024.

The most prominent change to IBO's employment forecast is an improved outlook for the leisure and hospitality sector, the industry hit hardest by the pandemic. The recovery of the 295,000 jobs lost (almost two-thirds of its pre-Covid total) has been sluggish until recently. But the healthy return of tourism to the city has boosted employment in the sector, which we now project will regain all lost jobs by the second quarter of 2024.

Two other sectors in which our employment outlook has changed, although not as markedly as leisure and hospitality, are information and financial activities. Information, which had the quickest recovery of any sector from its initial pandemic losses, is projected to remain essentially flat in 2023. Financial activities, including the securities industry, is projected to decline this year, before minimal growth resumes. As these are the two sectors with the highest average wages in the city, these changes to their outlook—although not particularly large in terms of the number of jobs—are worth noting.

As for tax revenue, after double-digit growth in many of the city's main tax sources in fiscal year 2022, tax revenue growth is expected to slow in 2023—turning negative in some cases—with aggregate tax revenue growth of only 1.7 percent over 2022. The declines are particularly large in percentage terms for the income taxes and property transfer taxes. Sales tax and real property tax are the exceptions

among the city's major tax sources for which we forecast moderate growth. The weakness continues into 2024, with total tax revenue expected to shrink by 1.3 percent. Growth is expected to remain weak for most tax revenue sources in 2025 through 2027.

When compared with OMB, our forecast of total tax revenue is higher in every year of the financial plan period, by $1.8 billion this year, $924 million in 2024, $1.7 billion in 2025, and greater amounts in 2026 and 2027. In terms of specific taxes, our forecasts of business income, personal income, and real-estate related taxes are higher than OMB's in each year, while forecasts of sales tax revenue are lower in most years.

Spending Re-estimates. Turning to spending, we also have several notable differences in our estimates of city-funded costs compared with those projected by the Mayor. One area where we have estimated *lower* than budgeted costs is for personal services spending, excluding uniformed agencies, which I will discuss shortly. Using actual personal services costs from the first half of 2023, IBO estimated that spending on non-uniform agencies would be about $1.7 billion less than planned in the Preliminary Budget for this year, primarily due to the high number of municipal vacancies. The settlement of the city's labor contracts in this year, however, could erode this difference, as unused funds could help pay for the salary increases.

There are several other areas, however, where IBO projects *higher* than currently budgeted city-funded costs. The largest of these is for the Department of Education. IBO estimates DOE will require an additional $306 million in city funds in 2023 compared with the Preliminary Budget. The additional need increases to $905 million in 2024 and reaches $1.5 billion in 2026 and forward. More than half of the additional funding required in the latter years of the financial plan comes from the drop off in federal Covid-19 aid. IBO estimates the DOE will require $881 million in 2026 and forward to fund ongoing programs funded by these relief funds—programs that include Summer Rising, 3-K and Mental Health for All. IBO also anticipates Carter Case spending for students with disabilities and charter schools' costs will be above what the Mayor has budgeted in each year of the financial plan.

IBO also estimates additional city funding is necessary to cover the cost of providing services to asylum-seeking individuals and families who have arrived in New York City. The city has budgeted $1 billion in federal funding in 2023 to cover the cost of providing services to this population. However, the federal government has only authorized $800 million for asylum seeker expenses nationally and it is unclear how much will be allocated to New York City. The state Executive Budget, released after the Preliminary Budget, included some funding to help the city cover these costs, including a proposal to reimburse the city for 29 percent of shelter service costs, with maximum contribution of $1 billion in reimbursements over two years. Without specifics on the city's federal allocation, IBO assumes that the city and to a lesser extent state will cover these costs.

We estimate that the bulk of city spending on asylum seekers to be ongoing shelter costs. Based on the rate of recent asylum seeker arrivals, we project total shelter costs of at least $609 million in 2023 and $852 million in 2024. I should note these estimates do not include the costs of constructing

Humanitarian Emergency Relief and Response Centers (HERRCs), such as the cost of weatherizing the Brooklyn Cruise Terminal. Based on the state's proposal, IBO estimates that city spending on shelter for asylum seekers will total $432 million and $605 million for this year and next, respectively. An influx of asylum seekers beyond our current forecast of growth would increase this estimate, as would any reduction in proposed state funding. Federal aid would reduce the city cost.

IBO also projects higher than budgeted spending on overtime for the uniform agencies, with the largest difference in our estimate being for the police department. IBO estimates NYPD is on pace to spend $825 million on overtime in 2023, $369 million more than is currently budgeted. However, approximately $109 million of the additional overtime police funding needed will likely be offset by underspending in other areas of the NYPD personal services budget. This results in a need for $260 million in additional city funds for NYPD in 2023. Similar trends are seen in the other years of the plan.

Pressure from State Executive Budget. While the governor included some financial relief to the city in the Executive Budget with the proposal to help fund the shelter stays of asylum seekers, it also contained several provisions that would put increased pressure on the city budget.

Most notably is a proposal to increase the city's contribution to the Metropolitan Transportation Authority by approximately $500 million annually. With public transit ridership stalled at two-thirds of pre-pandemic levels, the MTA continues to face large annual operating deficits. The city's increased subsidy would consist of greater contributions to paratransit costs, contributions for MTA farecards for city students, and increased payroll tax offsets. The governor also proposed ending Affordable Care Act savings that the city has been receiving. Since 2015, these ACA Enhanced Federal Medicaid Assistance Percentage (eFMAP) payments have been flowing to localities, including New York City, which has historically passed these on to H+H, the city's public hospital corporation. The eFMAP payments change would eliminate city savings of $124 million in 2023 and $343 million in 2024 onward moving it to the state. This change could increase pressure for the city to support H+H.

To conclude, the settlement of the city's labor contracts will likely eclipse IBO's surplus projection based on the Preliminary Budget for 2024, and increase IBO's projected gaps going forward. While this does not come as a surprise, it does mean policymakers may be faced with tough choices, particularly in the outyears. The potential 2024 gap, when including an estimate of the cost of new labor contracts, is manageable relative to city-generated revenues and could be substantially offset with funds currently held as general reserves included in the city budget. However, possible outyear gaps well-exceed this cushion and proposals in the state budget, the difficult to predict nature of the asylum-seeker costs, and slowing economic growth increase the pressure on city coffers.

Thank you for your time and we are happy to answer any questions.

City Council Committee on Finance
Hearing on the Department of Finance
FY 2024 Preliminary Budget

Testimony of
Commissioner Preston Niblack
March 6, 2023

Good afternoon, Chair Brannan, members of the Finance Committee, and members of the City Council.

My name is Preston Niblack, and I am the commissioner of the New York City Department of Finance.

Thank you for the opportunity to testify today.

I'm joined by the Department of Finance's first deputy commissioner, Jeffrey Shear.

While many of you already know Jeff, a reintroduction may be in order.

This is Jeff's first budget hearing as first deputy commissioner, a position he was appointed to last fall after previously serving as deputy commissioner for Treasury and Payment Services.

Those of you who have had the pleasure of working with Jeff will understand how grateful I am to have him at my side today, and every day.

I'm also joined today by our chief financial officer and deputy commissioner for administration, Jacqueline James. Jackie brings a wealth of knowledge and experience to running the Department's budget, procurement, and facilities.

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I'd like to say at the outset that the members of the City Council Finance Committee might be the only people in New York City who actually look forward to hearing from the Department of Finance.

If city government were a popularity contest, no one would bet on the agency that collects parking tickets and property taxes.

Yet few other agencies serve as many members of the public, in as many different ways, as the Department of Finance.

Last year, for example, 2.7 million unique customers used our CityPay page to make a total of more than 9 million property tax, parking violation, and other payments. And in just the first six months of this fiscal year, there were over 792,000 transactions conducted in our 5 borough business centers for $319 million. Those are just two of the many ways that customers interact with DOF.

So, since millions of New Yorkers are, or one day will be, Department of Finance customers, our responsibility is to make interacting with us as straightforward and effortless as possible.

- For example, if you owe the City money, it should be easy for you to pay, with plenty of payment options to choose from.

- If you get a notice from the Department of Finance, it should be clear enough that you understand at a glance what action you need to take.

- And if you apply for a program administered by the Department of Finance, it shouldn't take a week to assemble all the required documents, and you should know when to expect a response.

The objective of all my efforts as commissioner is to continually improve our interaction with the public, to ensure that our customers get clear and accurate information and prompt and professional service.

Happily, DOF staff take pride in providing the best possible experience for our customers.

I wish I could introduce you to all the extraordinary people I have had the honor to meet and work with during my first year as commissioner of DOF. Since I can't do that, I'll tell you a little about the makeup of our team.

- Approximately 700 are in customer-facing roles, serving the public at our business centers, Property Exemptions call center, External Affairs division, and in the field.

- 190 of our staff are the property assessment professionals responsible for valuing more than one million properties worth a total of nearly $1.5 trillion every year.

- 150 are the hardworking law enforcement professionals of the New York City Sheriff's Office.

- And approximately 300 are collection staff, auditors, and others responsible for helping ensure we are collecting more than $46 billion annually in property taxes, business taxes, fines, and other charges.

I cannot overstate the importance of the work that our staff performs, day in and day out. Nearly fifty cents of every dollar that the Administration and this Council agree to spend annually is collected by Department of Finance staff. Really the entire function of the City depends, in large part, on the DOF team, and I know I speak for all of you in thanking them for their extraordinary service.

###

It's been an especially busy year for DOF as we emerged from the pandemic and began to resume more normal business operations, and I'd like to share some highlights of our accomplishments since I came before this committee at this time last year.

First, we have successfully implemented several programs that I know were high priorities for the Administration and the Council.

Through February 2023, the Department of Finance has issued property tax rebates of up to $150 to over 402,000 households, putting much-needed relief into the hands of New York City's homeowners.

Meanwhile, following the Mayor's successful campaign in Albany last session to enact the childcare center property tax abatement and business tax credit, DOF has been working diligently with City Hall and our sister agencies to implement them.

The property tax abatement is available to property owners whose construction, conversion, alteration, or improvement completed on or after April 1, 2022, resulted in the creation of a new childcare center, or an increase in the maximum number of children allowed in an existing center. Online applications are available at nyc.gov/childcareabatement, and the application deadline is March 15.

Last month, we sent letters to almost 200 property owners who may be eligible for the abatement based on DOHMH-issued licenses.

The business income tax credit for businesses that provide free or subsidized childcare for their employees will be applicable for tax years beginning this year. Our team is working to make the application available this summer, ahead of the November 1 due date.

The childcare center abatement and credit are critical to the Administration's plan to increase childcare availability citywide, and we will continue to do our part to make sure that eligible taxpayers can take advantage of these incentives.

And finally, another highlight of the past fiscal year was the Fine and Interest Reduction Enabling Recovery Program, also known as FAIRER. The FAIRER Program allowed businesses and individuals to pay a reduced amount for eligible ECB judgments. It helped more than 33,000 participants resolve $144.2 million in debt: $47.2 million in paid base fines and $97 million in abated penalties and interest.

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In addition to implementing these important programs and initiatives, we have focused over the past year on improving the customer's experience through innovation and staff excellence.

As I said earlier, people don't necessarily choose to be Department of Finance customers, which makes it all the more important that we make the experience as frictionless as we can for them.

We've introduced a number of improvements toward that end, with more on the way.

We have recently rolled out a new self-serve payment plan website for parking tickets. This will allow most customers to set up payment plans at their convenience, online, without unnecessary trips or calls to our business centers.

Even prior to doing any marketing of the self-serve option, it has already proven successful. Since our soft launch in early February, 1,800 customers have created online payment plans and made approximately $450,000 in down payments.

We have also added more applications to our online "SmartFile" system, including the property tax rebate application; primary residence self-verification for the co-op and condo abatement; not-for-profit tax exemption applications; and Real Property Income and Expense filings. As a result, we received a total of 192,903 online applications, a 165% increase over 2021.

Of course, some customers will always prefer to visit us in person at our business centers, rather than conduct their transactions online.

We've made it easier to do business at the business centers by installing self-service payment kiosks that accept credit card, check, and cash payments for parking and camera violations. They are prominently located in the centers, do not require customers to create an account, and can display information in both English and Spanish. Staff are on hand to provide assistance as needed. Beginning later this month, customers will also be able to pay their water and sewer bills at a kiosk.

###

In addition to working continuously to improve customer experience, we endeavor to make sure New Yorkers have the opportunity to receive all of the benefits and savings for which they are eligible.

This past year, our public outreach efforts have returned to full strength. We are fully back in the field following the pandemic, and we continue to offer virtual outreach sessions to reach New Yorkers facing mobility or other challenges to travel.

We have partnered with the Mayor's Office of Public Engagement and the Department for the Aging on various initiatives to connect residents with the Rent Freeze and homeowner tax exemption programs. And, as many of you know, we have hired a director of constituent services who works closely with your offices to resolve constituent issues.

Once again this year, we have partnered with the IRS and the New York State Department of Taxation & Finance to contact taxpayers who were eligible for the earned income tax credit (EITC) in previous years but did not claim it. We mailed letters to approximately 2,500 taxpayers to inform them that they may be eligible for the EITC, and, working with our DSS and DCWP partners, will be mailing to another 54,000 non-filers to let them know they may also be eligible to receive the EITC and other credits, even if they don't owe any income tax.

We also sent letters earlier this year to approximately 15,000 property owners who may be eligible for Enhanced School Tax Relief, also known as Enhanced STAR or E-STAR. We focused on two audiences: customers who are currently receiving Basic STAR, but are likely eligible for the *enhanced* benefit; and customers who are not receiving STAR, but are receiving the Senior Citizen Homeowners' Exemption and therefore should be eligible for Enhanced STAR.

###

Let me turn to our plans for the coming fiscal year. The Department of Finance's FY 2024 preliminary budget is $332.2 million. That includes $173.8 million in personal services (PS) funds to support an authorized headcount of 1,878 full-time staff, and $158.4 million for other than personal services (OTPS).

Additionally, we are deeply appreciative that the agency will be receiving an additional 19 lines restored in the most recent budget modification.

We have many initiatives planned for fiscal year 2024 that will help us achieve our objectives of improving the quality of our web and print communications, modernizing our revenue collection systems, and making it easier for customers to conduct their business with DOF.

First, we are working with the Office of Technology and Innovation and a vendor specializing in user experience to interview a broad range of New Yorkers and gain valuable insight and data to help reshape the future of DOF's website.

The redesigned website will be focused on human-centered design and offer a more user-friendly experience, with an improved layout, intuitive site navigation, and fewer "clicks" to get where you need to go. I'd like to thank Chief Technology Officer Matthew Fraser and the Digital Services team at OTI for their invaluable assistance with this project.

We will also introduce a new and improved Property Information Portal to make it easier for customers to access important information about their properties, and will include the new Digital Tax Map, upgraded to incorporate 3D floor plans and interactive data tools. The new portal will connect property owners to all the DOF resources they need, including their NOPV, property tax accounts, ACRIS and the new tax map, through a single point of entry.

We will modernize our collections system, which will deliver many improvements for our customers, including automatic payment deductions for Environmental Control Board and parking ticket payment plans. This will help to ensure that fewer customers default and face potential collection actions.

We will configure the business center payment kiosks to accept property tax payments, in addition to parking ticket and water bill payments. As many customers who come to our business centers do so in order to pay their taxes, having additional in-person payment options should reduce wait times and make the visiting experience more efficient for the customer.

We will redesign the property tax statement of account so that customers can more easily understand their bills. This will include the usage of color and industry-standard design elements to call attention to the most important information customers need to know - specifically how much they owe, how those charges were calculated, and how to pay.

We plan to introduce parking hearings by video, giving customers another option for disputing their tickets. (And as a reminder, customers already have the ability to dispute their tickets online, via a mobile app, in person, or by mail.)

And finally, we look forward to working with both our City and State legislative partners on shared priorities.

We are pursuing legislation at both the City and State level to strengthen our enforcement against illicit license plates and parking of commercial vehicles in residential neighborhoods. New Yorkers should not be competing for parking near their homes with tractor trailers or cars using ghost plates to evade enforcement.

Additionally, we are advocating for the State to simplify the income definitions for both the Rent Freeze and Senior and Disabled Homeowner Exemptions, which will vastly simplify the application process for applicants and for DOF. We estimate that by making these changes, 17,000 more New Yorkers will take advantage of these vital programs – or about 14 percent more than currently.

###

In summary, we have a busy year ahead of us, and we will keep you informed of our progress on these and other initiatives.

The Department of Finance is committed to providing excellent service to your constituents, and we remain committed to a productive working relationship with the Council.

Thank you again for the opportunity to testify today, and I will be happy to answer any questions.

Department of Design and Construction

Fiscal Year 2024 Preliminary Budget Hearing

March 6, 2023

Department of Design and Construction
Thomas Foley, Commissioner

New York City Council Committee on Finance

Introduction

Good afternoon, Chair Brannan and members of the Committee. I am Thomas Foley, Commissioner of the New York City Department of Design and Construction, and I'm pleased to appear before you today. I am joined by Deputy Commissioner and Chief Financial Officer Rachel Laiserin, Executive Deputy Commissioner Maggie Austin, and other members of DDC's leadership team.

This is a time of growth and change for DDC. The agency is moving ahead with major programs – including Borough-Based Jails, coastal resiliency, and citywide green infrastructure and pedestrian ramp programs – while continuing to pursue more traditional responsibilities as the City's chief builder of infrastructure and public buildings.

At the same time, we see tremendous potential to maximize public investments by planning, designing and building better for the City of New York, as outlined clearly in our *Strategic Blueprint* and the Mayor's Capital Process Reform Task Force report recommendations.

Budget Overview

As the City's primary capital construction manager, DDC builds on behalf of more than 20 City agencies plus numerous museums, cultural organizations and other non-profits that receive funding from City sources.

The January Capital Commitment Plan contains over $4.7 billion in new planned investments, which include expenditures for our core infrastructure and buildings programs, coastal resiliency projects, green infrastructure and Borough Based Jails program. This figure includes almost $1.6 billion for Infrastructure Division projects and $3 billion for

our Public Buildings portfolio. Capital spending for DDC varies year over year, as it is dictated by the agencies that sponsor our projects and the funding we receive from them. We advise sponsors about scope and cost, but ultimately priorities are policy driven.

DDC's FY 2024 operating budget is $145 million. This includes $114 million for Personal Services and $32 million for Other Than Personal Services. Our budgeted headcount is 1,188. Our total operating budget includes $125 million in IFA funding and $20 million in City tax levy funding.

In public buildings, we have 114 projects in active design, totaling $2.6B, and 111 in active construction, totaling $2.0B. On the infrastructure side, we have 125 projects in active design, totaling $4.4B, and 87 in active construction, totaling $4.1B.

Design-Build

I am very pleased to report on our progress for design-build, which is already showing incredible benefits versus the old, one-size-fits all approach – known as design-bid-build – that we have been forced to use for generations.

Public design and construction are plagued with extra steps, rules that defy common sense, and a "lowest-bid" law that is supposed to control costs and corruption but instead delays projects, drives up costs and forces us to partner with contractors who may not be up to the task in some cases.

DDC now has permission to use one, and only one, new approach called design-build. Design-build allows designers and contractors to partner together as one team with shared business goals from the outset,

ensuring projects move faster, allowing construction to begin while designs are still in development and avoiding conflicts and change orders. It allows for transparent, "value-based" selection of vendors through an RFP process instead of just accepting the lowest, quote-"responsive"-unquote, construction bid, as well as setting M/WBE goals for both design and construction at 30 percent.

Our first design-build project has now been completed and the results are extraordinary: The structure, a community space and parking garage in Kew Gardens, Queens, was completed in less than *half the time* it would have been under the old system and with *more than ten percent cost savings*. We completed our first design-build project in twenty-two months, saving at least two-and-a-half years on what would easily have been a five-plus-year project and brought down costs as well. The opportunity to use design-build can be transformational.

And we are actively expanding design-build through a pilot program of public buildings and infrastructure projects. We recently unveiled designs for the future Shirley Chisholm Recreation Center in Brooklyn and the Mary Cali Dalton Recreation Center in Staten Island, both of which are projected to be completed at least two years faster than under the low-bid contracting model. We started procurement last year; they go into construction this year. You have to love that.

And this spring we anticipate awarding our first design-build infrastructure contract.

<u>Expanding Alternative Delivery</u>

But there many other methods we still could take advantage of. You see, every time we want to make a slight change to how we procure, we need to ask the state for permission. We have to spell out every

permutation of how we want to procure and get permission. This year, the Adams administration worked with the Governor to include language in the State budget to allow more such tools: progressive design-build, construction manager-build, and construction-manager-at-risk, approaches that yielded unprecedented results during the pandemic and recently at Rikers Island, where DDC is completing $170 million in emergency infrastructure improvements in only one year.

We are also seeking legislation to have DDC declared a state authority, with all the opportunities to create a new outline for capital project delivery. Our goal is straightforward: simplify the process, give us the tools we need, and let us do our job so that New Yorkers don't have to wait years for construction projects.

For example, a recent change in citywide procurement policy brought some DDC procurements back into the oversight regime of the Mayor's

Office of Contract Services, even though DDC has been successfully executing these procurements without additional review, which was delegated to us years ago. This change was not targeted to DDC, but it would impact us by potentially adding time to our procurement process. We are the design and construction experts in procurement as well as project delivery; we would administer our own contract services; we would ensure integrity while getting the work done; we would write procurement rules quickly and efficiently; we would issue contracts in far less time. All of this could be set in place with your continued support.

Let me be clear, this legislation would not alter our relationship with OMB and the City Council in any way. Our budget would look the same as it does today, our responsibility to you would be the same as it is

today. But we all have to acknowledge the current system does not work. We are trying to change that, and we need your help.

Coastal Resiliency

As our portfolio expands, we continue to tackle major new programs, including coastal protection and East Side Coastal Resiliency program (ESCR) along with its neighboring project Brooklyn Bridge-Montgomery Coastal Resiliency (BMCR), which entered construction earlier this year. At a combined construction cost of almost $2 billion, the two projects will form a 3.22-mile flexible flood barrier on the east side of Manhattan.

We continue to make good progress on both projects and anticipate opening the new Stuyvesant Cove Park this spring with flood protection as well as new recreational amenities for park users.

Green Infrastructure

DDC also continues to make great strides on the city's green infrastructure program, building assets that collect stormwater from streets, sidewalks and other hard surfaces before it can enter the sewer system or cause local flooding. By reducing the amount of stormwater that flows into the sewer system, green infrastructure helps prevent sewer overflows and improves the health of local waterways.

To date, DDC has constructed over 5,600 green infrastructure assets, including bioswales, rain gardens, infiltration basins and stormwater green streets; we have installed over 7,700 linear feet of permeable pavement and expect to add over 300,000 more by FY 2026. Those green infrastructure improvements represent $250 million in registered contracts and another $300 million anticipated in the next three years.

M/WBEs

DDC continues to represent a large percentage of the City's overall contract awards to M/WBEs. In Fiscal Year 2022, our utilization rate on projects subject to Local Law 1 was 19%, with contracts valued at $515 million. For the first quarter of the current Fiscal Year (FY23 Q1), DDC is at a utilization rate of 31%, with awarded contracts valued at $80 million total. As noted, our Design-build portfolio includes 30% M/WBE requirements for both design and construction.

In May 2022, 49 firms were selected to participate in the agency's first Mentoring Program cohort. Participants receive tailored business management and growth planning support as well as exclusive opportunities to bid on designated construction projects valued up to $1.5 million.

I'm also pleased to announce that we realized significant success in establishing an M/WBE Pre-Qualified List (PQL) for our small general construction procurements between $500K and $3M. There are now 16 approved M/WBE firms on our list.

We further support the State proposal to lift the M/WBE discretionary cap to $1.5 million and establish an office of community hiring and workforce development.

Conclusion

In closing, I want to acknowledge the incredibly diverse DDC staff, who represent over 60 countries and speak more than 56 languages and dialects; we are proud to be among the most diverse city agencies. DDC's talented staff are managing a huge number of complex projects that touch nearly every aspect of life in New York City. Our portfolio

continues to expand, but with dedicated team members, we continue to tackle our new responsibilities while simultaneously improving the way we do business in fundamental ways.

We appreciate your support as we get stuff done for the City. Thank you and I am happy to answer any questions.

Asian American Federation

Testimony to the Committee on Finance on the FY 2024 City Budget

March 1, 2023

Written Testimony

Thank you for giving the Asian American Federation (AAF) an opportunity to testify. I am Ravi Reddi, Associate Director of Advocacy & Policy at AAF, where we proudly represent the collective voice of more than 70 member nonprofits serving 1.5 million Asian New Yorkers.

Going into FY 2024, our community faces a number of challenges, from a teetering economy to continuing anti-Asian hate. Yet our member organizations are leading the way in numerous service sectors and programming organized and led by the Asian American Federation requires sustained support.

Direct Services to Address Essential Needs

Since the pandemic struck in 2020, Asian-led, Asian-serving direct service providers have been providing every kind of basic need service that our community members have needed, from culturally-responsive mental health programming, to congregate meals and food deliveries, to anti-violence trainings and ESL/ESOL trainings.

In partnership with our member organizations in 2021, our mental health programming resulted in 13,000 Asian New Yorkers gaining access to mental health services in the languages they speak delivered by providers who look like them. In 2022, AAF released the first ever online mental health provider database that prioritizes providers who speak Asian languages and understand Asian cultures at mhd.aafederation.org. There are over 100 providers and AAF continues to regularly update the directory. This work, and the work of our community mental health providers, needs support more than ever before.

In the first three quarters of our flagship anti-violence program, our Hope Against Hate Campaign, 102 safety trainings have been organized that have trained almost 2,500 individuals. In youth programming under HAH, almost 7,000 children have been reached. When it comes to victim support services, 3,706 referrals were made to various support services, including domestic violence, protective accompaniment, assistance with reporting, anti-bullying, and behavioral and mental health services. Finally, in establishing community safe zones with Hope Against Hate funding, 349 small businesses and faith centers were provided with de-escalation trainings, through whom 304 individuals were referred to support services.

Immigrant Small Businesses

And as we discussed last year, our Asian small businesses continue to have to deal with language and process accessibility issues when dealing with City agencies, from inspections to grant applications. AAF's small business team is constantly being contacted by small business owners in our community, who need help navigating a lack of information, hostile inspection practices, and inaccessible assistance programs.

Put simply, AAF's technical assistance program has been expanding because of the sheer necessity and demand for its help. Technical assistance that is most urgently needed on the ground are services such as language assistance in communicating with city agencies, informational outreach on regulatory changes, administrative assistance in accessing government programs, and capacity-building programs in e-commerce, marketing, and MWBE registration.

Immigration and Inclusion

There are over half a million undocumented immigrants in New York City, and based on the Migration Policy Institute's estimates, about one in five Asian immigrants may be undocumented in New York City. Additionally, the ongoing migrant crisis has magnified the importance of our community-based organizations who provide immediate services to new Americans in language-accessible and culturally competent ways, especially considering the complexity of navigating our immigration processes.

However, virtually no mainstream immigration legal clinics offering services are accessible to our high-LEP community. While many Asian organizations see the need for case management services to help Asian immigrants access and navigate legal services, no Asian-led, Asian-serving organization receives funding to do this on a consistent basis. That needs to change, especially now.

With all the work ahead, here's our Citywide funding requests that we need your support for to help fund critical work going towards our community:

Citywide Requests:

- Support AAF's work and priorities through:
    - Speaker Initiatives (**$400,000**)
    - CUNY Citizenship NOW! Program (**$250,000**)
    - Mental Health Services for Vulnerable Populations Initiative **($150,000)**
    - Hate Crimes Prevention Initiative **($200,000)**
    - Immigrant Health Initiative **($100,000)**
- Increase funding to the AAPI Community Support Initiative to **$7.5 million**. AAF requests a budget allocation from this Initiative of **$250,000** to support ongoing support for our Hope Against Hate Campaign.
- Continue to fund the Communities of Color Nonprofit Stabilization Fund at **$3.7 million**. AAF requests a budget allocation from this Initiative of **$150,000** to support our technical assistance work.
- Fund the development of a worker cooperative for Asian language interpretation (**$700,000**). We also ask, in partnership with African Communities Together, Masa, and New York Immigration Coalition, for **$2.25 million** to support a community interpreter bank (CIB).
- Invest **$90,000** to support the operation and expansion of AAF's small business programs, such as technical assistance and merchant organizing.

Thank you so much for giving us this opportunity, and we look forward to working with you to get critical services to our most vulnerable populations.

New York City Council

Committee on Finance

March 6, 2023

Good afternoon, Chair Brannan and members of the City Council Committee on Finance.

My name is Kevin Jones, and I am Associate State Director for Advocacy at AARP New York, which has 750,000 members in New York City. Thank you for the opportunity to testify.

Older adults represent New York's fastest-growing demographic. According to a new report from the Center for an Urban Future, New York's 65-and-over population grew by 31 percent from 2011 to 2021, or more than 800,000 people, while the under-65 population shrunk by nearly half a million.

In New York City, every borough's 65-plus population increased, including by 35 percent in the Bronx, 39 percent in Queens, 36 percent in Brooklyn, 33 percent in Manhattan, and 13 percent on Staten Island. Today, the boroughs of Manhattan, Queens, and Brooklyn each have more residents ages 65 and over than the entire population of any other city in the state.

Even more concerning, the number of older New Yorkers living below the poverty line increased by 37.4 percent over the past decade.

Despite this new demographic reality, the city is not prioritizing the basic needs of our older adults. NYC Aging (formerly known as DFTA) receives less than one percent of the city budget. And now, the mayor proposes cutting even that small amount by $25 million despite the increased demand for aging services.

AARP NY has developed a blueprint for action with recommendations to make New York City a better place for older adults to live in as they age. Our recommendations address the greatest gaps in services for older adults, including some of the priorities we are advocating for in this year's budget.

Our first priority is an increased investment in community-based care. In the Mayor's proposed budget, the city does not provide equitable funding to meet the demand for essential aging services. One of the key challenges providers face in meeting demands for services is a worker shortage. It's not unusual for organizations to have 20 percent and even 50 percent staffing shortages in key programs. That is why we are calling on the city to provide human services workers a 6.5% cost-of-living adjustment increase.

Our next priority is to combat hunger and food insecurity. An estimated 21% of older adults in New York City live in poverty and have to make tough choices, like paying rent or buying food. Now, these same older adults are dealing with the impacts of inflation, which has rapidly increased food prices, making it even harder to put food on the table. We are advocating for increased investment in home-delivered meals to meet the rising cost and demand.

FOR THE RECORD

The last priority I'd like to mention today is affordable housing. We've seen it time and again – a lack of affordable housing is the biggest concern for more than half of city voters age 50-plus. To help older adults age in their own communities we are asking the city to increase the reimbursement rate for Senior Affordable Rental Apartments from $5,000 per unit, to $7,500 per unit and allocate capital funding to develop 1,000 units of affordable senior housing per year.

AARP believes strongly that the government's role should be to ensure older adults can safely and affordably remain in their homes and engaged in their communities. The NYC Council has long been an ally in this effort to improve livability in NYC for older adults who built this city and made it great. And we look forward to continuing to work as your partner in this mission. But, without real investment, we will leave our city's older adults behind. The over 1.8 million older adults living in New York City deserve better.

Thank you.

Testimony to the New York City Council
Committee on Finance

Preliminary Budget Hearing for FY2024

March 6, 2023

Good afternoon, Committee Chair Brannan and members of the Finance Committee, and thank you for the opportunity to testify. My name is Rachel Goodfriend and I am the co-founder of Brooklyn Level Up Community Land Trust (BKLVLUP CLT)]. We fight for community stewardship of land and buildings in East Flatbush, Flatbush, and Flatlands. East Flatbush has some of the highest rates of homeownership by Black New Yorkers in the entire City. At the same time, our neighborhoods have experienced intense speculative development over the past decade. BKLVLUP CLT educates and empowers our neighbors to protect and keep their homes. We are also focused on securing properties for community stewardship to help stabilize our small businesses and provide deeply affordable rentals and homeownership opportunities.

BKLVLUP is part of the citywide Community Land Trust (CLT) Initiative, which supports the development of CLTs and permanently-affordable housing, commercial and community spaces in low-income and historically-redlined Black and brown neighborhoods. The initiative is squarely focused on addressing our city's affordability crisis, combating displacement, and advancing racial equity in housing and land use.

Since FY2020, the Initiative has catalyzed the growth of CLTs across the five boroughs, engaged thousands of New Yorkers in education and organizing; and delivered comprehensive training and technical support to emerging and established CLTs.

Groups have facilitated community planning sessions, established partnerships with nonprofit and for-profit developers and other stakeholders, and submitted or won bids to develop vacant and underutilized land in their communities. More than 1,200 homes are in CLT portfolios or pipelines, according to HPD, and New York City and State have proposed policy changes that would help CLTs bring more land and housing into community stewardship.

We thank the City Council for its vital support and urge you to fund the Citywide CLT Initiative at $3 million in the FY2024 budget. With this enhancement, the initiative will support 20 organizations, including new CLTs in Edgemere, Queens, and Flatbush, Brooklyn, and expand citywide education, organizing, and technical assistance to meet the growing and urgent need for CLTs.

Since last year, BKLVLUP has engaged with hundreds of community members seeking financial, small business, and land use support. Our neighborhoods of East Flatbush, Flatbush, and Flatlands do not have much City owned land. That means we need to fundraise and come up with other creative solutions to achieve CLT goals. Discretionary funding from the City would help us secure the first substantial pool of funding for the BKLVLUP CLT which would then unlock further opportunities for funding from foundations and mission driven lenders.

CLTs are urgently needed to address our city's affordability crisis. More than one-third of New Yorkers are severely rent-burdened, paying more than 50% of their incomes on rent, and close to 80,000 of our neighbors are unhoused.

Located in South Central and Eastern Brooklyn, our neighborhoods are diverse and home to a thriving Caribbean community, as well as Latin American, African, and South Central Asian cultures. NYU's Furman Center reports that East Flatbush and Flatlands each boast higher homeownership rates than the New York City average, at 32% and 58% respectively, and the majority of homeowners are Black.

Though a historical hub for Black homeowners, the same findings from NYU report that the area has seen a significant spike in development in the last five years, with East Flatbush having a more consistent rate of increased new occupancy permits, an indicator of gentrification. In all three areas, rent prices are climbing and more than a quarter of renters are severely rent burdened.

From 2002 to 2008, the number of Black homeowners in New York City dropped 10%, to 189,000 from 210,000, and there is evidence that the share dropped another 3 percent by 2017, according to the Center for N.Y.C. Neighborhoods, an affordable housing advocacy group. Evidence suggests that new home purchases in the city are becoming more difficult for Black buyers in the City, who often use Federal Housing Administration loans to make a first time home purchase. Black borrowers also incur the

highest financing fees — nearly $14,000, compared to $6,000 for white borrowers, who paid the lowest fees on average, according to the Center for N.Y.C. Neighborhoods.

The damage is not just for residents but also in our commercial corridors where our BIPOC owned small businesses are facing increasing rents and closures. The loss of business existed prior to and was only exacerbated by the onslaught of the COVID-19 pandemic. 84% of small business owners in Flatbush rent their commercial space, and report increasing rental costs, according to NYC Small Business Services. The New York Federal Reserve found that 58% of business owners stated that their business financial health was strained. The Brooklyn Chamber of Commerce estimates that almost one in five retailers along commercial corridors in the borough has closed its doors for good as a result of the COVID-19 pandemic.

By giving communities shared ownership and control over land, CLTs serve as a bulwark against predatory development and displacement. Cooper Square CLT on Manhattan's Lower East Side, for example, stewards hundreds of deeply-affordable apartments and two dozen affordable storefronts for local small businesses, in a high-cost neighborhood. Other CLTs are working to develop or preserve multifamily rental housing, shared-equity cooperatives and homes at risk of foreclosure, as well as commercial and cultural spaces, community gardens, community-owned solar and other infrastructure. By maintaining affordability over generations, CLTs protect public investments in housing and other community development.

In addition to supporting the CLT Initiative, we urge the City Council to ensure robust capital funding for the acquisition, development and preservation of affordable housing, and to fight proposed budget cuts to HPD, DSS, and DHS that would threaten the housing security of thousands of New Yorkers.

Thank you again for the opportunity to testify today.

Testimony

New York City Council Committee on Finance
Oversight Hearing on the FY24 Preliminary Budget
Monday, March 6, 2023

Submitted by:
Luz Tavarez, Director, Public & Community Engagement
Catholic Charities Archdiocese of New York

Thank you for the opportunity to submit testimony on behalf of The Catholic Charities of the Archdiocese of New York - a federation of 90 contracting agencies and providers of social services - on the challenges we face entering the FY 2024 budget season. I am Luz Tavarez, director of public and community engagement. As you consider the preliminary budget, I ask that you keep human services front of mind.

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

Workforce Development, Investment in Human Service Agencies & Contract Reform

As much attention has been paid to high vacancies and attrition in City agencies, human services agencies continue to struggle with astounding vacancy numbers. One Catholic Charities agency reports having nearly 200 current vacancies in both direct service and operations staff lines. Another stated that higher-than-normal vacancy rates for clinicians and mental health treatment providers, child welfare case planners, and direct support professionals limit the services they can provide to the community and have the potential to impact client safety. We thank the Council for its support of a $60 million investment in the human services workforce in FY23, a welcome step toward alleviating the effects of years of underinvestment, even as guidance was delayed for at least 6 months and funding totaled less than the 4% Cost of Living Adjustment (COLA) the Council included in budget negotiations.

Despite improvements, rising costs have outpaced contract rates, which combined with the difficult and often in-person nature of human services work, has led to profound recruitment and retention issues as workers take lower-risk, higher-paying jobs. Without compensation commensurate with the critical skills and expertise required for this mission-driven work, any economic downturn will further pressure the human services community just as more New Yorkers are seeking assistance. The inclusion of a 6.5% COLA, specifically designated as such, in the FY24 budget, as well as the continued and accelerated progress of the Clear the Backlog Initiative and the recommendations of *A Better Contract for New York:*

A Joint Task Force to Get Nonprofits Paid On Time, will help human services nonprofits to meet current and emerging needs.

Immigration & Refugee Services

Refugee Resettlement

- The volume of Ukrainians reaching out for services, including basic needs, is extremely high. To help ensure that these needs are met, additional support is needed to enhance coordination between nonprofit providers, refugees, and government stakeholders, particularly with regards to facilitating access to public benefits and housing assistance as sponsorship breakdowns remain high.
- Renewal of the City-funded Ukrainian Response Initiative (slated to end in June 2023) will especially help those ineligible for federal assistance to meet their basic needs – hygiene kits, clothing, diapers – and receive overall orientation and guidance.

International Center – ESOL and Digital Literacy

- For the past decade, CCCS' International Center has offered ESOL classes at multiple proficiency levels, citizenship preparation classes, digital skills classes, individual conversation practice, and specialized off-site programming for vulnerable communities in Manhattan and the Bronx.
- As the Council examines the Preliminary, and later the Executive Budget, we request the renewal of the $4M City Council Discretionary Adult Literacy Initiative, doubling the funding of the resoundingly successful Adult Literacy Pilot Project, the restoration and renewal of $13.7 million in baselined adult literacy funding, and the baselining of the $6.7 million one-year FY23 investment in adult literacy funding. This would keep existing programs whole while allowing upcoming contracts to reflect per-student rates that reflect the cost of services.

Day Laborer Programming

- Through its Day Laborer program, CCCS helps low-income and immigrant New Yorkers obtain needed professional training and dignified employment. The sustained influx of migrants and asylum seekers has caused the demand for OSHA-30 and other necessary licensing, as well as the number of workers coming daily to *paradas*, to skyrocket.
- Continued and enhanced resources would help Catholic Charities and other members of the Day Laborer Workforce Initiative respond to increased demand. Ongoing investment in Site Safety Training programming will further improve job development outcomes and expand language access for training, while funding for additional counsel will aid CCCS' efforts to combat wage theft and assist with newly announced Deferred Action cases.

Legal Services:

- CCCS provides legal services and representation to thousands of immigrants each year.
- As New York City responds to the needs of not only new arrivals, but existing immigrant populations, it should collaborate with legal service providers, prior to the issuance of RFPs, to ensure that program reevaluations are able to sustain existing cases while accommodating a frequently evolving legal landscape.
- Service enhancements to address emerging needs are equally important, such as creating effective pathways and stipends for volunteer interpreters, particularly those with knowledge of Haitian Creole and indigenous languages. Integration of case managers into legal services contracts would increase service efficiency by allowing legal and service staff to use their respective expertise to meet multiple needs simultaneously.

- Lastly, the city should move to eliminate outdated and onerous reporting requirements that inhibit service delivery and inhibit service alignment with community demands and in-house expertise.

Immigrant Children Advocates' Relief Effort (ICARE)

- Since 2014, City Council support has enabled the ICARE Coalition protect over 8,000 Unaccompanied Minors from deportation and empower them to achieve their education and career goals.
- Even after escaping violence and trauma in their home country and while traveling to the United States in search of safety and opportunity, nearly 2,000 young New Yorkers annually face removal proceedings and possible deportation without due process if they cannot afford a lawyer.
- While only 17% of children without representation win their case, ICARE attorneys raise that success rate to 90%.
- As the migrant surge intensifies the need for legal services, we ask the Council to continue to demonstrate its commitment to helping immigrant youth by renewing funding for Unaccompanied Minors and Families (UMFI) in the FY24 Budget.

Aging:

Of the thousands of meals served by Catholic Charities agencies daily, a significant portion are older adults who can't leave their homes. Whether ill, immobile, immunocompromised, on fixed incomes or facing the persistent specter of isolation, all deserve to have nourishing food to eat. As the aging population continues to grow rapidly, prices have risen to new heights at the fastest rate in a generation. One Catholic Charities agency has seen a 90 percent increase in the costs of providing meals to older adults in their homes, as well as a 20 percent increase in costs of providing meals at their senior center. Combined with functional budget cuts to the Department of Aging Services exacerbating the cumulative effects of years of underinvestment, providers are reaching annual budgets for services months ahead of schedule, putting budgetary concerns in direct conflict with their overriding missions to provide meals to older adults for whom services are their only source of nourishment. Further investment is needed in the FY24 budget to ensure that providing holistic nourishment - food, connection, and care, does not become a relic of the past.

Food Insecurity:

In the past year, Catholic Charities agencies distributed over 8 million meals, operated 40 ongoing food programs, and enrolled over 7,700 individuals in the Supplemental Nutritional Assistance Program (SNAP). While the skyrocketing increase in food insecurity caused by the COVID-19 has partially subsided, demand remains elevated from pre-pandemic levels, spurred on by persistently high prices that eat into the budgets of both clients and the pantries that serve them. The expiration of enhanced SNAP benefits further exacerbates food insecurity, and while proposed changes to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) would help certain families, more immediate relief is needed to prevent a rise in hunger in New York City. Catholic Charities is thankful for the Council's consistent allocation of food pantry funding to combat food insecurity across the City, and supports enhancement of this funding in FY24.

Conclusion:

On behalf of New York's most vulnerable, and the 90 human services agencies in the Catholic Charities Federation, thank you for the opportunity to provide testimony and thank you for continuing to serve this

great City of New York. Please do not hesitate to contact me for additional detail as you work to craft a budget that benefits all New Yorkers in need.

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Courtney Bryan. Executive Director

Center for Justice Innovation
New York City Council
Committee on Finance – Preliminary Budget Hearing
March 6, 2023

Since its inception, the Center for Justice Innovation (formerly the Center for Court Innovation), referred to as 'the Center' throughout these remarks, has supported the vision embraced by Council of a fair, effective, and humane justice system and public safety built through sustainable, community-driven solutions that cultivate vibrant neighborhoods. The Center's longstanding partnership with Council over the past 25 years has helped bring this vision to life through evidence-based and racially-just programming that spans the justice continuum.

Our firsthand experience operating direct service programs and conducting original research uniquely positions us to offer insights that Council can look to as it considers the development of initiatives that respond to needs of all New Yorkers. In additional to our annual renewal awards, the Center asks for Council support in achieving the following goals in FY24:

- Return to prior funding levels for Supervised Release Program, considering recent cuts to funding for existing contracts.
- A $250,000 increase to the Innovative Core Funding partnership between the Council and the Center, to represent the first increase of this award in over a decade.
- $1.5 million to enhance misdemeanor alternatives to incarceration options across all parts of the justice system as referrals increase, and $211,000 in new funding to support a first-of-its-kind youth weapons diversion program.
- $461,000 in support for integrating behavioral health within the justice system to support individuals suffering from substance use disorders.
- $350,000 of continued and expanded investments in strengthening communities through anti-violence and gender justice programming.
- $550,000 to expand access to comprehensive support and prevent housing instability.

In each instance, our aim is to provide a meaningful and proportionate response, treat all people under our care with dignity and respect, prioritize public safety, and produce much-needed cost savings for the City. And, as an anti-racist organization, we work to ensure the needs of marginalized New Yorkers are addressed.

<u>Restoring Supervised Release to FY22 Levels to Respond to Increasing Referral Volume</u>

Community-based pretrial supervision is a critical component in the implementation of bail reform and safely shrinking the jail population to close the Rikers Island Jail Complex by the intended date. **We are seeking a return to FY22 funding levels, as the FY23 contract was**

reduced by 10% while caseloads for the most intensive category of cases are already double the contracted caseload. The Center operates the **Supervised Release Program** in Brooklyn and Staten Island, and citywide nearly 17,000 participants were served by all providers in 2022. The programs continue to grow, reflecting judges' confidence that clients in Supervised Release show up for court dates at a very high rate. Additionally, with this growth, the number of participants with higher needs has increased; in our two boroughs, 1,600 individuals had potential mental health needs in 2022 compared to 430 in 2019.[1] This reflects just under a third of all participants assessed in 2022 flagging for mental health needs.

After program eligibility expansion and initial budget increases, the Mayor's Office of Criminal Justice *reduced* the budget for Brooklyn and Staten Island from 2022 to 2023 by approximately 10%. This reduction in budget occurred amidst an over 60% increase in volume of participants. With the reduction in budget and increase in the number of participants with substantial needs, the program cannot function as intended. Lower caseloads are crucial for staff to provide quality time with each participant to ensure case management is responsive to their individual needs. With twice the caseload, it is difficult for case managers to have more frequent and intensive supervision with individuals, including at community locations closer to the participants' work/home. Rising caseloads prevent staff from working with participants who voluntarily seek or might benefit from enhanced support, including supportive housing and peer support, services that can have positive life-changing impacts. In addition, case managers experience stress and burnout, leading to a low staff retention rate and resources spent on continually recruiting, hiring, and training new staff that could be spent on programming. The Center seeks Council support and guidance on this urgent issue.

Innovative Core Funding

This year, we ask Council to continue and expand support for the Center's **Innovative Core Funding to $750,000 from $500,000, an amount not raised in over a decade**. Each year, the Center uses this funding to flexibly respond to the immediate needs of New Yorkers by piloting novel and effective community-based pilots to test for scalable solutions. Enhanced support would allow the Center to float programming despite delayed contract payouts from city agencies, which delays hiring and implementation across our programs. The Innovative Core Funding allows us to ensure programming doesn't get interrupted. In FY23, this contract transitioned from the Mayor's Office of Criminal Justice (MOCJ) to the Department of Youth & Community Development (DYCD), and we call on Council to ensure there is a long-term plan in place to sustain this funding. Council's Innovative Core Funding supports public safety and criminal justice responses in all five boroughs.

The Center makes deep investments in engaging individuals as far upstream as possible by meeting young people where they are, promoting housing stability, preventing gun violence, and working at the intersection of the justice and behavioral health systems. Center programs currently serve thousands of young people citywide each year, offering meaningful off-ramps and justice system alternatives through counseling, academic support, and workforce development. The Center's Youth Impact program, for example, provides peer-led diversion that invests in youth leadership and restorative alternatives to detention. In Harlem and Red Hook, the Center works with tenants in community to increase housing stability and reduce evictions by helping tenants navigate housing

[1]Center for Justice Innovation. (2023). [Supervised Release Program data file]. Retrieved from the Justice Center Application case management system.

court. Similarly, our Legal Hand program serves Crown Heights, Jamaica, and Tremont residents facing housing, immigration, and employment issues by training local residents to empower their neighbors with legal information. In both Brooklyn and the Bronx, the Center works to prevent gun violence by actively engaging those at risk of being involved in violence, building community movements against violence, and providing supports and opportunities to community members in need. The citywide Reimagining Intimacy through Social Engagement (RISE) Project addresses the intersection of intimate partner violence and gun violence.

The Center has a particular expertise in providing trauma-informed social services, which continue to be crucial given the increasing number of justice system-involved individuals facing mental health and/or substance use challenges. Through our Staten Island Justice Center, for example, the Center provides clinical support and restorative programming for court-involved youth who have mental health needs. Our Midtown Community Court's Misdemeanor Mental Health Court works with some of Manhattan's most vulnerable individuals—those with extensive histories of mental illness and/or substance use disorders—to resolve cases while reducing the use of incarceration and continued cycling through systems. The Center's Bronx Child Trauma Support provides therapeutic and court accompaniment services to children who have been victim or witnesses to violent crime.

Reducing Incarceration: Alternatives to Incarceration & Diversion Programming

The Center is seeing an increase in referrals for both misdemeanor and felony ATI cases in New York City. To keep up with growing misdemeanor caseloads, and in order to take on cases with deeper-levels of engagement required, **the Center is seeking $1.5 million in new Council funding for misdemeanor cases.** Additionally, the Center is piloting a felony alternative-to-incarceration program for young people charged with weapon possession and related charges. **The Center seeks $211,000 in new Council funding to expand the pilot's eligibility criteria and serve a greater number of referrals from family court cases.**

The Center has measurable experience implementing data-driven programs that meaningfully reduce incarceration without decreasing public safety, which aligns with Council's goal of closing the Rikers Island Jail Complex. Alternatives to incarceration (ATI) and diversion programs can prevent unnecessary incarceration and disruption to individual lives, while providing linkages to additional services to decrease criminogenic factors that would otherwise grow in confinement. In 2022, the Center served 6,742 new participants in ATI programming (Felony, Misdemeanor, and Brooklyn Mental Health Court) across New York City.[2] These models are studied to be safe, effective, and cost efficient; and avoid unnecessary incarceration, reducing the long-term adverse impacts it has on individuals, families, and communities.

Enhancing Felony ATI in Brooklyn

Felony ATI programs are an essential component of the timely and important conversations around the dangers and systemic challenges that plague the Rikers Island Jail Complex. The Center's **Brooklyn Justice Initiatives** and **Brooklyn Mental Health Court** work in conjunction to offer an array of alternative felony sentencing options for individuals arrested on violent and non-violent charges in Brooklyn. These programs are pioneering innovative responses to serious crimes that

[2]Center for Justice Innovation. (2023). [ATI data file]. Retrieved from the Justice Center Application case management system.

engage people in individualized services, so they can remain in their communities while making positives changes in their lives and avoiding the harmful effects of incarceration.

With Council funding, Brooklyn Justice Initiatives successfully launched their felony ATI program in January 2020, which offers community-based interventions and rigorous judicial monitoring of felony cases that are otherwise ineligible for drug, mental health, and domestic violence courts. Brooklyn Justice Initiatives staff provide comprehensive clinical assessments, and robust offerings of services through community partners and in-house programs. Brooklyn Mental Health Court is based in the Brooklyn Supreme Court and launched in 2002 as the first mental health court in New York City. Brooklyn Mental Health Court crafts meaningful responses to participants, including those with felony charges, who have mental illness. Addressing both treatment needs and the public safety concerns of the community, the court links defendants with serious and persistent mental illness who would ordinarily be jail- or prison-bound, to long-term community-based treatment as an ATI. The majority of Brooklyn Mental Health Court participants who do need intensive and long-term support are connected to a psychiatrist and community-based mental health supports in a way that meets their specific needs and situation. Since it opened in 2002, the court has seen nearly 1,300 participants satisfy program requirements and graduate successfully. Active participants exhibit a 74 percent compliance rate and are 46 percent less likely to be re-arrested while in Brooklyn Mental Health Court than those in a comparison group. In addition, court participants see a 29 percent reduction in the likelihood of a re-conviction versus a comparison group.[3]

The Center seeks renewal funding to sustain and grow operations of felony ATI programming in Brooklyn. Continued Council support would allow the Center to serve the growing number of individuals coming through the legal system living with serious mental illness.

The Next Frontier of Felony ATI: The Midtown Youth Weapons Diversion Program

The Center has a history of unique knowledge and expertise in working to reduce gun violence and increase public safety, including serving as the original site for Cure Violence in New York City. The Center's research team has evaluated programs that address violence, and recently conducted a unique study examining why young New Yorkers carry guns.[4] This work has provided the Center with lessons learned for effectively reaching target populations. The Center's Midtown Community Court seeks new Council funding to expand and enhance the **Midtown Youth Weapons Diversion Program**. In collaboration with the New York City Law Department, the Legal Aid Society, and the New York City Department of Probation, this Center pilot program is one of very few holistic diversion options for young people ages 14-18 arrested for weapon possession.

In our inaugural year, nearly every eligible participant referred to Midtown's Youth Weapons Diversion Program has chosen to enroll in the program, and 90% of participants have completed the full program.[5] Successful completion of this diversion program leads to a non-filing of the case, which diverts the young person away from Family Court proceedings, or a dismissal if the case was already filed, thereby avoiding the full criminal process and its collateral consequences. In addition to providing a critical diversion opportunity that addresses the root causes of gun violence, this

[3] https://www.innovatingjustice.org/publications/criminal-justice-interventions-offenders-mental-illness-evaluation-mental-health
[4] https://www.innovatingjustice.org/publications/gun-violence-NYC
[5] Center for Justice Innovation. (2023). [Midtown Community Court data file]. Retrieved from the Justice Center Application case management system.

program will provide educational support and job skills development, offer connections to health and wellness and other holistic services, and build youth connections to the community.

Growing Need for Misdemeanor Alternatives to Incarceration

The Center is seeing need for new Council funding to support increasing misdemeanor ATI referrals in Queens and Manhattan. Misdemeanor ATI programs provide meaningful alternative sentences that both reduce the use of incarceration, fines, and convictions and enhance public safety. Council funding would support growing caseloads and allow Center programs, **Queens Community Justice Center** and **Manhattan Justice Opportunities**, to take on misdemeanor ATI clients with higher-needs and extensive case histories. Funding would also support the **Midtown Community Court Emerging Adult Diversion Program**, a driving factor in the re-opening of the community court. Collectively, these three projects offer innovative community-based diversion options in criminal court, with the goal of reducing incarceration and criminal convictions and enhancing public safety in their respective boroughs. These alternative programming options hold people accountable for their actions, while connecting them to services and resources that build stability in their lives and decrease their likelihood of reoffending.

In Queens, the misdemeanor ATI program has experienced a significant increase in referrals, due to a number of factors: first, the program's services are entirely free to all participants, in contrast with many other providers in Queens who charge a fee; second, the programming is accessible to non-English speakers due to its multi-lingual and culturally competent staffing; and lastly, the program boasts an impressive success rate—in 2022, the program had a 99% compliance rate.[6] As a result of this success, judges and other court stakeholders have requested that Queens Community Justice Center expand their presence in additional court parts in order to identify, screen, and accept even more referrals. Council funding would allow the Center to have a greater presence in multiple court parts and conduct same-day intakes and assessments, which will allow immediate participant connection to emergency services.

In Manhattan, Manhattan Justice Opportunities serves as a centralized, court-based social service hub that provides judges, prosecutors, and defense attorneys in New York County Criminal Court and Supreme Court with a single point of access to a wide array of community-based services as alternative sentencing options in criminal cases. Manhattan Justice Opportunities has a wide reach and impact, serving over 1,363 new individuals in 2022.[7] We anticipate that we will serve a similar number of participants in 2023. While the majority of Manhattan Justice Opportunities' work is funded by MOCJ, Manhattan Justice Opportunities supervisory and administrative capacities are underwritten by a grant from the Manhattan District Attorney's Office that ends in the summer of 2023. With City Council support, Manhattan Justice Opportunities will be able to sustain and expand misdemeanor ATI services. Finally, the Midtown Community Court Emerging Adult Diversion Program offers group and individual programming to help break the cycle of intimate partner violence, domestic violence, and dating abuse experienced by court-involved young adults. Council funding will allow Midtown to offer client-centered, trauma-informed, and evidenced-based services to help individuals heal from the impact of IPV and to prevent future abusive behavior.

[6]Center for Justice Innovation. (2023). [Queens Community Justice Center data file]. Retrieved from the Justice Center Application case management system.
[7]Center for Justice Innovation. (2023). [Manhattan Justice Opportunities data file]. Retrieved from the Justice Center Application case management system.

Enhancing Street Safety: The Driver Accountability Program

The Center's **Driver Accountability Program** seeks to reduce dangerous driving behaviors and improve street safety by utilizing principles of restorative justice to engage drivers in meaningful reflection around their driving behaviors and encourage self-empowerment to change those behaviors. The program also works to reduce systemic harms that are caused by traditional punitive responses by offering an alternative to fines, fees, and short-term incarceration for vehicular offenses in criminal court. Thanks to ongoing support from Council, the program now operates in all five boroughs, serving over 1,000 drivers last year alone.[8] In an evaluation published last year, the Center found that the program was successful in engaging drivers in meaningful self-reflection and changing their driving beliefs and behaviors.[9]

In addition to sustaining current operations, increased Council funding would support the expansion of a recently piloted second component of the program—**Circles for Safe Streets**—which responds to vehicular crashes involving serious injury or death. Circles for Safe Streets is the first program of its kind, and offers a longer, more intensive intervention that brings together drivers and victims and/or surviving family members of their crashes through restorative circles to work toward healing, accountability, and reparation. In the majority of cases, Circles for Safe Streets serves as an alternative to incarceration. In a limited number of cases, where the case requires some period of incarceration due to aggravating circumstances (such as the involvement of alcohol or excessive rates of speed in the crash), participation in Circles for Safe Streets may serve as sentence mitigation, resulting in a reduced period of incarceration. Typically, sentences for cases with this charge profile that do not take part in Circles for Safe Streets, result in significant fines or imprisonment.

The Future of Restorative Justice in the Bronx

The Center's Project Reset, a pre-arraignment diversion program, offers participants the option to avoid court and a criminal record by completing community-based programming. Since 2015, Project Reset has helped more than 6,000 participants avoid court and the consequences of a criminal record. As of 2021, the program has a 98 percent completion rate. An evaluation of 16- and 17-year-old Project Reset participants in Manhattan found they were significantly less likely than defendants in a comparison group to be convicted of a new crime within one year.[10] Project Reset also documented improved case processing times and case outcomes, as well as positive perceptions of the program. More than 95 percent of participants said they had made the right decision by entering the program and that they would recommend Project Reset to someone in a similar situation.[11] The success of the program has brought it citywide over the years, with the Center operating Project Reset for adults ages 18 and older in Manhattan, Queens, Staten Island, Brooklyn, and the Bronx.

The Mayor's Office of Criminal Justice (MOCJ) will be taking over the administration of funding for Project Reset programming across the five boroughs. The Center program which currently operates the Council-funded **Project Reset Bronx**, Bronx Community Solutions, is still awaiting a decision regarding their application to be a Bronx provider. In the meantime, building on the positive impact of the restorative circles uniquely offered by Project Reset Bronx and the robust

[8]Center for Justice Innovation. (2023). [Driver Accountability Program data file]. Retrieved from the Justice Center Application case management system.
[9]https://www.innovatingjustice.org/publications/driver-accountability-program-evaluation
[10]https://www.innovatingjustice.org/publications/projectreset-evaluation
[11]Ibid at citation 10

history of restorative justice initiatives at the Center, we seek to transition Council funding to support the expansion of much-needed restorative justice services for adults in the Bronx. The Center will pivot Council funding to support the expansion of Bronx Community Solution's restorative justice programming, generally. This includes support for a pilot which provides restorative justice services to cases involving interpersonal harm or conflict at a variety of touch points in the Bronx court system, from an ATI program to a post-sentencing healing process for both misdemeanor and felony-level cases.

Investing in the Often-Under-Resourced Borough of Staten Island

The Center's **Staten Island Justice Center** has provided an array of programs to Staten Island since 2009. Each year, the Justice Center serves nearly 1,600 youth and adults borough wide.[12] Staten Island Justice Center's services are threefold. First, we offer individuals strengths-based services focused on addressing the causes for their justice system involvement, whether pretrial or court mandated. Second, we provide preventative services for youth focused on empowerment, peer-to-peer mentorship, and healing from trauma. Third, we collaborate with stakeholders in the courts and community to discuss and problem solve issues concerning the Staten Island community. The Center seeks new Council investments in our court-adjacent Justice Center model, already operating through the Staten Island Justice Center. Our ultimate goal being over the coming year being, expansion over the coming years to include the neighborhood-based interventions and initiatives piloted and established at the Center's Community Justice Centers in the South Bronx; The Rockaways, Queens; Brownsville, and Red Hook, Brooklyn

A Community Justice Center in Staten Island would invest in local residents beyond those who are involved in the justice system, transform public spaces, and increase opportunities for people. Based on our data, outside of Stapleton, a majority of our court-mandated participants from ATI and pretrial detention diversion programming are from Port Richmond or West Brighton. However, there are fewer resources and nonprofit organizations housed in these neighborhoods, as compared to Stapleton or St. George. With sufficient funding, the Center can initiate a resident feedback process to build out a menu of services to meaningfully encourage broader participation in a Community Justice Center. Potential offerings include: community-led anti-gun violence programming, youth mental health and wellness services that address trauma and promote healing, and/or a Housing Resource Center to help tenants navigate housing court proceedings, prevent eviction, and resolving critical repairs.

Adequately Addressing the Behavioral Health Needs of New Yorkers

The Center seeks $461,000 in new Council support for behavioral health integrations into the justice system, to combat the overdose crisis. Behavioral health and the justice system cannot be siloed; they are inextricably intertwined. Properly addressing the mental health and substance use needs of all New Yorkers—necessary now more than ever before with the stressors of COVID-19 weighing heavily on already under-resourced communities—will allow us to lessen harmful interactions with the justice system and law enforcement. We can also ensure that contact with the system is humane, with an emphasis on providing culturally competent treatment and programming.

[12]Center for Justice Innovation. (2023). [Staten Island Justice Center data file]. Retrieved from the Justice Center Application case management system.

Combatting the Overdose Crisis

The Center operates direct services, conducts original research, and provides expert assistance at the intersection of criminal justice and the overdose crisis. We are committed to providing a meaningful and proportionate response to opioid use disorder, geared toward prevention and rehabilitation, treating all impacted individuals with dignity and respect, and prioritizing public safety. As funding from opioid manufacturer settlement cases are distributed across New York City, the Center seeks new Council support for the **Bronx Heroin Overdose Prevention and Education (HOPE) program.**

Building on the success of the Project Reset model, the Center piloted Bronx HOPE to address substance use issues at the precinct level by giving individuals brought in on a controlled substance Desk Appearance Ticket (DAT) charge the option of accessing community services as an alternative to arraignment and prosecution. By giving clients the option of accessing community services instead of appearing in court, Bronx HOPE gives Bronx residents the opportunity for rehabilitation and connection to community rather than jail or options that don't address the underlying issues. Bronx HOPE's Peer Specialists are dispatched to the precinct to engage with individuals immediately at the time of their arrest. Peer Specialists provide solutions that match local needs and resources, foster trust and buy-in among program participants, and ensure that those who are directly impacted have a voice in decision-making. Bronx HOPE demonstrates that eligible cases are more likely to engage in programming with peer presence at the precinct. In 2022, Bronx HOPE had a contact rate of 84 percent for dispatched cases.[13] Of those cases that were dispatched and enrolled in programming, 81 percent completed their services, thereby preventing the need for those participants to appear in court and face criminal charges.[14] If an individual chooses to participate, they meet with a Center case manager who works with the individual to develop a holistic plan of care, identify services that address their needs, and provide support to complete programming.

Court-Based Behavioral Health Integrations

One of the Center's newest efforts launched in January 2022, at the request of our partners at the New York State Unified Court System; the Midtown Community Court and Red Hook Community Justice Center launched two new **Misdemeanor Mental Health Courts** (MMHC), serving Manhattan and Brooklyn, respectively. These currently unfunded problem-solving courts offer community-based interventions and judicial monitoring for misdemeanor cases that are eligible for diversion. The Center seeks new Council funding to meaningfully address rising misdemeanor caseloads in these Mental Health Court parts.

Modeled on the successes of the Brooklyn Mental Health Court, the Center's MMHCs take on the most complex misdemeanors where participants have high needs, extensive histories with the system, and are facing multiple open cases that bring them into the MMHC. Thus, the level of engagement is different than a typical misdemeanor ATI case. Throughout the past year of assessing, counseling, and graduating clients in MMHC, we have noticed several overarching themes that impact the individuals who arrive in this court part: major interruptions to daily functioning at time of arrest, Serious Mental Illness (SMI), co-occurring mental illness and substance use, and unstable housing and lack of access to resources. The court part is staffed by a team of multidisciplinary

[13]Center for Justice Innovation. (2023). [Bronx HOPE data file]. Retrieved from the Justice Center Application case management system.
[14]Ibid at citation 13

professionals who specialize in behavioral health and are responsible for conducting independent assessments, preparing recommendations for court, providing referrals to community-based providers, and offering ongoing case management. The ultimate goal is to offer meaningful individualized programming for persons living with mental health as a case resolution, whether through a pre-plea or post-plea model.

Additionally, to address high levels of exposure to community violence and trauma among young men of color in Queens, the Center's **Uplift Program** provides trauma and healing services to justice-involved young men and young adults by offering client-driven individual therapeutic sessions and supportive group workshops. Through case management, victim services assistance, and advocacy and mentoring, participants are supported to recognize, process, and heal their own trauma, resulting in better life outcomes. In Staten Island, the Center's **Youth Wellness Initiative** provides robust mental health services that address trauma and promote healing for young people involved in the justice system or at-risk of justice-system involvement. Additionally, the initiative takes a holistic approach to youth support networks by supporting the families, parents, and caretakers of youth enrolled in the initiative.

Supporting Whole Families in Family Court Proceedings

The Center's **Strong Starts Court Initiative** (Strong Starts) provides specialized services and supports for children from birth to 3 years of age who, due to allegations of neglect or abuse, are subjects of child protection proceedings filed by the Administration for Children's Services (ACS) and under the jurisdiction of the New York City Family Court. Strong Starts provides ongoing child and family assessments by experienced clinicians that help determine the services needed to restore safe and nurturing parenting and to promote healthy developmental trajectories for children.

Families are connected to high quality, trauma-informed services that specifically target the problems that brought them into the child welfare system. There is a strong focus on collaboration and problem solving that impacts the culture and the way in which the Courts, ACS, the family, and their clinical service providers work together, share information, and resolve family and systems problems. The Center seeks Council funding to build program capacity citywide so that Strong Starts can serve more infants, toddlers, and their families in need of these fundamental services that are associated with reduced likelihood of future abuse or neglect petitions.[15]

Upstream Street Outreach and Interventions

The Center's Midtown Community Court recognizes the value in offering holistic services that respond to a clients' needs, while not relying solely upon traditional policing to solve emerging community concerns. Instead, crisis response should be embedded within a comprehensive, integrated health care and public health system with high quality, accessible, and equitable services.[16] The Center's **Community First** model links individuals in the Times Square area to social and wellness services, while coordinating voluntary follow-up engagement built on relationships developed through consistent outreach.

Specifically, Community First employs Community Navigators with lived experience who partner with community-based organizations to engage individuals in social services, substance use

[15] https://www.innovatingjustice.org/publications/helping-youngest-start-life-strong
[16] https://www.fountainhouse.org/reports/from-harm-to-health

treatment, and mental health services. Community Navigators build trust by learning clients' stories, offering essentials like food, blankets, and access to bathroom facilities, and, over time, connecting them to long term support like housing, employment, and/or substance use treatment. From July 2021 to December 2022, the Community Navigators have reached more than 604 individuals residing in or frequenting the Times Square area.[17] Early data demonstrates that individuals are willing to continuously engage with Navigators, and over time, begin to address their more substantive needs. Currently, Community First street outreach takes place exclusively in the Times Square area. Should Midtown Community Court receive additional Council funding, program outreach will extend to Hell's Kitchen. Additionally, Community First will continue to fortify relationships and partnerships in the Garment District, based on the findings of a Council funded FY23 Community First needs assessment, should the area prove viable for expansion.

Strengthening Communities: Preventing Violence and Empowering Women

Preventing Gun and Intimate Partner Violence

The Center's **Reimagining Intimacy through Social Engagement (RISE) Project** works in partnership with New York City's Cure Violence sites to provide community-based intimate partner violence (IPV) prevention services. RISE Project is highly localized and responsive to each neighborhood's needs, and it builds on community strengths and values that support violence prevention and healthy, safe relationships and communities. RISE Project includes the following core components: 1) engaging individuals who cause harm; 2) community engagement and capacity building; 3) community norms change; 4) youth programming; and 5) survivor leadership. RISE Project also provides crisis intervention, when needed, and conducts placemaking activities to bolster public safety and community investment. Continued support from Council will be used to provide community workshops, community healing events, facilitate youth programs, and develop and implement public education campaigns.

Elevating Human Trafficking Survivor Voices in the Policy Space

As a result of bail reform and decreased arrests on prostitution-related charges across the city, fewer individuals are being processed through the Human Trafficking Intervention Courts. This is a welcome change in how human trafficking is addressed because it decreases the likelihood that survivors are criminalized. While responses to human trafficking within the justice system have largely improved, most reforms still fail to incorporate survivors' expertise in meaningful ways. Given this new landscape, in December 2022, the Center's Bronx Community Solutions launched **Bronx Project Helping to Empower through Advocacy and Leadership** (HEAL). Based on the national Project HEAL curriculum, developed by the Center's Gender and Family Justice department, Bronx Project HEAL is a new leadership and peer support initiative for justice-involved human trafficking survivors that is informed by, co-created with, and often co-led by, survivors themselves.

Bronx HEAL is a six- to nine-month voluntary program that aims to enhance the capacity of survivors to become leaders and advocates in the Bronx community by offering community-based professional development experiences, leadership and advocacy opportunities, and mentorship and peer support. The program currently serves eight survivors who participate in the new survivor leader

[17]Center for Justice Innovation. (2023). [Community First data file]. Retrieved from the Justice Center Application case management system.

empowerment program and works with one survivor peer advocate to help develop and co-facilitate the group. Bronx Community Solutions fielded 22 applications for Project HEAL, and 12 were assessed for the eight-member cohort.[18] There is currently a waitlist for the next cohort. Expanded Council funding would support Bronx Project HEAL in working with more survivors, as well as compensate the survivor leaders for their work. Funding would also be used to supplement costs for participant transportation to/from programming to reduce barriers to engagement.

Preventing System Involvement & Empowering Young Women

The **Brownsville Girls Collaborative** (BGC) is a Council supported intensive leadership development program for female-identifying individuals ages 15-18, that focuses on healing from personal and community trauma. Operating out of the Center's Brownsville Community Justice Center, the BGC recognizes the intersectionality of community, interpersonal, and structural violence that young women experience, especially within marginalized communities and oppressive systems. BGC diverts young women from violence and justice system involvement, utilizing a trauma-informed, peer-based, and youth-led practices to address the developmental needs of each participant, creating career pipelines and economic opportunities in areas of interest.

Continued Council funding would allow BGC to magnify the intended impact of personal and professional development programming amongst participants. Specifically, funding would support aftercare and alumni services, facilitate additional short-term program projects, and create new initiatives to serve participants. BGC aims to work with 75+ young female-identifying individuals to identify and address gendered concerns within the Brownsville community and facilitate successful outcomes through community engagement, leadership development, academic support, and various other avenues.

Preventing Eviction through Comprehensive Housing Support

The Center seeks $550,000 in new Council funding to expand comprehensive support to address the many interconnected factors that impact housing instability in New York City. Access to quality, sustainable, and safe housing is a crucial element to the conversation around social justice and equity. By proactively addressing factors like access to housing and housing resources, we hope to reduce the likelihood of individuals intersecting with the justice system. Three Center programs–the Red Hook Community Justice Center, the Harlem Community Justice Center, and Legal Hand–work directly with New York City residents who are facing housing instability, whether through the threat of eviction, the need for permanent housing, or living conditions that pose risks to their safety and well-being.

While New York City has made significant investments in attorneys for low-income residents, tenants are more likely to remain stably housed when they have assistance beyond legal representation in Housing Court. The Center's **Housing Navigators** work at Legal Hand sites, or out of the Center's Housing Resource Centers, to connect directly with residents who are facing housing instability. Housing Navigators support tenants in obtaining critical home repairs, preserving affordability, preventing evictions, and finding justice and fair treatment in housing court. We have found that a problem-solving approach in and beyond Housing Court helps both tenants and landlords connect to resources to address challenges like building repairs and back rent. Support with

[18]Center for Justice Innovation. (2023). [Bronx Project HEAL data file]. Retrieved from the Justice Center Application case management system.

organizing files, evidence-gathering, and other written requests prior to legal filings have been noted to improve legal representation.

The Center's unique positioning–a community-based organization with programs across all five boroughs and individuals already engaging in this work–means that we can bridge those gaps to ensure that our most vulnerable residents do not fall through. We seek new Council funding to support Housing Navigators in Staten Island and the neighborhoods of Harlem, Brownsville, Red Hook, Crown Heights, Jamaica, and Tremont. Known as the **Housing Justice Community Navigator Program**, the initiative is dedicated to preventing evictions while promoting housing stability, affordability, and tenant protections for vulnerable tenants and public housing communities through a network of trained housing navigators and mobile pop-up events in all five boroughs. The Housing Justice Community Navigator Program is currently supported by congressional funding that is due to sunset in late 2023.

Conclusion

By partnering with the Center, Council can go beyond transforming the justice system to cultivating vibrant and prosperous communities that center public safety and security for all who live here. We thank Council for its continued partnership and are available to answer any questions you may have.

Center for Justice Innovation

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Courtney Bryan. Executive Director

Center for Justice Innovation
FY24 City Council Major Finance Proposal Summaries

Center for Justice Innovation Innovative Core Funding (formerly Center for Court Innovation) #151226 - $750,000 (Renewal/Expansion) This is an application to support the continuation of the Center for Justice Innovation's innovative criminal justice responses, community-based public safety initiatives, and access to justice programs across all five boroughs in New York City. City Council's support allows us to serve tens of thousands of New Yorkers with mental health services, family development, youth empowerment, workforce development, and housing, legal, immigration and employment resource services. Our goal continues to be improving safety, reducing incarceration, expanding access to community resources, and enhancing public trust in government to make New York City stronger, fairer, and safer for all.

Initiative: Innovative Criminal Justice Programs

Center for Justice Innovation (formerly Center for Court Innovation): Brooklyn Felony Alternatives to Incarceration #151072 - $1,280,000 (Renewal/Redesign) The Center for Justice Innovation (Center) seeks funding to support its Brooklyn Felony Alternatives to Incarceration (FATI) programs for individuals arrested on violent and non-violent felony charges in Kings County. These FATI program operate across two Center projects: Brooklyn Justice Initiatives and Brooklyn Mental Health Court, which offer holistic and individualized community-based interventions and rigorous judicial monitoring of participants on felony cases, thereby reducing the use of jail and prison sentences and leading to reduced criminal dispositions.

Initiatives: Diversion Programs; ATIs

Midtown Community Court: Youth Weapons Possession Diversion Program #153321 - $257,384 (New) Midtown Community Court, in collaboration with the New York City Law Department, the Legal Aid Society, and the New York City Department of Probation, will expand and enhance a previously unfunded youth diversion pilot program for gun and other weapon possession charges. Currently, Midtown's pilot diversion program is one of very few holistic alternatives to prosecution for young people ages 14-18 arrested for weapon possession. Successful completion of the program results in the Law Department declining to prosecute or dismissing the case, thereby avoiding a full criminal process, a criminal record, and many collateral consequences. In addition to providing a critical diversion opportunity that addresses the root causes of gun violence, this program will provide educational support and job skills

development, offer connections to health and wellness and other holistic services, and build youth connections to the community.

Initiatives: Diversion Programs; Innovative Criminal Justice Program

Center for Justice Innovation (formerly Center for Court Innovation): Queens and Manhattan Misdemeanor Alternatives-to-Incarceration Programs #151126 - $450,000 (New) This is an application to support funds that will expand the Center for Justice Innovation's Misdemeanor Alternatives-to-Incarceration programming in Queens and Manhattan, across three operating programs: Queens Community Justice Center, Manhattan Justice Opportunities, and the Midtown Community Court. The goal of these programs is to offer a single point of access to a wide array of community-based services as alternative sentencing options in criminal cases, thereby reducing incarceration, and improving public safety by addressing the underlying issues that lead to justice system involvement. Collectively, these funds will support staffing and program delivery at these three sites to meet the growing needs of the communities, participants, and court stakeholders.

Initiatives: ATIs; Innovative Criminal Justice Programs

Center for Justice Innovation (formerly Center for Court Innovation): Driver Accountability Program #148265 - $1,044,227 (Renewal/Expansion) The Center for Court Innovation's Driver Accountability Program offers a meaningful alternative to the traditional legal responses of fines, fees, and short-term incarceration for vehicular offenses in criminal court. The program builds on Vision Zero's emphasis on enforcement and public education and uses principles of restorative justice to address the dangerous behaviors that are the primary cause of pedestrian fatalities. With support from City Council, the program currently operates at six sites in all five boroughs. A recent evaluation has highlighted the program's positive impact on participants' driving beliefs and behaviors. This application seeks funding to sustain those operations, as well as expand the program to fully implement its more intensive version, Circles for Safe Streets, which is a restorative justice program that brings together drivers and their victims for a process of accountability and healing in cases where traffic crashes have caused serious injury or death.

Initiative: Diversion Programs

Bronx Community Solutions: Bronx Restorative Justice Programming (Project Reset Bronx, Bronx Restorative Justice Pilot, and Circles for Safe Streets) #151043 - $710,000 (Renewal/Redesign) For the past five years, City Council has funded Bronx Project Reset, a pre-court restorative diversion program for adults arrested for low-level charges who receive a desk appearance ticket. Beginning in FY24, the Mayor's Office of Criminal Justice (MOCJ) will take over the funding of Project Reset programs citywide, for which Bronx Community Solutions has submitted an application and is awaiting their determination. Building on the positive impact of the restorative circles uniquely offered by Project Reset Bronx and the robust history of restorative justice initiatives at the Center for Justice Innovation, this application seeks to transition the $710,000 traditionally used to fund Project Reset to fund the expansion of much-needed restorative justice services for adults in the Bronx. Restorative justice is an approach used to address crime or conflict that focuses on repairing harm and mending relationships by bringing together the person who caused harm, the person impacted by the harm,

and their broader community in a facilitated dialogue to determine a resolution. The requested funding can be used to provide restorative justice services to cases involving interpersonal harm or conflict at a variety of touch points in the Bronx court system: from an alternative-to-incarceration program to a post-sentencing healing process for both misdemeanor and felony-level cases. As part of a menu of restorative justice offerings, funding will also support the expansion of the Circles for Safe Streets program to the Bronx, a restorative process for traffic violence cases resulting in serious injury or fatality. Beyond receiving case referrals from the court system, Bronx Community Solutions' Bronx Restorative Justice Pilot Program can receive referrals directly from members of the Bronx community for conflicts or acts of harm that occurred outside of the court process.

Initiative: Diversion Programs

Staten Island Justice Center: Planning for a Community Justice Center & Youth Impact Expansion #153467 - $367,758 (New) The Staten Island Justice Center (Justice Center) proposes to build planning and operational capacity to expand into a new Staten Island Community Justice Center (SICJC). The SICJC would build out and enhance the Justice Center's current programming to invest in local residents beyond those who are involved in the justice system, transform public spaces, and increase opportunities for young people. In order to maintain existing operations and plan for new programming, existing Justice Center staff will dedicate time to the development of new programming and activities including data collection and evaluation plans. These plans will be developed in coordination with an assessment project set to launch in the spring of 2023 in coordination with the Richmond County District Attorney's Office. The goal for the new SICJS is to provide enhanced programming likely to include individual counseling, psychoeducational group programming, mentorship programming, and placemaking and violence intervention. For justice-involved clients, the Justice Center's holistic approach seeks to prevent the negative consequences that often accompany contact with the criminal legal system while addressing clients' needs in order to prevent future system involvement. One initiative that SIJC would want to enhance now in the run up to the new SICJC is Youth Impact. The Staten Island Justice Center's Youth Impact program (formerly Youth Court) is a multi-pronged youth leadership development program focused on peer-led mentorship and violence intervention and prevention practices, with a goal to keep young people out of the criminal legal system while inspiring community safety and healing from a youth-centered perspective. The program primarily uses a restorative justice model through structured in-school violence intervention partnerships and organized civic engagement. Participants develop hard skills including in oral and written communication, facilitation, conflict resolution and research processes; learn the impact and infrastructure of the justice system; and are trained in community planning and organizing. Participants will be able to utilize these skills towards ending violence and rely on their inner guidance to inform their mental, physical, and emotional healing journey to become change agents amongst their peer groups and system influencers within their communities. At this point, SICJ Youth Impact work is only going to be operational in one school funded through a federal STOP School Violence grant. This proposal would enhance Youth Impact ahead of the roll out of the SICJC in order to serve more youth across Staten Island.

Initiatives: Speaker's Initiative, Innovative Criminal Justice Programs, ATIs

Bronx Community Solutions: Bronx Heroin Overdose Prevention and Education (Bronx HOPE) Mobile Services #153788 - $461,680 (New) Bronx Heroin Overdose Prevention and Education (Bronx HOPE) is an initiative from Bronx Community Solutions that tackles substance use issues by using a precinct-based peer-driven diversion model for individuals issued a Desk Appearance Ticket for qualifying drug possession charges. The program was specifically developed to address the opioid crisis and help individuals who struggle with substance use disorder. Bronx HOPE practices a harm reduction model and uses interventions that provide participants the option to access community services instead of appearing in court. By giving individuals this option, Bronx HOPE offers the opportunity for rehabilitation and connection to the community rather than jail or options that do not address underlying issues. Bronx HOPE proposes the staffing and implementation of a response van to serve as the program's mobile office space, with the goal of increasing the number of individuals who are meaningfully engaged through the Bronx HOPE program. Bronx HOPE seeks funding to expand its services beyond the precinct level to increase the program's reach and provide support to community members before they come into contact with the justice system.

Initiative: Opioid Prevention and Treatment Initiative

Center for Justice Innovation (formerly Center for Court Innovation): Brooklyn & Manhattan Misdemeanor Mental Health Courts #151177 - $593,949 (New) The Center for Justice Innovation partners with the New York State Unified Court System to operate the Brooklyn and Manhattan Misdemeanor Mental Health Courts, offering community-based interventions and judicial monitoring for individuals with mental health diagnoses who are charged with misdemeanor offenses. The courts are staffed by a team of multidisciplinary professionals who specialize in behavioral health who are responsible for conducting independent assessments, preparing recommendations for court, providing referrals to community-based providers, and offering ongoing case management. The goal of these courts is to provide support and engagement through meaningful individualized programming for persons living with mental health as a case resolution, whether through a pre-plea or post-plea model.

Initiatives: Diversion Programs; ATIs; Innovative Criminal Justice Programs

Brooklyn Mental Health Court #148844 - $150,000 (Renewal) The Court-Involved Youth Mental Health initiative at the Brooklyn Mental Health Court (BMHC) provides specialized support to youth ages 18 to 24, who have unique social and cognitive needs and who represent a growing percentage of the cases we serve. Since 2017, more than 149 youth in this age range have pled into the Court. Thanks to City Council support, BMHC now offers monthly programming specifically for youth, including arts programs, movie trips, and meditation classes—all designed to nurture close engagement with our youth population to help them comply with their court mandates and avoid future contact with the justice system. Youth support groups are also offered on a weekly basis. City Council funding also supports our Youth Engagement Social Worker role, a bilingual member of our clinical team. Renewed funding will enable us to continue and strengthen our youth-focused programs; form a youth advisory board consisting of both former and current participants who would collaborate with BMHC staff to inform ongoing programming; form stronger partnerships and collaborations with programs and organizations; maintain our critical Youth Engagement Social Worker role; and provide

meaningful activities and healthy meals and snacks to our participants, fostering close relationships that help youth to lead healthy, law-abiding lives.

Initiative: Court Involved Youth Mental Health

Queens Community Justice Center-Jamaica: UPLIFT #150541 - $100,000 (Renewal) To address the high levels of exposure to community violence and trauma among young men of color in Queens, the Queens Community Justice Center piloted UPLIFT in FY22, a program that provides trauma and healing services to justice-involved young men of color, ages 16-25. By offering client-driven individual therapeutic sessions and supportive group workshops, case management and victim services assistance, and advocacy and mentoring, participants are supported to recognize, process, and heal their own trauma, resulting in better life outcomes. The Justice Center requests funding to continue and expand this critical work.

Initiatives: Court-Involved Youth Mental Health Initiative; Mental Health Services for Vulnerable Populations; Community Safety and Victims Services Initiative; Speakers Initiative

Staten Island Justice Center: Youth Wellness Initiative #150890 - $130,000 (Renewal) This a renewal proposal for Staten Island Justice Center's Youth Wellness Initiative (YWI), a program providing robust mental health services that addresses trauma from violence and promotes healing for young men of color in Staten Island. The YWI works to decrease community violence and the likelihood of long-term justice involvement through transformative education, youth-led community engagement, peer support and mentorship, and individual short-term counseling and advocacy. The YWI also offers interactive and holistic family resources and support to parents or guardians who may need assistance in caring for their youth while navigating the justice system. Participants will be able to translate their therapeutic encounters into an opportunity to restore themselves back into their communities.

Initiatives: Mental Health Court-Involved Youth

Center for Justice Innovation: Strong Starts Court Initiative #152718 - $572,241 (New) The Center for Justice Innovation seeks funding to build the capacity of the successful Strong Starts Court Initiative to meet the needs of a greater number of infants, toddlers, and their families throughout New York City and help build a sustainable program not entirely dependent on private foundation support. The Strong Starts Court Initiative is a Family-Court-based project; it employs a two generational approach to provide specialized supports for infants, toddlers and their families who have child protection cases, and it works to educate court-based professionals in an approach focused on early child development that will transform the traditional family court response to this extremely vulnerable population.

Initiatives: Mental Health Services for Vulnerable Populations; Children Under Five; Speaker's Initiative; Innovative Criminal Justice Programs

Midtown Community Court: Community First #153859 - $100,000 (Renewal) Midtown Community Court (MCC) seeks support to build off of the findings of the FY23 Needs Assessment made possible by Councilmember Powers' Office to hire one Community Engagement Specialist to fortify relationships and partnerships identified during the initial needs

assessments to build an infrastructure for Community First bridging Times Square and the Garment District.

Initiative: Community Safety and Victim Services Initiative

Midtown Community Court: Community First #153703 - $100,000 (New) Midtown Community Court (MCC) seeks support to bolster the operations of Community First. Midtown Community Court has submitted a proposal in response to the New York County District Attorney's Office Neighborhood Navigators RFP to expand Community First operations to the Hell's Kitchen neighborhood. Funding will support the general operations of the Community First program which currently operates from 40th Street to 53rd Street, 6th Ave to 8th Ave, including Restaurant Row. Council's funding will improve the capacity of Community First to serve the most vulnerable community members, often experiencing varying degrees of homelessness, substance use, serious mental illness, and/or physical health challenges.

Initiative: Community Safety and Victim Services Initiative

Center for Justice Innovation: RISE Project #152717 - $100,000 (Renewal) This is an application for continued support of the RISE Project. RISE is a part of New York City's Crisis Management System, working in partnership with Cure Violence sites to provide community-based intimate partner violence (IPV) prevention services to individuals at risk of being impacted by gun violence in communities most impacted. RISE works to reduce IPV by engaging individuals who are causing abuse in voluntary programming to stop violence and change behavior, change community norms to reduce tolerance for IPV, train credible messengers to identify risk factors for IPV, build skills to talk about IPV and connect community members in need of services to RISE. RISE incorporates components of the Cure Violence and restorative justice models in its work.

Initiatives: Criminal Justice-Diversion Programs, DoVE, Innovative Criminal Justice Programs

Bronx Community Solutions: Bronx Project HEAL (Helping to Empower through Advocacy and Leadership), formerly the Bronx Human Trafficking Intervention Court (HTIC) #151100 - $100,000 (Renewal/Expansion) This application is for Bronx Project HEAL (Helping to Empower through Advocacy and Leadership), an evolution of the Bronx Human Trafficking Intervention Court (HTIC) initiative. Based on the National Project HEAL curriculum, developed by the Center for Justice Innovation (formerly the Center for Court Innovation), Bronx Project HEAL is a new leadership and peer support initiative for justice-involved human trafficking survivors that is informed by, co-created with, and often co-led by, survivors themselves. It is a 6- to 9-month voluntary program that aims to enhance the capacity of survivors to become leaders and advocates in the Bronx community by offering community-based professional development experiences, leadership and advocacy opportunities, and mentorship and peer support. Funding will support the implementation of the survivor leader empowerment program aimed at providing professional development services, including leadership and advocacy training, to survivor leaders to enhance their professional skills and encourage their participation in anti-trafficking policy and advocacy efforts.

Initiative: Support for Victims of Human Trafficking

Brownsville Community Justice Center: Brownsville Girls Collaborative (BGC) #151085 - $150,000 (Renewal) The Brownsville Girls Collaborative (BGC), a cornerstone of programming at the Brownsville Community Justice Center, is a leadership development program focused on holistic empowerment of young women in the community. The program creates a safe space for young women from Brownsville, who are at high risk of violence or justice involvement, to engage with Justice Center staff, facilitators, and one another. Throughout the year, the Justice Center will work with BGC participants to address the root causes of trauma, violence, and risk behaviors to reduce justice system contact and develop participants into positive actors within Brownsville.

Initiative: Young Women's Leadership Development Initiative

Brownsville Community Justice Center: Housing Resource Center and Housing Navigator #153364 - $100,000 (New) Brownsville Community Justice Center (Justice Center) is seeking funding to bolster its Housing Resource Center—including through the hiring of a new Housing Navigator—in order to prevent homelessness and help community members maintain safe, affordable, and stable housing. With City Council support, the Housing Resource Center, in addition to providing direct tenant support, will conduct community education campaigns around important issues, like NYCHA's new portal and HP Actions. Additionally, the Housing Navigator will work with a team of Housing Navigators across the Center to address a wide range of housing needs. Although the Justice Center has long provided services that help prevent evictions via annual recertification, support residents secure benefits, and provide assistance overcoming homelessness, this dedicated Housing Navigator will expand and deepen its housing work in Brownsville.

Initiative: Community Housing Preservation Strategies

Harlem Community Justice Center: Housing Help Center and Housing Navigator #153428 - $100,000 (New) The Harlem Community Justice Center's Housing Help Desk seeks funding from the Community Housing Preservation Strategies Initiative to support a Housing Navigator who will help seniors, non-English speakers, and other public housing tenants living in Harlem obtain critical home repairs, preserve affordability, prevent evictions, and find justice and fair treatment in housing court.

Initiative: Community Housing Preservation Strategies

Legal Hand: Crown Heights– Housing Navigator #153220 - $100,000 (New) City Council funding will support a dedicated Housing Navigator at Legal Hand: Crown Heights, which will be a part of a network of Housing Navigators across the City at other Center for Justice Innovation sites to address a wide range of housing needs. Although Legal Hand: Crown Heights has always provided services that help prevent evictions, assist residents to secure benefits, and support community members overcoming homelessness, this dedicated Housing Navigator role will expand and deepen its housing work in Crown Heights, in response to rising need.

Initiative: Community Housing Preservation Strategies

Legal Hand: Jamaica – Housing Navigator #153254 - $100,000 (New) City Council funding will support a dedicated Housing Navigator at Legal Hand: Jamaica, which will be a part of a network of Housing Navigators across the City at other Center for Justice Innovation sites to

address a wide range of housing needs. Although Legal Hand: Jamaica has always provided services that help prevent evictions, assist residents to secure benefits, and support community members overcoming homelessness, this dedicated Housing Navigator role will expand and deepen its housing work in Jamaica, in response to rising need.

Initiative: Community Housing Preservation Strategies

Legal Hand: Bronx – Housing Navigator #153284 - $100,000 (New) City Council funding will support a dedicated Housing Navigator at Legal Hand: Bronx, which will be a part of a network of Housing Navigators across the City at other Center for Justice Innovation sites to address a wide range of housing needs. Although Legal Hand: Bronx has always provided services that help prevent evictions, assist residents to secure benefits, and support community members overcoming homelessness, this dedicated Housing Navigator role will expand and deepen its housing work in the Bronx, in response to rising need.

Initiative: Community Housing Preservation Strategies

NYC City Council
Finance Committee
FY24 Preliminary Budget Hearing
Monday, March 6, 2023
Re: Climate Jobs NY Testimony on Carbon Free and Healthy Schools

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Thank you to Chair Brannan and the members of the Committee on Finance for allowing me the opportunity to submit testimony addressing a very important issue for the City, its schools, and its fights against climate change and economic and racial inequality.

My name is Tory Kaso and I'm the Campaign Director for Climate Jobs NY's Carbon Free and Healthy Schools Initiative. The Carbon Free and Healthy Schools coalition, which includes the NYC Building and Construction Trades, NYC Central Labor Council, United Federation of Teachers, Council of Supervisors and Administrators, SEIU 32BJ, AFSCME DC37, and Laborers Local 79, is calling for the acceleration of solar installation to 150 schools per year, along with the commitment to completing deep retrofits and installations on all of NYC's public school buildings by 2030, with good labor standards, and is asking for the City Council's support in this year's budget.

The time is now for this investment - climate science demands urgency, and we have found ourselves presented with a historic funding opportunity to invest at the scale needed to make a lasting environmental and economic impact. Last year's passage of the Inflation Reduction Act has provided a previously unavailable source of federal funding New York City can access to meet these commitments, through the income tax credit direct pay provision. However, if we delay any longer, we could miss out on the chance to make lasting impacts for our city and communities.

In taking advantage of the direct pay provision for municipalities, the IRA can provide 40% in federal funds to install solar, and 20% of the cost of retrofitting city's schools. [1]

[1] Based on Climate Jobs New York's analysis of the Inflation Reduction Act.

By directly investing in solar and becoming a zero-energy school system, these deep retrofits and renewable energy installations would save schools over 8.25 billion dollars in energy expenditures over 30 years - this is money that could be reinvested towards school programming, continued maintenance, or the hiring of additional staff and teachers.[2]

The IRA has made this initiative more fiscally sensible than ever before. The total project cost for installing rooftop solar on 150 school buildings is approximately 50 million dollars; the IRA income tax credit direct payment would be 19.2 million dollars. The projected annual loan payments would be 2.05 million dollars, whereas the annual solar revenue would amount to 2.9 million dollars, outpacing the loan payments. Meaning the payback period would be 4 years, with a 30 year savings of 44.1 million dollars. [3]

But, the benefits of this initiative would go beyond these significant energy cost savings.

Deep retrofits of all 160 million square feet of NYC's public schools would cut energy consumption by 50%, and with the installation of 1.1GW of solar, onsite energy generation would meet the remaining 50%.[4] Combined, the decarbonization of the city's schools would reduce carbon emissions by a total of 713,382 metric tons by 2030, the equivalent of taking 154,000 cars off the road, leading the way in helping the city reach its goal of an 80% reduction in carbon emissions by 2050.[5]

Carbon Free and Healthy Schools is also a significant green jobs initiative. Making all NYC schools carbon-free and healthy by 2030, when the retrofit and solar installation work is done under a project labor agreement and with good labor standards, will provide 45,000 good union jobs for New York City, across a number of trades.[6]

New York City has world class apprenticeship and pre-apprenticeship programs that provide the transferable skills and on-the-job training to lead to long-term high-quality career pathways for New Yorkers of color, women, justice-involved individuals, and frontline communities who for too long have been under-resourced, and left behind.

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[2] Based on Climate Jobs New York's analysis of the Inflation Reduction Act.
[3] Based on Climate Jobs New York's analysis of the Inflation Reduction Act.
[4] "Climate for Change, A Complete Climate Jobs Roadmap for New York City," Cornell University, ILR School, May 2022, at 20.
[5] "Climate for Change, A Complete Climate Jobs Roadmap for New York City," Cornell University, ILR School, May 2022, at 23; and City of New York, Local Law No. 97
[6] Based on Cornell ILR School Carbon-Free and Healthy Schools methodology and analysis in "Climate for Change, A Complete Climate Jobs Roadmap for New York City," Cornell University, ILR School, May 2022, at 103.

This initiative is not just an investment in the physical structures of schools, it is also an investment in economic and racial equity, helping historically marginalized communities access careers that provide good wages, benefits, job security, and dignity.

Those of you who on the committee who attended our recent apprenticeship tour were able to meet some of today's apprentices training for the green jobs of the future with Laborers Local 79, IUPAT DC9, and IBEW Local 3 and see the amazing efforts being put into these training programs - an investment in Carbon Free and Healthy Schools will help increase access to these and many other excellent apprenticeship programs.

Finally, Carbon Free and Healthy Schools is an investment in our students, teachers, staff, and administrators. Our schools should be beacons of green infrastructure, energy efficiency, and climate change; not out-of-date structures continuing to contribute high carbon emissions and to the denigration of NYC's environmental health. *Every* student deserves working HVAC during cold winters and hot summers, and a safe and healthy learning environment.

An investment in Carbon free and healthy schools is a physical representation of the City's commitment to the success of our public school students, no matter where they're from. Carbon free and healthy schools is an investment in students and schools *now* that will have a lasting impact for generations to come.

Recently, over a majority of City Council members, including a number of the members of the Committee on Finance signed onto a letter of support, expressing commitment to supporting the acceleration of solar installation and completion of retrofits on all NYC school buildings, with strong labor standards in the Fiscal Year 2024 budget. We are deeply grateful and greatly encouraged by your support. We are asking that you stand by that commitment by including in this year's budget 50 million dollars this year to install solar on 150 schools, and supporting a multi-year plan for deep energy efficiency retrofits of schools that include HVAC, and electrical upgrades, roof repairs, and lighting and window retrofits, prioritizing schools in environmental justice areas, ultimately completing all schools by 2030.

Testimony to the City Council Committee on Criminal Justice

Submitted by Sarita Daftary

March 23, 2022

Thank you Chair Brannan and Council members, for the opportunity to testify today.

My name is Sarita Daftary and I am a co-director of Freedom Agenda, one of the organizations leading the Campaign to Close Rikers, and I'm glad to testify here today.

This Council, and particularly this Committee, is tasked with setting budget priorities to ensure the best use of our City's resources, which are of course substantial, but also finite. Rikers Island is the worst possible use of our resources, and this city budget must prioritize investments to strengthen communities and improve safety, while reducing incarceration and honoring the City's legal and moral obligation to close Rikers Island by 2027.

New York City is currently in the unacceptable position of spending 350% more per incarcerated person than comparable jail systems in Los Angeles or Cook County, Illinois, and yet, people in DOC custody are subjected to some of the worst jail conditions in the nation. This is causing real and lasting harm to people all over our City. One of our members is the mother of young man who has been at Rikers awaiting trial for more than four years, since he was 18. In that time, he has repeatedly missed court dates because officers have failed to bring him. He has suffered serious injuries and been unable to get medical care, including when he caught a stomach infection for being placed in a cell with a broken toilet. His mother worries about him constantly, but is barely able to see him – DOC stopped offering weekend visits during Covid and still has not restarted them, and her requests to schedule video calls are frequently denied due to "high volume." This horrific treatment comes at a price tag of over $550,000 per person per year. Her son could have spent the past four years of his life in college on a full scholarship with all expenses paid, and it would have cost far less.

To be clear, there is no staff shortage at Rikers driving this problem – there is an accountability shortage. NYC has the only jail system in the country with more officers than people in custody, but too many of them abuse sick leave, and when they do come to work, refuse to work in the posts most necessary to provide services to people in custody, opting instead for administrative or other work they are assigned to or abscond to.

The FY24 preliminary budget for DOC represents a $35.5 million increase (or 1.3%) from the FY23 budget, while agencies providing crucial services, from DOH to DYCD to HPD and more, are facing devastating cuts. Instead, the City should be taking commonsense measures to reduce DOC budget bloat and pursue accountability could **reduce their uniform headcount to 5,760 and free up $359.2M for crucial community investments.**

1. **Eliminate vacancies for uniformed staff.** The Department of Correction had 283 vacancies for uniformed staff in December 2022. Reducing uniformed positions to 6,777 to eliminate these

vacancies could save at least $78.2M. Taking into account average attrition rates, DOC's vacancies for uniform staff will likely increase to 800 by the end of the fiscal year. Reducing uniformed positions to 6,260 to eliminate these vacancies could save $221M .

2. **Hold staff accountable for chronic absenteeism.** The Nunez Federal Monitor reported in October that DOC had identified 1,029 officers as chronically absent. Staff who do not come to work should not be able to keep their jobs. If approximately 50% (500) of these officers are terminated and 50% return to work to avoid termination, spending on jail operations could be reduced by $138.1M.
3. **Reduce overtime spending** by consolidating operations and permanently closing jails on Rikers, starting with the Otis Bantum Correctional Center, which was emptied in June 2022.
4. **Increase Board of Correction headcount** in proportion to DOC headcount. This type of linked budget exists for other oversight agencies like the CCRB. Increasing BOC headcount to 1% of DOC's would add 25 BOC staff positions, but would only add approximately $3M to the overall expense budget. The importance of BOC staff presence in the jails is even more vital now that DOC has revoked their remote video access.
5. **Redirect funds** to meet community needs, including an additional investment of $57.8M in expense funding for supportive housing, and expanded funding for alternatives to incarceration, healthcare, substance use disorder treatment, and social and employment programs for young people that will reduce the flow of people into the jail system.

The Mayor's budget and his predictions that the jail population will increase signals that he has chosen to abandon his pledge to "go upstream" to address our City's problems and to close the pipeline that feeds Rikers. That puts the responsibility on this Council to acknowledge the reality that Rikers Island is the most expensive and least effective intervention we have available to us to address safety in our city, and insist on a budget that supports closing Rikers through resourcing communities and reducing incarceration. Unfortunately, this budget will not do that.

Thank you,

Sarita Daftary

Co-Director, Freedom Agenda

Sdaftary@urbanjustice.org

(attached – FY2024 DOC Budget Tipsheet)

Asian American Pacific Islanders for a Fair Budget

New York City Council Fiscal Year 2024
Preliminary Budget Hearings
Committee on Finance, Mar 6, 2023

The 18% and Growing Campaign to Fight For An Inclusive and Equitable Budget for the AAPI Diaspora

My name is Clifford Robin Temprosa and I am the Budget Policy Coordinator at CACF, the Coalition for Asian American Children and Families.

Since 1986, CACF is the nation's only pan-Asian children and families' advocacy organization that **leads the fight for transformative movements and policy, progressive systems change, and racial equity within government institutions to increasingly invest and equitably fund** community based organizations and city initiatives that directly impact and far reach the Asian American and Pacific Islander Diaspora, which include: East Asia, Southeast Asia, South Asia, West Asia, Southwest Asia, Central Asia, and Pacific Island regions.

I am testifying on behalf of the 18% and Growing Campaign, a critical and diverse city-wide campaign **uniting over 90 AAPI-led and serving organizations across New York City to fight for a fair and equitable budget that protects the needs of our most vulnerable community members**. We advocate as a collective in solidarity to hold New York City accountable in providing the necessary resources to serve and empower the diverse needs of all AAPI New Yorkers and other communities of color as *"We Are Building A Community Too Powerful To Ignore. "*

A community where 1 in 5 AAPIs do not have to live in poverty. A community that provides culturally competent and linguistically accessible social services to the 78% of AAPIs who are foreign born. A community where the number of Anti-Asian Hate Crimes that are reported, underreported, and unreported decline drastically. A community that emphasizes safety as the presence of wellness in our society and empowers social safety nets and opportunities for communities of color to achieve their full potential in life.

18% & GROWING CAMPAIGN

CACF

Asian American Pacific Islanders for a Fair Budget

The AAPI Diaspora across New York City has historically been marginalized, siloed, and isolated, facing unique challenges that continue to prevent the manifestation of healing, wellness, and advancement within our communities.

- The Asian American and Pacific Islander Diaspora is the fastest growing ethnic diaspora in New York City, yet, it faces the highest rates of poverty, linguistic isolation, rising inequities, and widening gaps between social services.
- The Model Minority Myth has been a dangerous and harmful stereotype that has perpetuated the cycles of violence and inequity. This Myth has allowed our most marginalized to become some of the most vulnerable in society - isolating our communities from social services, opportunity, and progress.
- The lingering effects of the COVID-19 pandemic have been catalytic to the sharp rise in Anti-Asian hate across New York City. As our communities face egregious levels of discrimination, we need expanded investments towards frontline organizations that work to be proactive against inequity and reactive against injustice.

We demand the creation of bridges that closes the gaps between equity and social safety nets within our community. Our society requires a shift in the greater moral imperative so that leaders and institutions in power can understand the historic inequities within our communities to be better informed to fight for principals and values that are reflected in a budget that invests in trauma-informed healing, holistic progress, and culturally competent services.

CACF urges the New York City Council to uplift the collective priorities of the 18% and Growing Campaign which include expanding the AAPI Community Support Initiative to $7.5 million, Communities of Color Nonprofit Stabilization Fund to $7.5 million, and the Access Health Initiative to $4 million, among other key city-wide initiatives to take further steps in not envisioning, but truly creating a more inclusive, safe, healthy, and sustainable society for our diverse diaspora. Establishing blueprints that lead to a more value driven, culturally representative, and human centered New York City.

Thank you very much for your time.

TESTIMONY
New York City Council Committee on Finance
Fiscal Year 2024 Preliminary Budget Hearing
March 6, 2023

Submitted by:
Gloria Kim
Senior Policy Analyst
Human Services Council of New York

Introduction

Good afternoon, Chairperson Brannan, and members of the New York City Council Finance Committee. My name is Gloria Kim, and I am the Senior Policy Analyst of the Human Services Council, a membership organization representing over 170 human services providers in New York City. HSC serves our membership as a coordinating body, advocate, and an intermediary between the human services sector and government. We take on this work so our members can focus on running their organizations and providing direct support to New Yorkers. These are the nonprofits that support our city's children, seniors, those experiencing homelessness, people with disabilities, individuals who are incarcerated or otherwise involved in the justice system, immigrants, and individuals coping with substance abuse and other mental health and behavioral challenges. We strive to help our members better serve their clients by addressing matters such as government procurement practices, disaster preparedness and recovery, government funding, and public policies that impact the sector.

Support Human Services Workers with a 6.5% COLA

We thank the City Council for the $60 million workforce investment in the FY23 budget, which demonstrates the importance of compensating frontline workers who have been essential during the pandemic and for the recovery of New York. However, the workforce investment is not a true cost-of-living adjustment (COLA) and is less than the 4% that the City Council has stated the investment represented. There were also issues of implementing this investment as providers waited months to receive the funding to distribute to their staff. Thus, we ask that you include a 6.5% COLA in the budget to be included in every City-contracted human services contract to show your commitment to the sector.

Nonprofit human services providers have long been a backbone of both the economic and social fabric of New York, combining government resources with private giving and philanthropy to deliver services to over 2.5 million New Yorkers each year. The sector is both an essential partner to government—contracted to provide mandated services like shelter in addition to key programs like childcare, afterschool programs, food pantries, and mental health services—and

independent organizations that can and do react quickly to changing needs in their communities and engage in rapid response to ensure children and families have their needs met.

Years of underfunding of the sector have resulted in the human services workforce being some of the lowest compensated workers in New York City's economy. These are workers who do some of the most important jobs in our communities; they take care of our aging neighbors, assist families in staying in their homes, work with people to overcome substance abuse and addiction, and help people from all walks of life in the event of an emergency. Yet despite all of this, they are drastically underpaid. This government-sanctioned "poverty pay" has resulted in nearly 25% of all human services workers qualifying for food stamps in 2016-2018. Low wages also have a sweeping effect on workplace condition and the outcome of programs, with high staff turnover and vacancy rates resulting in heavy and unsustainable workloads. **A 6.5% COLA on the personal services line of all City-funded human services contracts is needed in the FY24 budget to ensure this vital workforce does not slip further into poverty.**

Invest in Equity

The City came to an agreement with DC37 to provide 3% annual raises for the first four years of the contract, and a final 3.25% raise in May 2026, while human services workers advocate for a COLA year after year. Government agencies ask providers to hire highly trained staff to deliver services, but effectively mandate wages far below the demands of their roles and the value of their skills. Sixty-three percent of human services workers have a four-year college degree or better, while only making a median annual salary of $47,000, compared to over $66,000 for a comparable job in government. This median salary means that 15 percent of all human services workers (both full and part-time) qualified for food stamps in the 2016-18 period, higher than the 12 percent share for all private sector workers, and much higher than for government employees (9 percent). Human services workers should at least be supported with fair pay and a 6.5% COLA just as their government counterparts have multiyear agreements for raises.

During the pandemic, human services workers were at the frontline risking their lives to support their communities and faced increased need for services even when they did not have the resources to do so. Currently, providers are serving people seeking asylum and other reasons for migration in which 96% of organizations consulted by HSC reported providing services to people seeking asylum entirely or partially out of pocket. Forty percent reported that a government entity (predominantly Mayoral offices and City agencies) asked them to provide services for people seeking asylum. Less than 13% reported that complete governmental funding was offered for these partnerships (with 80% of funds offered as reimbursements). Providers are over capacity and straining to meet existing needs, especially after prior enforcement policies, concurrent COVID-19 recovery, and overall migration trends. And yet, human services organizations continue to help the City try to meet the reputation its leaders boast: a sanctuary for oppressed people here and abroad.

Conclusion

Government has transferred most legally mandated human services for New Yorkers to the nonprofit sector to save on costs. Nonprofits are not just more cost-effective, but also deliver higher quality services than government can alone, by combining government and private resources and being more agile and able to adapt to community needs. By being ingrained in

communities, they are trusted messengers, can address emerging needs more quickly than government, and enhance basic services for better outcomes. But as the sector has stretched to meet community needs, providers are met with chronic delays in payment, underfunding, and a lack of sincere collaboration to create meaningful and lasting interventions, which strips away at limited resources. A 6.5% COLA on the personal services line of all City-funded human services contracts is needed in the FY24 budget to ensure this vital workforce does not slip further into poverty.

We look forward to continuing our work with the City Council and ask that you support the #JustPay campaign and include a 6.5% COLA to fairly pay the low-wage workers the City relies on, who are predominantly women and people of color, to keep these programs running and uplift communities.

Thank you for your continued support and providing me with this opportunity to testify about the state of human services workers.

Gloria Kim, Senior Policy Analyst
Human Services Council of NY
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CAMBA
where you can

CAMBA, Inc.
Testimony Before the New York City Council
Committee on Finance
March 6, 2023
Joanne M. Oplustil

Good morning. My name is Joanne M. Oplustil and I am the President and CEO of CAMBA/CHV. I would like to thank the members of the Committee on Finance for the opportunity to testify before you today. I am here today to address two key issues affecting the human services sector. First, there is the need for an annual **COLA** for human services workers. Our employees need wages that keep pace with inflation and providers need to be able to offer a competitive pay scale. Second, there is the need for an increase in the **fringe rate** in our contracts to 37%. Health insurance costs have skyrocketed in recent years and, without an increase in the fringe rate, providers will be forced to shift more of the costs to their workers and many of these workers will leave their jobs in search of better wages and benefits.

COLA

CAMBA is a settlement house that provides a holistic array of services to over 65,000 individuals and families each year across the five boroughs. Along with our fellow human services providers, we are asking for a 6.5% COLA this year. We believe that this COLA would cost an estimated $200 million and would help workers just keep pace with inflation. Our workers are critical to healthy communities, and our organizations struggle to attract and retain qualified staff.

It is essential to increase human services workers' wages to be comparable to government and the private sector. The human services sector currently has the fifth lowest average pay among large-employing industries in New York City. Human services workers have been underpaid for decades, placing many of them in similar situations as the clients that they serve, such as depending on Public Assistance, SNAP, and other benefits to make ends meet. Without an annualized COLA, many of these workers are leaving the sector, or even leaving New York State altogether, in search of more competitive wages.

In addition to its impact on staff turnover, the lack of regular COLAs for human services workers represents an often overlooked issue of economic equity. The human services sector employs a high percentage of people of color. Indeed, at CAMBA, over 75% of our workers are Black or Latino/a. Depressed wages for our sector disproportionately affects these populations.

FRINGE RATE INCREASE

CAMBA's approved composite fringe rate has sat at 29% for more nearly ten years. In today's market the rate needs to be increased to 37%. By creating efficiencies, and alternatives to conventional unemployment and disability insurances, we have managed to absorb increases to our agency health insurance rates. However, over the last five years, costs have risen by more than 37%, including a health insurance cost premium hike of $2 million last year alone. Last year we saw an increase in our ancillary lines (dental, life,

disability, vision) of approximately 20%. We have had similar increases in unemployment rates as well. As a result, our fringe rate this year has risen significantly, leaving our fringe pool with a multi-million dollar deficit. We anticipate the fringe benefit increases to raise our fringe rate to 37% this year, CAMBA could finish this fiscal year with a fringe pool deficit of $4 million or more. We can no longer incur these costs and without an increase drastic measures will have to be taken.

Without an increase in the fringe rate, CAMBA and our fellow providers will be forced to shift more of the costs of health insurance onto our employees and to reduce the levels of other benefits or eliminate them all together. Again, this will lead to staff leaving the human services sector in New York in search of better compensation and benefits. Non-profits need an annual negotiation for a composite fringe rate or a general increase to at least 37 % to solve this immediate industry-wide problem.

As with our fellow non-profit providers, CAMBA has faced an ongoing challenge with recruitment and retention of qualified staff, largely due to the wages we can afford to offer to our employees and the increased health insurance contributions. We expend tremendous effort and resources on backfilling vacancies, while existing staff have increased duties and caseloads. With an increased and systemic investment in our workforce, providers would have more capacity to meet pressing and emergent needs.

We want to thank the Council for supporting the human services sector with workforce investment and for being vocal champions of the #JustPay campaign. Unfortunately, the City has taken an undue amount of time to get allowance amendments into our contracts. Indeed, we anticipate this process going well into Fiscal Year 2024. Moreover, the investment fell far short of the 4% COLA that the Council had included in budget negotiations.

Thank you for allowing us to testify. I hope that our testimony on these important issues regarding the human services pay scale and costs of operations proves helpful to you as you work to craft a budget for FY24 that will provide for the health, welfare, and well-being of all of New York City's most vulnerable residents.

New York City Council FY 2024 Preliminary Budget Hearing
City Council Committee on Finance
Testimony of Maria Policarpo, President of Local 1757, DC37
March 6, 2023

Good afternoon honorable Speaker Adrienne Adams, Chair Justin Brannan and members of the City Council. My name is Maria Policarpo, I am President of DC37 Local 1757 which represents Assessors and I work as an Assessor in the NYC Tax Commission. I am going to speak in regard to the critical need for the hiring of additional Assessors as a crucial part of the Department of Finance budget for the upcoming fiscal year. Assessors are responsible for overseeing the valuation of approximately 1.1M parcels within the five boroughs and the single largest source of revenue in NYC.

Staffing at the Department of Finance has been at a crisis level and continues to decline. There are currently 23% (39) less members in 2023 (134 Assessors and Assistant City Assessors) vs. 2020 (173 Assessors & Assistant City Assessors). Manhattan, which represents over $176 trillion dollars or 61% of taxable assessed value had 12 out of 18 vacant districts for the tentative 23/24 tax roll. Frankly, this is incomprehensible.

The modeling system was meant to be a tool, yet management continues in its attempt to have it take the place of the Assessor. In turn, the quality of the tax roll is very poor. This is evidenced in the 57,000 and counting property tax appeals filed annually with the Tax Commission.

The loss of revenue due to the lack of actual Assessors valuing properties vs. a flawed computer modeling system run by random titles is immeasurable; along with glitches from the delayed rollout of updated valuation software (Vision 8). The uncollected revenue, which would be sustainable, could fund vital public services. Cell towers and billboards need regulation and monitoring; along with an audit process for those who do not report the income they produce. Physicals from alterations, new buildings, flip sales and condo conversions are being missed due to the number of vacant districts. The sale of air rights is not monitored or properly assessed.

The hiring of an additional 100 Assessors and Assistant City Assessors will help to fill the current vacancies and create smaller more manageable districts. We have been advocating for a line of succession and warning about attrition for years. Unfortunately, both retirements and resignations have outpaced any hiring efforts. We must immediately hire from current Assistant City Assessor Exam #1100 and City Assessor Exam # 9005 open competitive lists.

So let us begin property tax reform now, where we actually have the power to do so, by staffing the assessment division. Local 1757 thanks you for your time and consideration. I would be happy to answer any questions you may have.

Testimony of New York City Employment and Training Coalition (NYCETC)

New York City Council Budget and Oversight Hearings on the Preliminary Budget for Fiscal Year 2024, the Preliminary Capital Plan for Fiscal Years 2024-2027, Fiscal 2024-2033 Preliminary Ten-Year Capital Strategy, and the Fiscal 2023 Preliminary Mayor's Management Report

Submitted by Gregory J Morris, CEO

March 6, 2023

I'd like to thank Chair Brannan for his leadership and the opportunity to provide testimony. I'm Gregory J Morris, CEO of the New York City Employment and Training Coalition (NYCETC) - the largest city-based workforce development association in the country. For 25 years, NYCETC has played a vital role in presenting and championing policy priorities that 1) support the alignment and coordination of our City's workforce development and economic development communities; 2) seek to reduce and/or eliminate barriers to employment based on systemic and structural racism; and 3) supply every New Yorker with the skills, training and education needed to thrive in 21st century. Over the last two years, NYCETC has influenced both the previous and current city administrations by hosting industry roundtables, annual conferences, and on-the-record meet the candidates for office discussions. It has also convened public and private sector leaders (e.g. NY Workforce Recovery Strategy Group) to develop responses to the unemployment crisis caused by the pandemic ("Recovery for All: A Vision for New York City's Equitable Economic Recovery") and proactively addressed long standing disparities in economic development, workforce development and affordable housing (NYC Inclusive Growth Initiative.)

Today, NYCETC is the *'industry voice'* of more than 200 workforce development providers serving 600,000 New Yorkers—primarily individuals who live in under-resourced neighborhoods, identify as BIPOC, and have low to moderate incomes—and it is the *'connective tissue'* that fills strategic, operational, and programmatic gaps between stakeholders - providers and employers, business alliances and labor, city and state, higher ed and philanthropy. Each of these stakeholders have responsibility for addressing the City's siloed and under-funded workforce development ecosystem for the purpose of propelling our City forward on its path to an equitable and inclusive recovery. Two recent reports by NYCETC and its intermediary partners emphasize specific data points that highlight the economic challenges experienced by service providers and New Yorkers who can least afford to lose work and wages.

From the "New York City's Workforce Landscape (September 2022)" report:

- 96% of organizations stated that they saw a decrease in revenue due to reduced City contract funding, State contract funding, private philanthropy or fundraising in comparison to the previous City fiscal year.

- More than one-third of organizations reported delays in contract funding.
- Direct service providers from over a dozen organizations reported that many New Yorkers were reluctant to jump back into the same jobs they had before COVID, looking for opportunities that offer remote options, more flexibility and health protections, higher wages or room for growth.

From the "NYC's Unsettled Covid-19 Era Labor Market: The Case for an Active Labor Market Policy (January 2023)" report:

- New York's City unemployment rate was 6.1 percent in the third quarter of 2022, well above the nation's 3.5 percent. Black workers had an unemployment rate of 9.8 percent, compared to 3.5 percent for white workers.
- Employment rates for young males, ages 18-24, dropped from 49 percent in the six months before the pandemic to 38 percent over the second and third quarters of 2022.
- The number of city residents receiving cash assistance has surged by 112,000, or 35 percent, from February 2020 to September 2022.

Compared to the U.S. overall, New York City's economic recovery lags behind the rest of the U.S., and while the net deficit loss is 116,000 payroll jobs (compared to February 2020), the face-to-face workforce - retail and hospitality services, construction and manufacturing - lost 180,000 jobs. That loss disproportionately left Black and Latinx workers, women, young people, and individuals without college degrees unemployed. Those who are suffering from pandemic-related employment dislocations – and the many more struggling in accessing employment or affordable housing due to their age, level of education, history of justice involvement, or immigration status – are in the greatest need of support that can help reconnect them with quality job opportunities. Those New Yorkers make up the majority of the population NYCETC is committed to putting on pathways to quality jobs and economic self-sufficiency.

While recent communications from the Adams administration regarding an expansion of apprenticeship are promising, job seekers who already face discrimination in the labor market – especially young Black men who continue to experience alarming rates of unemployment – will not find access to apprenticeships without first having access to strong employment "pipelines" that include career development, pre-apprenticeships, "bridge" programs, and supportive services. To ensure an equitable pandemic recovery that centers on the training, "retraining" and retention investments individuals need to enter and engage successfully in a 21st century workforce, employers need to provide living wages, and our local and state administrations must commit to the reduction of barriers to long-term employment, especially for those on public assistance.

New York City's workforce is the backbone of its economic success. Whether it's the New Yorkers who drive our local economy today, or the young people who will make up our future workforce, the City of New York does better when its people have access to the resources and education they need to access

good paying jobs that sustain them and their communities. New York City's workforce development system is as diverse and ambitious as the city itself, yet there are still too many systemic barriers and disconnections that hold us back from a truly inclusive economy. **To equalize opportunity for all New Yorkers, I respectfully request that the Council invests in workforce development now while leading efforts to increase access to quality jobs over time:**

- **Commit to investing an additional $4,000,000 in support of <u>Small Business Services and Workforce Development Initiatives</u>** that position underserved New Yorkers — primarily New Yorkers of color, New Yorkers with low- or moderate-incomes, New Yorkers with multiple barriers to employment, and New Yorkers who have been left out of the growing economy due to systemic and historic marginalization — for success in the workforce. Here's how:
    - Increase funding the **Job Training and Placement Initiative** to $10,000,000 by including the New York City Employment and Training Coalition as an additional grantee in the amount of $1,750,000 for the purpose of ensuring that coalition members in every borough can expand access to quality jobs in the highest poverty neighborhoods in New York City.
    - Increase funding for the **Workers Cooperative Business Development Initiative** to $5,000,000. Worker cooperatives have proven to be an effective and sustainable strategy to democratize access to business ownership and bolster local economies.
    - Increase funding for the **Green Jobs Corps Program** to $500,000 in support of direct service providers who are working to provide New Yorkers with access to training and employment opportunities in green jobs.
    - Increase funding in **Bridge Program for Workforce Development** to $1,500,000. This is critical given the success of the training, its connections to the growing tech sector, and the recent increase in the number of cash assistance recipients who will need training to find success in the 21st century economy.

- **Commit to restoring and doubling the City's investment in school-year career readiness and paid internship programs from $9,700,000 to $20,000,000.** Since the pandemic struck, employment rates have fallen much more sharply for young adults than any other group. Programs like CareerReady WLG and the Career Readiness and Modern Youth Apprenticeship (CRMYA) are vital to ensure our city's young adults have the skills and education they need to access good-paying careers in their communities. New York City leaders must commit to double the investment in these programs in the FY24 New York City budget. The efforts that we make in support of youth employment should match the commitment that we make to Summer Youth Employment. *This investment will serve as the on-ramp to apprenticeships.*
- **Create and fund social services that allow working families to participate in the workforce**. First and foremost, New York City must create an in-training child care subsidy program to support women and single parents who would otherwise be unable to access the skills and

education they need to access good-paying jobs. Likewise, the City must ensure that it funds dual training vouchers to help job seekers pay for the short-term training they need to access new opportunities.

- **Create a citywide initiative to connect local talent to small business jobs**. Small businesses are the lifeblood of New York City and employ half of the city's workforce. Mayor Adams and the New York City Council must establish and fund a new initiative – the **Small Business Jobs for All** program – to build pathways that connect local job seekers to good-paying careers through targeted investments in skills and training programs tailored to meet the ever-changing needs of New York City's small businesses.
- **Create transparency and accountability by establishing robust workforce development goals and key performance indicators (KPIs) that align to a shared city-wide workforce agenda.** The compliance efforts must include a sub-committee for convening and oversight *(Sub-committee on Labor Market Access and Equity),* quarterly reports tracking the City's progress toward its workforce development goals, the establishment of an interactive map that assess and focuses on the needs of specific populations, neighborhoods, and sectors that require attention and investment to improve workforce access and equity.
- **Commit to pay equity between NYC's agencies and contracted providers and timely contract payments to increase retention and employment success rates; and ensure support is available to New Yorkers who need additional access and support to find, secure, and retain employment.**

NYC relies heavily on nonprofit workforce development providers to connect its residents with access to jobs; and the services and training necessary for securing long-term, family-sustaining employment. The City pays for approximately half of workforce development program offerings across the five boroughs, and relies on the non-profit and community-based organizations within the coalition to provide them to New Yorkers of all ages facing barriers to employment. The need for these services – job training and placement, career exploration, internships and apprenticeships, adult education and literacy, college access and persistence programs, wage subsidies, employment retention and advancement services, and benefits access and tax preparation – has only increased since the onset of COVID-19. Please protect and invest in funding for workforce development in this budget to trigger and lead the collective action necessary to produce the budgetary, legislative, and regulatory city and state-level results and reforms that will maximize employer access to talent, reduce workforce barriers for underserved populations, and strengthen local economies.

Thank you for the opportunity to provide testimony on the budget. For further questions, I can be reached at 646-469-2683 or gmorris@nycetc.org.

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Testimony to the New York City Council
[Finance Committee]

Preliminary Budget Hearing for FY2024

[March 6, 2023]

Good afternoon, Committee Chair [Brannon] and members of the [Finance Committee], and thank you for the opportunity to testify. My name is [Saul Porter] and I am the [Housing Program Director] at [Northfield Community LDC]. [We are an organization that promotes the vibrancy of our community through economic empowerment, improving the quality of our housing stock, intelligent use of energy, protection of the environment, and economic empowerment].

[Northfield Community LDC] is part of the citywide Community Land Trust (CLT) Initiative, which supports the development of CLTs and permanently-affordable housing, commercial and community spaces in low-income and historically-redlined Black and brown neighborhoods. The initiative is squarely focused on addressing our city's affordability crisis, combating displacement, and advancing racial equity in housing and land use.

Since FY2020, the Initiative has catalyzed the growth of CLTs across the five boroughs, engaged thousands of New Yorkers in education and organizing; and delivered comprehensive training and technical support to emerging and established CLTs. Groups have facilitated community planning sessions, established partnerships with nonprofit and for-profit developers and other stakeholders, and submitted or won bids to develop vacant and underutilized land in their communities. More than 1,200 homes are in CLT portfolios or pipelines, according to HPD, and New York City and State have proposed policy changes that would help CLTs bring more land and housing into community stewardship.

We thank the City Council for its vital support and urge you to fund the Citywide CLT Initiative at $3 million in the FY2024 budget. With this enhancement, the initiative will support 20 organizations, including new CLTs in Edgemere, Queens, and Flatbush, Brooklyn, and expand citywide education, organizing, and technical assistance to meet the growing and urgent need for CLTs. (See attached one-pager.)

[Staten Island CLT aims to stem the declining rate of homeownership by increasing access to high quality affordable housing for low to moderate income families. Due to a lack of appropriate city owned land on Staten Island, our focus is on identifying distressed private properties, and return them to the market at discounted rates. We have formed a steering committee, engaged local civic organizations and other groups to increase awareness of

community land trust model, we worked with a consultant to make decisions on the structure of the CLT entity and deliberate limits to equity upon resale for CLT homeowners, cultivated relationships with professionals in the real estate industry, identified potential sites, created a basic pro-forma to calculate the needed subsidy, and we are pursuing philanthropic support for a feasibility study, which will help us bring this concept to fruition in Staten Island. We are also planning an educational panel to educate the wider community about CLTs and the role they can play in Staten Island's housing market. The fluctuating interest rates over this past year have increased the difficulty first time homebuyers face when trying to buy a home to establish financial stability for their families. The HomeFirst grant provides a generous downpayment grant to first time homebuyers earning less than 80% of the area median income, but there is only a narrow band of fortunate people who can qualify for the grant and also qualify for a mortgage. Once the family lives in the house for 15 years, the subsidy is lost. With a CLT, we believe a more broad income level can be served and the subsidy will remain with the property in perpetuity. We need this funding to ensure we can continue our work developing the Community Land Trust and ultimately bring projects to fruition. In this crazy world we live in, a CLT is an area where we an offer hope and opportunity.]

CLTs are urgently needed to address our city's affordability crisis. More than one-third of New Yorkers are severely rent-burdened, paying more than 50% of their incomes on rent, and close to 80,000 of our neighbors are unhoused. [On Staten Island, a borough that prides itself on its high rate of homeownership, the rate of homeownership fell by 3% since 2009. The racial homeownership gap widened across multiple levels, with Asian and Hispanic homeowners experiencing drops of 5% and 10% respectively over that same period.]

By giving communities shared ownership and control over land, CLTs serve as a bulwark against predatory development and displacement. Cooper Square CLT on Manhattan's Lower East Side, for example, stewards hundreds of deeply-affordable apartments and two dozen affordable storefronts for local small businesses, in a high-cost neighborhood. Other CLTs are working to develop or preserve multifamily rental housing, shared-equity cooperatives and homes at risk of foreclosure, as well as commercial and cultural spaces, community gardens, community-owned solar and other infrastructure. By maintaining affordability over generations, CLTs protect public investments in housing and other community development.

In addition to supporting the CLT Initiative, we urge the City Council to ensure robust capital funding for the acquisition, development and preservation of affordable housing, and to fight proposed budget cuts to HPD, DSS, and DHS that would threaten the housing security of thousands of New Yorkers.

Thank you again for the opportunity to testify today.

Invest in the arts! Invest in a thriving New York!

Lucy Sexton
New Yorkers for Culture & Arts
City Council Committee on Finance hearing on preliminary budget March 6, 2023

Thank you Chair Brannan and members of the City Council for hearing my testimony. My name is Lucy Sexton and I am with the cultural advocacy coalition New Yorkers for Culture & Arts.

In addressing the FY24 budget, we need to talk about what keeps families in NYC, what drives local and citywide economies, what can create an equitable and sustainable city. Culture is central to all of those goals. If we support culture and arts in every community, helping every neighborhood recover

economically and emotionally, we will the groundwork for an equitable and thriving city.

Arts and culture have led the city's economic recovery during past crises, inhabiting and revitalizing the hollowed out industrial spaces in the 70s, creating festivals that drew people back downtown after 9/11, and getting people back on the streets and into businesses coming out of the 2008 financial crisis. Now is the time to invest in this critical economic driver.

The NYC Comptroller's 2019 report showed the creative economy generated $110B in economic activity—a full 13% of the city's output—generating more than 300,000 jobs*. If any other industry had these numbers, they would be the first thing in every discussion of this Committee. It is time to acknowledge and support culture as the economic heart of this city.

Culture is also critical to solving the other problems facing our city—data shows communities with strong cultural centers are safer, have less youth involvement with criminal justice, have improved outcomes in education and mental health**. Cultural

activity drives foot traffic to restaurants and other local businesses. The recent NYS Comptroller's report found that of the $50B that tourists spent in NYC in 2019, 12% went to "arts, culture, and entertainment", and the other 88% went to: hotels, restaurants, retail shops, and local transportation. People come for the culture, and spend money in the local economy***.

Finally, culture is an insanely good investment. The city's cultural budget is less than a quarter of a percent of the full budget! Now is the time to stabilize and add to that investment so that every neighborhood benefits from cultural programs that drive the economy, increase tax revenue, and show measurable improvements in the lives of its citizens.

We are asking that you at long last increase the baseline of culture's funding—-securing the $40M added last year. And that you invest an additional $10M to ensure that culture benefits every community and builds an equitable New York City.

Many thanks for your attention and support

Lucy Sexton

Executive Director

New Yorkers for Culture & Arts

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Sources

*New York City Comptroller's 2019 Creative Economy Report

** UPenn's Social Impact of the Arts Project

*** New York State Comptroller, New York City's Tourism Industry - Igniting the Return, April 2021

Written Testimony for the NYC City Council Committee on Finance

Budget Hearing

March 6, 2023

Tanya Krupat, Vice President of Policy & Advocacy
Osborne Center for Justice Across Generations
Osborne Association
www.osborneny.org

Thank you for the opportunity to submit written testimony regarding the NYC FY24 Budget. My name is Tanya Krupat and I am the Vice President of Policy and Advocacy at the Osborne Association. Osborne offers a wide range of diversion and reentry programs at sites in the Bronx, Brooklyn, Harlem, Buffalo, and Newburgh, as well as services at more than thirty New York State prisons and New York City jails including Rikers Island. We now serve more than 10,000 New Yorkers a year. We are grateful for the Council's support in the past and look forward to working with new Council members alongside longtime colleagues.

Osborne is a member of the ATI & Reentry Coalition, and as such, we are part of the funding request for the 11 members (for a total of $15.587 million in Fiscal Year 2024, and an increase of $100,000 per member this year) so that we can collectively continue to provide essential services to individuals across the criminal legal system continuum, and to their children and families. With increased funding, the ATI & Reentry Coalition can take on more work and be strategic, flexible, and effective. The need is great and the more funds we receive the more work we can do. As you know, this funding allows us to respond to emerging and urgent needs, and to move us closer towards achieving goals we share with this Council such as reducing the jail population and closing Rikers.

As the purpose of the hearing today is to discuss City spending and investments – and we know that budgets are really moral documents that reveal what we value most – we start by pointing out the incredible existing costs, in dollars, lives, and the perpetuation of racism and inequity,[1] of incarceration and overly punitive responses we incur as a City. The previous NYC Comptroller calculated that one year on Rikers for one person costs $556,539, an astounding and deeply concerning figure considering what people - and all of us - are "getting" for this amount of money. With this figure, we are currently spending more than $446 MILLION to keep older people on Rikers. This is close to NYC Aging's entire budget (which in FY23 was $459.7 million). Far too many people return from prison and go directly into NYC shelters, where it can cost $300 per day or $9,000 per month per person. Add to this the cost of existing legal settlements: in 2022, NYC paid out more than $121 million in police misconduct settlements, and NYC may pay up to $300 million related to the Department of Correction holding people after their bail was paid. It's hard not to imagine all the community investments that could be made with this amount of money.

One of the most urgent needs for investment, as the Council knows, is not only for affordable housing, but for reentry housing. The housing crisis in the City is significant and those reentering from jail and prison not only encounter the shortage of affordable housing, but also housing discrimination due to their convictions (we urge the Council to pass the Fair Chance for Housing bill[2]). According to the *State of the Homeless 2022* report, in each year since 2015 more than

[1] New data from the John Jay Data Collaborative for Justice reveals that Black people experience jail at a rate 11.6 times higher than white people in NYC.
[2] For more information, please visit https://www.fairchancehousing.org/

40% of people released from state prisons to New York City were released directly to shelters.[3] Shelters are not an acceptable transitional plan and often yield negative outcomes (including increasing the risks of parole violations for being "out of place" because people do not feel safe in the shelter).

Osborne is thrilled to now offer reentry housing. To address the dire need for it, Osborne opened Marcus Garvey Supportive Housing in June 2022, and will soon open the Fulton Community Reentry Center.

The **Marcus Garvey Supportive Housing program** offers 52 studio and one bedroom apartments (permanent housing) to people who are formerly incarcerated, prioritizing people who are over 50; this includes residents like Mr. McRae, who spent 42 years incarcerated, and at age 74, loves to cook, and is excited to have his own kitchen. Marcus Garvey filled up very soon after it opened and already has a long waiting list.

The **Fulton Community Reentry Center** will provide 140 transitional housing beds and an array of reentry services in the former Fulton Correctional Facility. We are requesting City Council funding in the amount of $10,000 for Fulton to support our offering: 1) programs to the surrounding community/general public including an "internet cafe" with free broadband internet access; 2) video visiting programs, connecting families with their incarcerated loved ones; and, 3) community meeting space for additional activities. We ask you to please continue and increase our Council funding for Fulton. We are proud to partner with the Council to increase housing options.

While Osborne has submitted 11 funding requests, and a full summary of each is attached to my testimony, I would like to highlight a few that include renewal requests that support innovative and acutely needed programs. Each of these requests address the current pressing and urgent challenges we face as a City: rising violence; access to guns; poverty; increasing mental health needs and isolation stemming from the pandemic years; and a dearth of affordable housing in an increasingly expensive City, contributing to rising homelessness and exacerbated by a migrant crisis. Our requests offer proven, results-oriented, cost-effective solutions: reentry support; supportive housing; mental health programs and supports for young people; ensuring the policies and practices of NYC agencies consider their impact on children, particularly those with justice-involved parents; and accessible and welcoming healthcare services.

<u>The programs we seek funding for include:</u>

Bronx Osborne Gun Accountability and Prevention (BOGAP) Program: this renewal request would allow us to expand a pilot program developed with the Bronx DA for 16 to 30-year-olds that provides an accountability-based alternative to the 3.5-year mandatory

[3] See page 45.

minimum prison sentence for carrying a loaded gun in the absence of any other crime. We are requesting $60,000. (As you know, it costs more than $536,000 to incarcerate one person on Rikers for one year, so this is a cost-effective program that achieves better outcomes.) With our requested funding, we can provide enhanced Credible Messenger mentoring services and intensify our case management and employment services.

In FYs 22 and 23, City Council funded Osborne to work with the NYPD to **Safeguard Children at the Time of Their Parent's Arrest.** The funding allowed us to assist NYPD in complying with the newly passed Local Law 1349-A, enacted to reduce trauma to children when NYPD arrests the parent or caregiver of a child. Our role has been to assist in developing and delivering training, provide technical assistance to the NYPD regarding data collection, and building a network of community-based providers who can offer post-arrest support to children and families. While we have trained more than 300 newly promoted Sergeants and Lieutenants and the work is underway, we have a long way to go. Next year, with continued funding, we can train Training Sergeants and reach more of the 30,000 Officers on patrol. We can also work to create sustainable training plans and ensure this work continues and is embedded in NYPD policy and practice. Ongoing funding would also allow us to work on safeguarding children through pre-arrest planning, including when executing warrants. We are requesting $265,000 to continue the work underway, and a letter from NYPD Commissioner Sewell supporting this request is attached to this testimony.

To address the increased and ongoing need for **trauma and mental health supports for young people**, our request for renewed support for our children, youth, and family services would fund assessing and addressing mental health and trauma in youth involved with or affected by the criminal legal system through treatment options that alleviate stress, improve functioning, and reduce trauma symptoms. This funding supports our ability to connect young people to traditional mental health treatment and non-traditional responses to trauma (yoga, dance, arts, gym membership, equine therapy, etc.). We are requesting $200,000 for these critical services.

Our **Parole Violation Mitigation Program,** which was established with discretionary funding from the Council in support of the priority to reduce the population on Rikers Island, is designed to create an alternative to re-incarceration for the high number of people with technical parole violations in DOC custody, mainly held on Rikers Island. In two years of operating this program, we have succeeded in our goal of reducing the length of stay of those on Rikers Island for parole violations, avoiding unnecessary returns to state prison, and linking people on parole to needed community-based services. This work is necessary to reduce and keep down the population in DOC custody.

There are still hundreds of people on Rikers with a parole violation on any given day (on 2/15/23, there were 202 people in custody with a parole violation). We are now working on cases

that are not just technical violations and are shifting focus to those cases where people have both new criminal charges and a parole violation, working towards both an ATI and restoration to Parole. We are also educating diverse stakeholders about the law and current processes. In CY 2022, we successfully secured an alternative to technical revocation release and/or supervision restoration in two-thirds of cases. Our staff expedited cases and helped to clear the Court's lengthy backlogs. We request a renewal of the $380,117 we received this current year.

Health and Wellness: We request a renewal in funding to provide HIV/HCV prevention services and support for people living with HIV to become and stay virally suppressed. This program serves Bronx community members through community-based outreach and education. Last year, we received $60,219, which helped us provide group support to 128 individuals, provide 1,619 referrals, and host 26 group events. This year, we are again requesting $60,219 to continue these services.

One final note about addressing the crisis on Rikers:
This is a matter of humanity and urgent racial justice: in 2016, the jail incarceration rate for Black people was 4.8 times higher than that of white people; in 2021, the jail incarceration rate of Black people was 11.6 times higher than that of white people, more than doubling over a 5-year period.[4] This is unacceptable.

Jail populations are a function of two numbers: ***Numbers of Admissions*** and ***Length of Stay***. Reducing one or both of these factors is what you have to do to reduce the population, and neither of these factors is *typically* within the control of the Department of Correction. Length of stay is a function of judges, DAs, and defense counsel, and how long it takes to complete a detainee's case – or in the case of parole violation warrants, how long from arrest to final hearing. **Investment in ATI and discharge planning programs, as well as arrest diversion, pretrial release, and diversion programs, can reduce length of stay, reduce the human costs and collateral consequences of incarceration (including for children and families), and also lead to long-term success at a fraction of the $556,539 per person annual cost of Rikers.[5]**

Greater decarceration efforts are needed, achievable, and would make addressing the deplorable, inhumane conditions for those who live, work, and visit Rikers easier. The decision-making that led to a significantly reduced census of 3,800 people detained on Rikers during the height of the

[4] Racial Disparities in the Use of Jail Across New York City, 2016-2021. February 2023. https://datacollaborativeforjustice.org/wp-content/uploads/2023/02/DisparitiesReport-27.pdf

[5] Comptroller Springer: Cost of Incarceration Per Person in New York City Skyrockets to an All-Time High. Dec 2021, https://comptroller.nyc.gov/newsroom/comptroller-stringer-cost-of-incarceration-per-person-in-new-york-city-skyrockets-to-all-time-high-2/

pandemic in 2020 should be reinvigorated. An obvious step is to **return to Article 6-A** that authorizes DOC to allow sentenced individuals to serve the remainder of their time at home.

We live here in NYC, too. We understand the anxiety people feel about increasing violence. But what causes violence that undervalues human life is a system that undervalues human life.

We join you and acknowledge your ongoing commitment to invest in communities by supporting the well-being of individuals, children, and families where they live, and by increasing the opportunities we all need to survive and live our best lives. We hope you will continue to invest in effective programs that promote public safety and increase opportunities for all New Yorkers to thrive.

Thank you for your time and consideration.

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The Osborne Association
New York City Council Discretionary Funding Requests
FY24

Program	Description	FY24 Request	FY23 Funding
Alternatives to Incarceration	Court advocacy services, video visiting and family-strengthening activities, expansion of job training and placement, and reducing the Rikers Island population.	$1,952,074	$1,852,074
	Parole Violation Mitigation Program[6] that reduces the number of people being held on Rikers Island (200+ per day) for technical parole violation (TPV) warrants, people on parole with new open criminal cases, and reduces the detention time for people on parole.	$380,117	
Bronx Osborne Gun Accountability and Prevention Program (BOGAP)	Strengthen an effective diversion program developed with the Bronx DA for 16 to30-year-olds that provides an accountability-based alternative to the 3.5-year mandatory minimum prison sentence for carrying a loaded gun in the absence of any other crime.	$60,000	$60,000
Elder Reentry Initiative	Increasing support to older adults on Rikers Island and after their release to the community by providing pre-release cognitive behavioral therapy, transitional planning, and post-release reentry support.	$85,000	$85,000
FamilyWorks Harlem	Relaunch FamilyWorks Harlem programming for youth, families, and adults impacted by the criminal legal system, including afterschool programming and restorative justice services for youth, and financial literacy, employment, parenting, and healthy relationships resources for adults.	$5,000	$0

[6] This program is currently supported with $380,117 that is included in our total FY23 ATI award of $1,852,074.

Fulton Community Reentry Center	Establish programs at Fulton for the general public: video visiting programs, an internet cafe with free broadband internet access, and community meeting space for other activities.	$10,000	$10,000
Health and Wellness – Ending the Epidemic	Community-based HIV/HCV prevention services and support for people living with HIV to become and stay virally suppressed, focusing on formerly incarcerated people returning to the Bronx and specialized services for LGBTQIA+ people in that borough.	$60,219	$60,219
Housing Justice Project	Support policy development, community outreach, technical assistance, and public engagement designed to generate widely-supported solutions to the problem of homelessness after incarceration and form partnerships to implement these solutions.	$250,000	$0
Improving Behavioral Health and Wellbeing for Youth	Assessing and addressing mental health and trauma in youth impacted by the criminal legal system through treatment options that alleviate stress, improve functioning, and reduce trauma symptoms.	$200,000	$158,000
Safeguarding Children of Arrested Parents Implementation	Implementation of Local Law 1349-A, enacted to reduce trauma to children when NYPD arrests the parent of a child by providing necessary training and administrative support to the NYPD and building a network of CBOs that can provide post-arrest support to children.	$265,000	$265,000
See Us, Support Us (SUSU): Improving the Well-Being of Children of Incarcerated Parents	Establish a NYC-based See Us, Support Us (SUSU) Youth Team to increase support for and engagement of young people with incarcerated parents by informing and planning NYC-based education and outreach activities and increasing opportunities for young people to network, shape policy, heal, and support one another.	$60,219	$0

THE POLICE COMMISSIONER
CITY OF NEW YORK

February 28, 2023

Speaker Adrienne Adams
New York City Council
250 Broadway Ste. 1880
New York, NY 10007

Dear Speaker Adams:

I have been informed that the Osborne Association has applied for continued New York City Council discretionary funding for its work with the New York City Police Department ("NYPD") on implementing practices and developing training regarding the Child-Sensitive Arrest protocol delineated in New York City Administrative Code section 14-181.

This law was enacted in 2020, specifically to reduce the trauma children and families may face when NYPD officers arrest the caregiver of a minor child. Last year, Osborne received City Council funding which allowed it to assist the NYPD with the implementation of this protocol, which requires training and follow-up support. The law specified that the NYPD should include a nonprofit partner to participate in the process, however, no funding was allocated to accomplish this. I understand that the City Council provided funding to Osborne through which Osborne was able to hire a full-time staff. Further, Osborne was able to make additional staff available to NYPD to develop training materials and establish a network of partner referral organizations, as required in the above mentioned law.

We are in the process of working with Osborne to tailor training to a wide variety of personnel, including recruits, police officers and various ranks of supervisors. We welcome Osborne's role in educating uniformed members of the service about the impact of parental arrest, along with practical ideas for implementing policies designed to lessen trauma at, and following, an arrest including providing and connecting children to safe settings when caregivers are taken into custody.

We would request that you give the Osborne Association's funding application all due consideration for inclusion in the Fiscal Year 2024 budget as it supports a significant City interest.

Sincerely,

Keechant L. Sewell
Police Commissioner

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safehorizon
moving victims of violence from crisis to confidence

Testimony of
Jimmy Meagher, Policy Director
Safe Horizon

On the Fiscal Year 2024 Preliminary Budget

Committee on Finance
Hon. Justin Brannan, Chair

New York City Council

3.6.2023

Thank you for the opportunity to submit testimony. My name is Jimmy Meagher, and I am Policy Director at Safe Horizon, the nation's largest non-profit victim services organization. Safe Horizon offers a client-centered, trauma-informed response to 250,000 New Yorkers each year who have experienced violence or abuse. We are increasingly using a lens of racial equity and justice to guide our work with clients, with each other, and in developing the positions we hold.

Whether we are called on to provide expert testimony at an oversight hearing or to assist a constituent in crisis and in need of emergency services, we are proud to partner with the City Council in a collective effort to make our city safer for all. We look forward to helping you and your staff learn how best to support survivors and connect them to the resources available in your borough and community.

Over many years, the City Council has been a key supporter of our programs helping adult, adolescent, and child victims of violence and abuse. City Council funding fills in gaps where no other financial support exists and allows us to draw down critical dollars from other sources. Moreover, this funding demonstrates the value that you and your colleagues place in helping survivors of all ages access desperately-needed shelter, support services, legal assistance, and counseling.

The City Council has also championed the human services nonprofit sector. Our sector desperately needs your help to ensure that human services workers across our sector receive the compensation and support we need. To be frank – our sector is in crisis. Nonprofit human services organizations are shuttering as a result of delayed contracts and payments. And nonprofits across the sector are struggling to hire and retain staff as a result of an unjust wage structure largely determined by government contracts.

The City of New York contracts with nonprofits to deliver the essential services so many New Yorkers rely on – for food, for safety, for shelter, etc. However, the City too often asks our community of nonprofits to do more with less and to accept the bare minimum. This means that many - too many - nonprofit human services workers, the majority of whom are women and people of color, are barely surviving on the wages paid by underfunded City contracts. Because many survivors come into victim services work to help other survivors, City funding for the nonprofit victim services sector is an economic justice issue for survivors. To live up to our shared values of equity, equality, and supporting communities, our City must commit to fully funding the Cost-of-Living Adjustment (COLA) and other fair and just investments to our sector, to fully funding city contracts at appropriate levels to allow non-profits to offer competitive living wage salaries, and to paying organizations on time for the work we have already done. Pay equity is a racial justice issue, a gender justice issue, and an economic justice issue.

My testimony today will focus on the needs of the nonprofit human services sector, with specific focus on the core asks of the #JustPay campaign. I will also highlight the City Council discretionary and initiative funding that Safe Horizon relies on to provide essential services to survivors of violence and abuse across the five boroughs. Lastly, Safe Horizon is a proud member of both the Family Homelessness Coalition (FHC) and Coalition for Homeless Youth (CHY), and we wholeheartedly endorse their budget recommendations.

#JustPay

Safe Horizon is a proud member of the #JustPay campaign, which is a racial equity and gender justice campaign committed to ending the government exploitation of human services workers. The #JustPay campaign is demanding that sector employees under contract with New York City and State be paid fair wages for their labor.

Each year you hear from providers who are struggling due to the crisis of compounding underfunding of the human services sector as City budgets are balanced on the backs of low-income neighborhoods and BIPOC communities. This practice has resulted in poverty-level wages for human services workers, who are predominantly women (66%) and people of color (68%). To address this crisis, we ask the City to immediately adopt three core reforms:

1. Establish, fund, and enforce an automatic annual cost-of-living adjustment (COLA) on all human services contracts.
2. Set a living wage floor of no less than $21 an hour for all City and State funded human services workers.
3. Create, fund, and incorporate a comprehensive wage and benefit schedule for government contracted human services workers comparable to the salaries made by City and State employees in the same field.

We want to thank the Council for supporting the sector with a $60M workforce investment and for being vocal champions of the #JustPay campaign. Unfortunately, the investment last year was much delayed, with providers waiting 6 months or longer for guidance, and the investment fell short of the 4% COLA the Council had included in budget negotiations.

Therefore, as we ask for a 6.5% COLA this year, we also ask the Council to ensure it is included in the budget as a "cost-of -living adjustment" and not some other named initiative. Providers have to be able to rely on the budget documents and percentage to enact wage changes, while waiting for money to flow from the City.

We believe a 6.5% COLA would cost an estimated $200 million and would help workers just keep pace with inflation. Our workers are critical to healthy and safer communities, and our organizations struggle to attract and retain staff, which means that communities suffer when we are unable to fully staff programs.

A COLA is not a permanent solution to closing the gap in pay and compensating workers for years of underfunding. This results in increased staff turnover as underpaid staff leave nonprofits for better paying jobs in government or the private sector, depriving New Yorkers of services from the most experienced, well-trained staff and jeopardizing high-quality services. We consistently hear elected leaders telling their constituents that they care about and fight for victims and survivors of violence, abuse, and crime. Ensuring that the nonprofit human services workers who provide the very services and supports survivors need and depend on is a very real, very tangible way for the City to demonstrate that it cares about victims and survivors.

A 6.5% COLA in FY24 and more long-term, sustainable solutions would be very meaningful to organizations like ours that never stopped providing critical services during this pandemic.

Initiative and Discretionary Funding

City Council Initiative and Discretionary funding supports the following Safe Horizon programs:

Domestic Violence and Empowerment (DoVE) Initiative

Since 2006, the New York City Council's DOVE Initiative has provided critical resources to communities impacted by domestic violence. Recognizing that survivors of domestic and intimate partner violence have varied needs and may not always access the criminal justice system, the City Council partnered with Safe Horizon to create the DOVE Initiative to provide a neighborhood-based response to survivors and their families. The DOVE Initiative was funded at $11.5 million in FY23 (and later increased to over $12 million), with Council Members then allocating funding to local providers in their district.

Currently, over 150 organizations across NYC use DOVE funding to address domestic violence in the community by providing legal services, crisis intervention, case management, counseling, support groups, outreach, education, and training. Safe Horizon oversees this entire project and ensures program compliance. We provide in-depth training on program development and evaluation to help organizations stay competitive in future funding environments, as well as networking opportunities to help DOVE-funded organizations learn from each other and coordinate services. DOVE has always been important, but it has literally been a lifesaver for New Yorkers in every neighborhood and every community who continue to navigate these uncertain times. As we advocate for options for victims and survivors both inside and outside traditional criminal justice responses, DOVE is pivotal. DOVE directs funds to the organizations rooted in community that provide necessary and life-saving supports to survivors.

We are very grateful to the City Council for supporting the DOVE Initiative for many years. We are seeking a restoration of **$12,010,000** so our network of CBOs can continue to reach survivors in every neighborhood and every district across New York City.

Child Advocacy Centers (CACs)

Child abuse cases grab at the heartstrings of every New Yorker. We recoil at the very thought of someone knowingly harming a child, and we entrust a number of different agencies - the police, prosecutors, child welfare specialists, doctors - to investigate and respond to these cases and help ensure the safety of children placed in harm's way. For many years, these agencies worked almost entirely in silos, focusing on their specific roles in uncovering what took place, or responding to the child, or holding the offender accountable. Such a disconnected approach required that children disclose repeatedly the painful details of the harm they endured in a variety of settings not commonly thought of as "child-friendly" – police precincts, district attorneys' office, and hospital emergency rooms. Over and over, children would be asked to talk about the violence they suffered, only to have to repeat their story yet again every time a new investigator stepped into the picture. Each time, the child wondered how many more times they would have to relive this pain so that

another adult could write down some notes and ask yet another round of probing, deeply personal questions. Many child victims were left feeling as if no one believed them and felt to blame for causing disruption to their families. This method of investigating incidents of abuse was traumatizing, stigmatizing, and unjust.

For many years now, child victims in New York City who experience severe physical or sexual abuse are brought to Safe Horizon's Child Advocacy Centers (CACs), which are at the forefront of the city's response to child abuse. At our CACs, child victims of sexual and/or severe physical abuse receive the help they need quickly and in one location. The police, prosecutors, medical professionals, victim advocates, clinicians, and child protective caseworkers are all under one roof in a child-friendly environment that minimizes trauma and facilitates healing. This allows us to facilitate a swift, comprehensive, coordinated investigation and multi-disciplinary team response that significantly reduces the number of times children must disclose details of their abuse. This coordinated, trauma-informed response to abuse helps to prevent the re-traumatization of the child during each re-telling of the violence that took place. In FY22, our CACs provided services to over 8,800 children and nearly 4,000 caregivers throughout the five boroughs. The City Council supports our CACs through the **Initiative to Combat Sexual Assault.**

We are requesting **a restoration and an enhancement to $1,000,000** in FY24 to sustain general operations in our CACs across the five boroughs so we can continue to provide healing and support to child victims. Additionally, we are seeking for this core funding to be baselined to ensure the City's continued investment in the CAC model.

Streetwork Project

Safe Horizon's Streetwork Project provides shelter, showers, hot meals, therapy, service linkage, safer sex supports, case management, and so much more, in a therapeutic harm reduction community serving homeless youth ages 13 to 25. We work with homeless and street-involved young people to help them find safety and stability. Many homeless young people face a day-to-day struggle to survive, which can lead to physical and emotional harm. Homeless youth may have experienced family abuse, violence, rejection, and instability that led to their homelessness. We welcome these young people, help them navigate complex systems, and provide essential resources at our Drop-In Centers, at our overnight shelter, and through our street outreach teams. This work can be incredibly challenging but also rewarding. Our work at Streetwork did not pause during this pandemic. Rather, our dedicated team continued to respond to homeless and at-risk young people in need of shelter, services, and understanding. Streetwork has been doing this community-based work since 1984, and we will continue to do so for as long as our services are needed.

In FY22, our Streetwork Project provided services to over 1,200 clients across our drop-in centers and overnight shelter, while our overnight street outreach team engaged in over 10,700 contacts with homeless and at-risk young people. The City Council supports Streetwork Project's work through the **Supports for Persons Involved in the Sex Trade Initiative** and the **Viral Hepatitis Prevention Initiative**.

The **Support for Persons Involved in the Sex Trade Initiative** bolsters Streetwork's ability to provide services and access to housing to young people engaged in the sex trade. With this funding, we have been able to increase our engagement and response to the number of young people both in the Drop-In Center and on the streets who are in crisis and involved in the sex trade and to connect them to supportive counseling, access to benefits and housing, and primary and mental healthcare. Safe Horizon is seeking **a restoration of $456,697** to continue to bolster our response and offer critical services to this vulnerable population navigating homelessness, violence, racism, and so many other traumas.

The **Viral Hepatitis Prevention Initiative** helps Safe Horizon's Streetwork Project increase our capacity to connect potentially Hepatitis C-affected clients to testing, medical care, treatment, and infection control services. We are seeking **a restoration of $35,060** - so we can link runaway and homeless youth to the medical supports they need and deserve.

Legal Services: Immigration Law Project & Domestic Violence Law Project

Safe Horizon's Immigration Law Project (ILP) and Domestic Violence Law Project (DVLP) provide expert legal services and guidance to at-risk New Yorkers seeking relief in immigration proceedings and on family and matrimonial law matters. Our team of attorneys and paralegals help their clients access temporary and permanent residency, work authorization, orders of protection, custody, visitation, child support, and divorces. Our Immigration Law Project provided full representation, advice, and consults to over 900 clients, and also provided over 4,600 telephonic information and referral services, while our DV Law Project provided services to over 1,100 clients and offered telephonic helpline services to over 400 callers seeking assistance. The City Council supports ILP & DVLP through the **Safe Alternatives to Violent Encounters (SAVE) Initiative, Immigrant Opportunities Initiative (IOI),** and the **Young Women's Initiative (YWI)**.

Safe Horizon's Domestic Violence Law Project utilizes funding through the **Supportive Alternatives to Violent Encounters (SAVE) Initiative** to provide direct legal services to indigent victims of domestic violence in Family, Supreme, and Integrated DV Courts throughout the city. Our dedicated legal staff assist with orders of protection, child support, custody, visitation, and divorce proceedings. We also operate a legal helpline that provides information, referrals, and assistance to domestic violence survivors. In the months and years ahead, as our city continues to recover from COVID-19, our legal services, and the services provided by our legal partners across NYC, will be critical for the many, many survivors who are waiting for the courts to address the immense backlog of cases. We are seeking **a restoration of $275,000** so our Domestic Violence Law Project can continue to serve survivors with the legal services they require to find safety and healing.

Safe Horizon's Immigration Law Project utilizes funding through the City Council's **Immigrant Opportunities Initiative (IOI)** to provide expert legal advice and representation to undocumented victims of crime, violence, abuse, trafficking, and torture. ILP staff help guide their clients through complex immigration proceedings and assist them with applications for U-Visas, T-Visas, VAWA self-petitions, asylum, adjustment of status and citizenship, as well as in removal defense. Over the last several years, as a result of the prior administration's immigration policies, Safe Horizon's

ILP has seen an increase of survivors seeking our immediate assistance. The steady flow of new arrivals to New York from border states, coupled with the fact that many New York-area immigration legal service providers are not accepting new intakes, drives many individuals and families desperate for immigration legal help to our office, which has remained open and serving clients even during the height of the COVID pandemic. To help ensure that our Immigration Law Project has the capacity to respond to pressing legal cases for immigrant and undocumented survivors, we are seeking **an enhancement to $100,000** to Safe Horizon through IOI in FY24.

The City Council's **Immigrant Survivors of Domestic Violence Initiative** – part of the **Young Women's Initiative (YWI)** – allows Safe Horizon's Immigration Law Project to provide full representation to immigrant victims of domestic violence. The majority of these cases include clients or families where there is a survivor of domestic or sexual violence and where the victim is between the ages of 16 and 24. To help ensure that we have the capacity to respond to pressing legal cases for immigrants, we are seeking **an enhancement to $100,000** to Safe Horizon through the YWI - Immigrant Survivors of Domestic Violence Initiative in FY24.

Counseling Center

Safe Horizon's Counseling Center has provided mental health treatment to adult and child victims of violence and abuse since 1988. We provide ongoing support and counseling services during victims' recovery and healing journey. We offer supportive counseling without judgment, and we work with survivors to develop coping strategies. Our Counseling Center is one of the only New York State-licensed mental health clinics focused solely on treating trauma reactions that many victims of crime and abuse experience. Our Counseling Center provided nearly 5,700 therapy sessions to over 360 clients in FY22. The City Council supports our Counseling Center's work through the **Court-Involved Youth Mental Health Initiative** and **Children Under Five Mental Health Initiative**.

The City Council's **Court-Involved Youth Mental Health Initiative** allows us to address the impact of traumatic experiences that are so often at the root of behaviors that precipitate involvement in family court of children and youth aged 7 to 17. There is growing recognition of the many types of trauma (interpersonal violence, community violence, historical racism, systemic violence, and daily experiences of racism and other forms of oppression) that impact young people. Our project involves the enhancement of trauma-informed care for youth by creating training, providing training, and cultivating trainers for a short-term trauma-focused intervention. Staff learn how to implement this intervention with youth and caregivers that helps survivors identify specific trauma reactions and to practice coping strategies for managing them. In addition, staff are supported to provide training to additional staff in this intervention. We are seeking **a restoration of $140,000** so we can continue to do this work in a meaningful way.

The City Council's **Children Under Five Mental Health Initiative** supports our work with infants and toddlers who are survivors of crime, as well as their families, through training of clinicians and staff in evidence-based treatment for this population. The Counseling Center continues to adapt training, co-facilitate training, and recruit trainers for a curriculum on how exposure to domestic violence, the dynamics of domestic violence (DV), and the systems of oppression families experiencing DV often encounter all come together in ways that can disrupt the bond

between infants and their caregivers. The training uses real (but de-identified) case vignettes to bring those ruptures into view and to explore how attachment-based intervention facilitates healing in those relationships. This training is also structured to provide a practical introduction to the impact of DV on very young children and the healing power of attachment relationships as well as specific interventions to promote attachment. A unique element of this training initiative is that it holds space for training participants to reflect on the fact that, as shelter staff, they are also caregivers, and they, too, are impacted by trauma in this environment and in their lives. By training a greater number of individuals who come into contact with these children to recognize signs of trauma, we can prevent lifelong developmental consequences while providing healing and relief. We are seeking **a restoration of $115,385** in FY24 to continue supporting young children who have been victims of or witnesses to crime.

Community Programs and SafeChat

Safe Horizon offers a continuum of service for all victims of crime through telephonic, live chat, and/or in-person supports. With sites that serve all five boroughs, our compassionate Community Program staff provide safety planning, advocacy, case management, information and referrals, supportive counseling, and support groups. Clients are connected to our continuum of services by calling our citywide Helpline (1-855-234-1042). Safe Horizon's SafeChat is a live chat platform that allows victims of all forms of crime and abuse to access Safe Horizon services digitally. Crime victims utilize their computer, phone, or tablet to safely and confidentially engage in a one-on-one chat with trained Safe Horizon Live Chat Specialists by visiting safehorizon.org. Live Chat Specialists utilize a best practice, client-centered approach to engage with victims by providing information and referrals across NYC, supporting victims in fully assessing their safety, and collaborating with victims to develop comprehensive safety plans. Live Chat Specialists conduct safety assessment, safety planning, crisis counseling, supportive counseling, psychoeducation, information about and referrals to supporting resources. In FY22, our Community Programs provided services to 1,165 clients, the Helpline provided telephonic services to clients at 5,095 unique telephone numbers, and SafeChat responded to over 1,000 chats from survivors.

The City Council supports our Community Programs and SafeChat through the **Mental Health Services for Vulnerable Populations Initiative** and a **Speaker's Initiative**.

The work of the **Mental Health Services for Vulnerable Populations Initiative** aligns with Safe Horizon's commitment to working with young Black and brown men who have experienced harm and violence. One of SafeChat's main goals is to increase accessibility to needed services for young men of color through a specific microsite geared directly to young men of color. Research shows that young men of color are more likely to experience harm, yet Safe Horizon recognizes that boys and young men of color are not accessing our services at comparable rates. This funding increases our capacity to connect community members who have experienced harm, with a particular focus on young men of color, to our continuum of services, including counseling and mental health supports. Our Helpline and SafeChat serve as a first point of contact, linking to Community Programs for ongoing coordination within Safe Horizon and beyond. Our services are offered telephonically, remotely, and in-person at our Community Program offices, ensuring that folks have options. We are seeking **a restoration of $150,000** in FY24 funding to support this essential healing work.

In FY22, Safe Horizon was awarded **Speaker's Initiative** funding to launch a SafeChat microsite intentionally directed towards young men of color. The site provides educational materials related to trauma and provides access to our live chat platform. We again received Speaker's Initiative funding in FY23 to support the salary of a SafeChat Live Chat Specialist and enhance our ability to respond in particular to young men of color seeking help. This year, we are seeking **a restoration of $150,000** in Speaker's Initiative funding to continue to support SafeChat's operations and the salary of a SafeChat Live Chat Specialist. This support increases our ability to respond in particular to young men of color seeking help and intentionally build avenues for young men of color to access supportive services and healing.

Lastly, Safe Horizon's Community Programs operates Staten Island's only rape crisis program; however, since the pandemic, it has become increasingly difficult to recruit volunteers to meet with survivors at hospitals, especially at night, which is a key component of this program. We are requesting **$160,000 in new Speaker's Initiative funding** to support the salary of a fulltime social worker, as well as compensation for advocates' training and services. This support would allow our program to continue supporting survivors of rape and sexual violence across Staten Island in the immediate aftermath of their assault.

Conclusion

As the City Council and the Administration sets the budget for the next fiscal year, it's imperative that our city expand, perfect, create, and invest in programming that provides healing and support to people who have experienced harm, violence, and trauma. When we invest in the safety, healing, and well-being of individual New Yorkers, we invest in the safety, healing, and well-being of New York City as a whole.

And it is essential that the City invest in the nonprofit human services workforce that we collectively rely on to support our safety net. We urge you and your colleagues to listen to providers and implement the three core asks of the #JustPay campaign.

Thank you again for the opportunity to submit testimony. We are available to provide more information and answer any questions you may have.

Safe Horizon
FY24 Expense Funding Requests

Speaker's Initiative – $160,000 in *new* funding for Safe Horizon's Staten Island Rape Crisis Program (Application ID #148973)
Safe Horizon operates Staten Island's only rape crisis program; however, since the pandemic it has become increasingly difficult to recruit volunteers to meet with survivors at hospitals, especially at night. City Council funding would support the salary of a fulltime social worker, as well as compensation for advocates' training and services. This support would allow our program to continue supporting survivors across Staten Island in the immediate aftermath of their assault.

Speaker's Initiative – Restoration of $150,000 for SafeChat (#151418)
SafeChat allows victims of all forms of abuse to engage in a one-on-one online chat through the Safe Horizon website and access services safely and confidentially. Funding supports the salary of a Live Chat Specialist, increasing our ability to respond in particular to young men of color seeking help.

DOVE Initiative – Restoration of $12,010,000 gross ($859,000 to Safe Horizon) (#151507)
Currently, over 150 organizations across NYC use DOVE funding to address DV/IPV by providing legal services, crisis intervention, case management, outreach, education, & training. Safe Horizon oversees this project and ensures fiscal and programmatic compliance.

Initiative to Combat Sexual Assault – Restoration and Enhancement to $1,000,000 (#151477)
Supports Safe Horizon's five Child Advocacy Centers where, together with our on-site partners, we quickly investigate and respond to children who have experienced severe physical and/or sexual abuse.

Supports for Persons Involved in the Sex Trade – Restoration of $456,697 (#151540)
Allows our Streetwork Project to increase our engagement and response to the number of young people both in our drop-in centers and on the streets who are in crisis and involved in the sex trade.

Supportive Alternatives to Violent Encounters (SAVE) Initiative – Restoration of $275,000 (#151563)
Supports Safe Horizon's Domestic Violence Law Project in providing direct legal services to indigent victims of domestic violence in Family, Supreme, and Integrated DV Courts throughout the city.

Mental Health Services for Vulnerable Populations – Restoration of $150,000 (#151590)
Supports our Community Programs and SafeChat in connecting community members who have experienced harm, with a particular focus on young men of color, to our continuum of services, including counseling and mental health supports.

Court-Involved Youth Mental Health Initiative – Restoration of $140,000 (#151646)
Allows Safe Horizon to create and provide training for interventions that help survivors identify trauma reactions, practice coping strategies, and address the impact of trauma that's so often at the root of behaviors that precipitate court involvement.

Children Under Five Mental Health Initiative – Restoration of $115,385 (#151679)
Supports our work with infants and toddlers who are survivors of crime, as well as their families, through training of clinicians and staff in an attachment-based intervention that facilitates healing and supports healthy development.

Initiative for Immigrant Survivors of Domestic Violence – Restoration and Enhancement to $100,000 (#151715)
Allows Safe Horizon's Immigration Law Project to provide full representation and consultations to young immigrant victims of domestic violence from across NYC.

Immigrant Opportunities Initiative (IOI) – Restoration and Enhancement to $100,000 (#151746)
Supports Safe Horizon's Immigration Law Project and its ability to provide expert legal advice and representation to undocumented victims of crime, violence, abuse, trafficking, and torture.

Viral Hepatitis Prevention Initiative – Restoration of $35,060 (#151764)
Allows Safe Horizon's Streetwork Project to increase our capacity to connect potentially Hepatitis C-affected clients to testing, medical care, treatment, and infection control services.

Community Safety and Victim Services Initiative – Individual Member Awards (#153822)
Supports Safe Horizon's client-centered trauma-informed response to victims and survivors in individual districts. Awards in FY23 supported our Family Justice Centers, Counseling Center, and Community Programs.

For more information, please contact Michael Polenberg, VP of Government Affairs, at michael.polenberg@safehorizon.org or 212-577-7735

Thank you to the Chair and thank you to the members of the committee for allowing me the time to speak today on an important topic.

My name is Anthony Guerrero. I've been a member of local 28 Sheet Metal Workers Union for 29 years. I am here today to urge you to support the Carbon Free and Healthy Schools initiative in this year's budget.

Today we have a great opportunity to invest in our schools and we must take advantage of it. There is historic federal funding available through the Inflation Reduction Act that can help New York City fund green retrofits of our public schools, especially concerning our old out of date air conditioning systems which affect our students Air Quality.

Our public schools are old an have old HVAC systems if they have any at all. Most of the time most classrooms will open a window to let fresh air in or have a fan to push the air around. But opening a window is a dangerous thing as we all know. Having a fan push air around you now know, and what we have known for years, is a horrible idea when we think of Covid and all the airborne contaminants we have out there.

Studies have also shown that the air quality in our schools affect our children's studies. Poor air exchange rates or having more carbon dioxide than oxygen leads to drowsy students, which leads to short span of attention, which leads to poor grades or disruptive behavior. And of course, you know that most of these schools are in our communities of color.

My union is urging our Local lawmakers to immediately take advantage of federal funding made available through the Inflation Reduction Act, as well as other federal and state funding initiatives, for energy efficiency retrofits and solar panels on schools. NYC schools can save up to $275M a year in energy costs, money that can be reinvested into schools. At the same time, we can create thousands of good union jobs across many of the trades.

The benefits of your actions today can make for healthier students, healthier teachers, and thousands of other occupants in our public schools' buildings. We can have thousands of people employed with good union jobs. Imagine, money saved, and money earned for thousands of our residents. It is a win-win solution for all NYC. I strongly urge you to support the Carbon Free and Healthy Schools initiative in this year's budget.

Thank you for your time and consideration.

Anthony Guerrero

Political Director

Local 28 Sheet Metal Workers

The Testimony of The Corporation for Supportive Housing (CSH) for the NYC Council Finance Committee Hearing March 6, 2023

Thank you for this opportunity to provide testimony before the New York City Council's Finance Committee. My name is Lauren Velez and I'm the Associate Director for NY at CSH. CSH is a national non-profit that works with communities all over the country to devise and implement supportive housing solutions as a response to homelessness. Supportive housing is an effective, long-term intervention that pairs permanently affordable units with voluntary, individualized wrap-around services, to offer our most vulnerable and behaviorally complex community members an opportunity to stabilize and thrive in safe, affordable housing. Supportive housing has been proven to increase public safety, and create more inclusive, and resource rich communities. It's also far more cost effective than crisis systems such as jail, shelter, and improper emergency department use.

New York City has been a pioneer in supportive housing for the past three decades, with dedicated funding streams to fund the work. However, more and more we are hearing directly from providers, tenants, and advocates that the funding we have allotted for these programs is not enough. Rental subsidies are too low for the competitive rental market, and the service dollars are too low to provide adequate services and pay staff acceptable wages. The impact of the funding gap goes well beyond this, though: impacting city agencies like HPD that are severely understaffed, creating a ripple effect of bottle necks in our systems.

Our city must invest significantly in supportive housing, especially for people with behavioral health needs who are impacted by the criminal legal system. A report released by CSH in February 2022 estimated that roughly 2500 individuals on Rikers at any given point suffer from mental illness and will be homeless upon release, leaving them to languish in shelter, street homelessness and often cycling back into incarceration. We've been told by judges that they sometimes will hold off on releasing people from jail and prison because the person has no safe place to go. People are falling into the cracks when the solution is right in front of us. **We estimate that the city could save roughly $1.4 billion dollars over the next eight years JUST by investing in supportive housing, and in bringing people home**- not hemorrhaging money into programs that are not designed to offer permanent solutions.

We respectfully ask that this committee urge city council to invest in the housing needs of the most at-risk New Yorkers by:

<u>Investing $103.8 Million in Housing Subsidies and Supports</u>:

- **Increase funding for Justice Involved Supportive Housing**
    - JISH currently only has 120 out of 500 possible beds in operation. This is directly due to unacceptable rental and service rates
    - We recommend that NYC set service rates at $25,596 for each unit (matching the service allocation for the 15/15 youth population) and subsidy rates be set at current FMR and with a 2% yearly escalator, to keep up with current market rates.
    - **The total recommended investment for 500 JISH (120 current and 380 future units) units is $12.8 Million**
- **Investing $45 Million into NY 15/15** to support rental subsidy increases, higher services rates for the remaining units yet to be brought online
- **Supporting MOCJ Hotels-** MOCJ Emergency Hotels currently house around 480 individuals leaving incarceration. This effort began during the pandemic to reduce the number of people being held in Rikers. These hotels have served as a transitional setting, allowing residents to stabilize and access support before finding permanent housing. This resource has become a critical part of our housing continuum and these contracts are set to run out by June 30, 2023. We request the following continued investment:
    - $28 million for services, food and security residents of 480 rooms across 4 hotels
        - Services $4.2 Million annually
        - Food Vendors $6 Million annually
        - Security Vendors $18 Million annually
    - $17.5 Million for the cost of the rooms at $100/room per night)
    - **Total ask: $46 Million/year**
        - This works out to be roughly **$95k per person per year**, which is *less than 1/5 of the current cost of incarceration*

<u>Reallocating Funding to Increase Congregate Units Through 15/15</u>

- **Reallocate $162 Million in 15/15 funding to the development of more congregate units and preservation/rehabilitation of existing units.** There is currently funding that is allotted for the development of about 6,000 scattered site units. We know from experience that congregate site settings are far more preferable and promote better outcomes and more stabilization due to the presence of onsite services and support

The case for investing in housing can be made both ethically and financially, and the conclusion is the same: safe, affordable housing with services and connections to community resources is how we will increase public safety, and help move people beyond often generational cycles of poverty and crisis.

Respectfully,

Lauren Velez
Associate Director NY, Corporation for Supportive Housing (CSH)
lauren.velez@csh.org

Vera INSTITUTE OF JUSTICE

New York City Council Finance Committee Budget Hearing

Written Testimony of Jullian Harris-Calvin
Director, Greater Justice New York
Vera Institute of Justice

March 6, 2023

My name is Jullian Harris-Calvin, and I am director of the Greater Justice New York program at the Vera Institute of Justice, which works to end mass incarceration, protect immigrants' rights, ensure dignity for people behind bars, and build safe, thriving communities. Thank you for the opportunity to submit testimony.

Maintaining astronomical police and correctional budgets at the expense of community-based support services will not make New Yorkers any safer. We urge the City Council to pass a budget that invests in community-based support and prevents crime before it happens instead of just reacting to it afterwards. Beyond the clear moral imperative, extensive research shows the effectiveness of well-funded, comprehensive community-based services.[1] **Led by the evidence, we call on the city to scale up the services that work: housing, supervised release, alternatives to incarceration, summer youth employment, and peer-led mental health crisis response.**

Despite growing concerns about New York City's inability to care for the vulnerable—in particular, people suffering from mental illness, substance use disorder, and homelessness—funding for the departments that serve these populations is set to shrink in Fiscal Year (FY) 2024. Mayor Adams's preliminary budget for FY 2024 significantly decreases funding for the Department of Health and Mental Hygiene (26.7 percent), the Department of Youth and Community Development (21.3 percent), the Department of Housing Preservation and Development (10.2 percent), the Department of Social Services (5.3 percent), and the Department of Homeless Services (4.1 percent) compared to their estimated FY 2023 expenditures.[2]

Although much of the funding decrease is due to shrinking federal dollars, New York City nevertheless has a responsibility to maintain or increase funding for these vital agencies that keep New Yorkers safe. This kind of public health failure inevitably becomes a public safety failure. Too often, when agencies lack funding to proactively provide community-based support, law enforcement and corrections end up dealing with the consequences.

As such, Mayor Adams's preliminary budget proposal maintains FY 2023-level funding for the Department of Correction (DOC) and the Police Department at $2.7 billion and $10.9 billion, respectively.[3] This continues a troubling trend: last year, the mayor repeatedly turned to law enforcement to address public safety and quality-of-life concerns. Police are now tasked with transporting unhoused New Yorkers to overrun emergency rooms against their will, and they are patrolling the subway in record numbers.[4] Involuntary institutionalization and law enforcement, however, do not effectively address the root causes of crime—like mental illness or substance use disorder—and as a result these costly initiatives are not delivering the results New Yorkers need. For example, research shows that overpolicing can reduce economic security, suppress educational

achievement, and damage both individual and community health.[5] We keep expecting police to solve every social problem, but no one profession can do that. It's time for support and change, not blame.

We call on the city to invest an additional $12.8 million for Justice-Involved Supportive Housing (JISH), which serves people with a history of criminal legal involvement along with mental illness and/or substance use disorder. JISH has been shown to reduce incarceration and promote stability, and at approximately one-tenth the cost of jail.[6] Research shows that it reduces jail admissions by up to 38 percent, shelter admissions by 90 percent, and days in psychiatric facilities by 55 percent.[7] The city should also provide $45 million to support rental subsidy increases and higher service rates for supportive housing units in the 15/15 program, and $152 million for the development, preservation, and rehabilitation of 15/15 congregate supportive housing units. The FY 2024 budget should also include $46 million in additional funding for the Mayor's Office of Criminal Justice emergency hotels, which act as transitional housing for people released from Rikers Island.

Further, the city must further invest in its successful Supervised Release program, adding an additional $28 million (to the $72 million already budgeted) to support higher-need program participants. This will enable the city to enhance the type and frequency of services available, including access to supportive housing and voluntary clinical treatment. Funding wider use of supervised release, moreover, will help minimize the harmful effects of pretrial detention on New York's Black, brown, and poor communities while allowing New York to continue safely decarcerating, which is critical to the city's legal and moral imperative to close Rikers Island by 2027.

In parallel, New York City must increase funding—and, in turn, capacity—for alternatives to incarceration (ATI) to enable the city to sufficiently decarcerate Rikers Island. Current ATI programming serves 7,300 New Yorkers at a cost of $45.8 million, including discretionary funding from City Council.[8] Alternatives to incarceration include access to clinical therapy, housing assistance, medication management, mentoring, and job readiness training to help justice-involved New Yorkers remain part of their communities.[9] Especially when targeted to people with serious mental illness, those without access to stable housing, and young people, all of whom are at elevated risk of violence and incarceration, ATIs deliver safety more effectively than jail and at a fraction of the cost.[10] Half the nearly 6,000 people on Rikers Island have a mental health diagnosis; at a minimum, the city should divert them into ATIs.[11] Importantly, ATI programs should not widen the net of the criminal legal system by serving New Yorkers who otherwise would have no system contact.

The budget should also maintain the current $207.4 million budget for summer youth employment—and ideally expand it to be year-round—instead of cutting its budget by 6 percent as proposed.[12] Summer youth employment is an evidence-based way to decrease arrests among youth without resorting to incarceration and punishment, helping young people and their communities flourish.[13]

Finally, New York City should invest in a peer-led mental health response service that diverts mental health crisis calls away from the police.[14] Law enforcement officers are not well-equipped to make mental health assessments, nor are they well-situated to connect people to treatment. Police presence can escalate a person's crisis and, in turn, the likelihood of a violent outcome; police are 16 times more likely to kill people suffering from untreated mental illness.[15] Social workers, peer specialists who can draw on their lived experience, medical personnel, and other supportive service providers can more successfully connect New Yorkers in crisis to voluntary mental health and substance use treatment programs, which are hugely powerful public safety tools.[16] The Adams administration should fund a

geographically comprehensive, round-the-clock mental health crisis team that connects people experiencing acute mental illness with peer-led teams. Such a service will take several years to develop and expand, but it will become an essential piece of New York City's safety apparatus.

All the above programs either proactively deflect people from involvement in the criminal legal system or divert them from incarceration after arrest. Research shows that even 24 hours in detention significantly increases the likelihood of rearrest, in effect decreasing safety instead of delivering it.[17] Incarceration is also incredibly expensive, costing New York City taxpayers more than $550,000 per person annually.[18] Moreover, New York City's jails are dangerous and often deadly; 36 people have died in DOC custody over the last two years.[19] Thousands more have missed critical medical appointments and faced abhorrent conditions while presumed innocent and awaiting trial.[20] With the community-based, data-backed investments outlined here, we can spare New Yorkers this awful fate and keep our communities safe and thriving.

Thank you for the opportunity to provide testimony. Please do not hesitate to contact me if the Vera Institute of Justice may provide further support to you all.

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[1] Thea Sebastian, Hanna Love, Sam Washington, et al., *A New Community Safety Blueprint: How the Federal Government Can Address Violence and Harm Through a Public Health Approach* (Washington, D.C.: Brookings Institute, 2022), perma.cc/EE6Z-3W94.

[2] New York City Office of Management and Budget (OMB), *The City of New York Preliminary Budget Fiscal Year 2024: Expense Revenue Contract* (New York: OMB, 2023), 133E, 66E, 130E, 36E, and 38E, perma.cc/ESR5-VXLN. Vera's calculations include overall budget, fringe benefits, pensions, and debt service.

[3] Ibid., 39E and 29E-30E.

[4] Andy Newman and Emma G. Fitzsimmons, "New York City to Involuntarily Remove Mentally Ill People From Streets," *New York Times*, November 29, 2022, nytimes.com/2022/11/29/nyregion/nyc-mentally-ill-involuntary-custody.html.

[5] Aaron Stagoff-Belfort, Daniel Bodah, and Daniela Gilbert, *How Police Activity Results in Social Costs to Communities* (New York: Vera Institute of Justice, 2022), perma.cc/T7R4-VNDS.

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TAKEROOT JUSTICE

Testimony to the NYC City Council

Committee on Finance

Preliminary Budget Hearing for FY 2024

March 6, 2023

Good afternoon. My name is Paula Segal. I am speaking today as Senior Staff Attorney in the Equitable Neighborhoods practice of TakeRoot Justice. TakeRoot works with grassroots groups, neighborhood organizations and community coalitions to help make sure that people of color, immigrants, and other low-income residents who have built our city are not pushed out in the name of "progress."

Thank you for the opportunity to testify as the Council prepares its response to the Mayor's preliminary FY2024 budget. I am here to draw attention to the need to adjust the preliminary budget to reflect the fact that the City does not have authority to sell tax liens and to add support for a new collection system for municipal arrears; the preliminary budget's inclusion of $80 million revenue from the lien sale in the budget is misplaced. On the expenditures side of the budget, the amount allocated to the Department of Housing Preservation and Development for Community Land Trust (CLT) contracts must be increased to reflect the expanding capacity of community land trust organizations and the expanded opportunities for the City to partner with CLTs on crucial preservation and development projects that stabilize housing and other key types of real estate across New York City Neighborhoods.

<u>An Equitable Framework for Municipal Debt Collection</u>

The majority of this Council has been clear that it will not authorize any lien sale in the future (by letter sent to the Mayor in May 2022, attached). In FY24, the Department of Finance must have additional resources to bring debt collection into the ambit of the City, incentivizing timely payments and allowing owners who simply cannot pay to resolve their debt in a manner that increases the City's supply of affordable housing. The City's growing number of Community Land Trusts ("CLTs"), located in nearly every neighborhood, would be ideal partners for such a system: the City could forgive the debts of owners who voluntarily transfer the land beneath their properties to CLTs. This would allow them and their tenants to stay while preserving some equity. For owners who do not accept that voluntary preservation strategy, the City will need to take an active role in foreclosure and disposition to CLTs partnering with preservation owners like the Not-for-Profit developers Housing Preservation and Development already engages through the Third Party Transfer program.

I have attached a detailed framework developed by the Abolish the Tax Lien Sale coalition with insight from across the housing preservation and development sector, as well as many members of this Council. TakeRoot and the rest of the Coalition look forward to being a resource as the Department and the Council put a new system in place this year.

Expanding Funding for the Community Land Trust Initiative

TakeRoot is a member of the New York City Community Land Initiative (NYCCLI), an alliance of grassroots, affordable housing, environmental and economic justice organizations working to promote community land trusts (CLTs) and neighborhood-led development. NYCCLI members include CLTs organizing for deeply-affordable social housing, commercial and community spaces, and other needs in low income Black and brown neighborhoods across the five boroughs.

We at TakeRoot support this growing movement for affordable community-controlled housing, commercial and community spaces through legal services to CLT members of the initiative and other groups exploring the CLT model. We provide everything from education on orientation and incorporation, to transactional representation in negotiating ground leases and joint venture agreements. Our work and the work of our clients would not be possible without a contract with HPD that is the result of this Council's Community Land Trust Initiative. Since FY20, when the Council established the initiative, we have seen demand for our services grow exponentially and CLT organizing flourish in every borough of the City.

More than 1,200 homes are now in CLT portfolios or pipelines, according to HPD, and New York City and State have proposed policy changes that would help CLTs bring more land and housing into community stewardship. The last two fiscal years have seen consistent funding for the Initiative, but no expansion to match the expanded opportunities and demands. With this enhancement, the initiative will support 20 organizations, including new CLTs in Edgemere, Queens, and Flatbush, Brooklyn, and expand citywide education, organizing, and technical assistance to meet the growing and urgent need for CLTs. The final FY24 budget should provide that expansion and increase funding the HPD has available for community land trust contracts to $3 million.

Equally importantly: the budget must include capital funding commitments to support CLT-driven revitalization of buildings that fell into disrepair while under City ownership like the Tenant Interim Lease buildings recently-acquired by our clients at the East Harlem El Barrio Community Land Trust and the Kingsborough Armory, for which a community visioning process is now underway. This Council has made great strides towards ensuring that such public properties are disposed of to CLTs and other not-for-profits so that they can be used for the public good, but without capital commitments to support those new owners as they work to reverse decades of disinvestment, such dispositions are at best a gesture and at worst the offloading of the City's problems onto community-based organizations.

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TAKEROOT JUSTICE

Advancing Racial, Social and Economic Justice in NYC Communities

TakeRoot Justice provides legal, participatory research and policy support to strengthen the work of grassroots community-based organizations in New York City to dismantle racial, economic and social oppression. We partner with dozens of grassroots community-based organizations each year (see partial list on reverse) that build leadership and power within New York City's low-income communities, particularly immigrants, communities of color and others who are traditionally excluded from policy-making. Founded in 2001 as a project of the Urban Justice Center, TakeRoot has been an independent, 50-person nonprofit organization since July 2019.

Our current areas of work include:

- **Tenants' Rights**
- **Workers' Rights**
- **Immigrants' Rights**
- **Consumer Justice**
- **Equitable Neighborhoods & Cannabis Equity**
- **Participatory Research and Policy**
- **Technical and Capacity Building Assistance for Nonprofits and Small Businesses**

FY24 Funding Requests

TakeRoot participates in several citywide council funding initiatives designed to provide critical services to low-income NYC communities. They include:

- Stabilizing NYC
- Legal Services for the Working Poor
- Low Wage Worker Support
- The Worker Cooperative Business Development Initiative
- Community Land Trust (CLT) Initiative
- Community Housing Preservation Strategies (aka Housing Preservation Initiative and Community Consultant Contracts)

TakeRoot's innovative research, legal services and support for community-based organizations have played a crucial role in underserved NYC communities for over 20 years, and with the Council's support we look forward to engaging in the hard but necessary work of helping these communities recover from the devastating effects of the pandemic.

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TAKEROOT JUSTICE

TakeRoot collaborates with 70+ groups organizing low-income, BIPOC and immigrant communities throughout NYC to serve 2100+ New Yorkers per year and share $20 million+ in support for work toward racial, social and economic justice. We are proud to work with the following organizations:

The Bronx

- Banana Kelly Community Improvement Association
- Crotona Community Coalition
- Green Worker Cooperatives*
- Mary Mitchell Family and Youth Center
- Mothers on the Move/ Bronx Organizing Neighborhoods & Development (BOND)
- New Settlement Apartments/Community Action for Safe Apartments (CASA)
- Northwest Bronx Community and Clergy Coalition & the Bronx Community Land Trust
- Pan-African Community Development Initiative
- South Bronx Tenant Movement

Brooklyn

- Brooklyn Movement Center
- Carroll Gardens Association
- Carroll Gardens Nanny Association
- Center for Family Life in Sunset Park
- Cypress Hills LDC
- East New York Community Land Trust
- Equality for Flatbush
- Fifth Avenue Committee
- Flatbush Tenant Coalition
- Haitian Women for Haitian Refugees*
- IMPACCT Brooklyn
- Neighbors Helping Neighbors
- Red Hook Initiative
- St. Nicks Alliance
- Worker's Justice Project/Proyecto Justicia Laboral*

Queens

- Adhikaar*
- Chhaya Community Development Corporation
- Desis Rising Up and Moving*
- MinKwon Center for Community Action
- New Immigrant Community Empowerment
- Project Hajra
- Ridgewood Tenants Union
- Woodside on the Move

Manhattan

- African Communities Together*
- Asian Americans For Equality*
- CAAAV Organizing Asian Communities*
- Chinese Staff and Workers' Association
- Cooper Square Committee
- East Harlem El Barrio Community Land Trust
- Good Old Lower East Side (GOLES)
- Harlem Solidarity Defense
- Little Sisters of the Assumption
- Movement for Justice in El Barrio
- The Residents to Preserve Public Housing
- University Settlement

Staten Island

- La Colmena

City-wide

- Arab American Association
- Asian Americans for Equality
- Association for Neighborhood and Housing Development
- Black Alliance for Just Immigration
- Damayan Migrant Workers Association
- Domestic Workers United
- Flanbwayan Haitian Literacy Project
- Laundry Workers Center
- Make the Road NY
- National Domestic Workers Alliance
- National Mobilization Against Sweatshops
- NYC Network of Worker Cooperatives
- Participatory Budgeting Project
- Right to Counsel NYC Coalition
- Rise
- Sylvia Rivera Law Project
- Tenants and Neighbors
- VOCAL-NY
- Urban Upbound

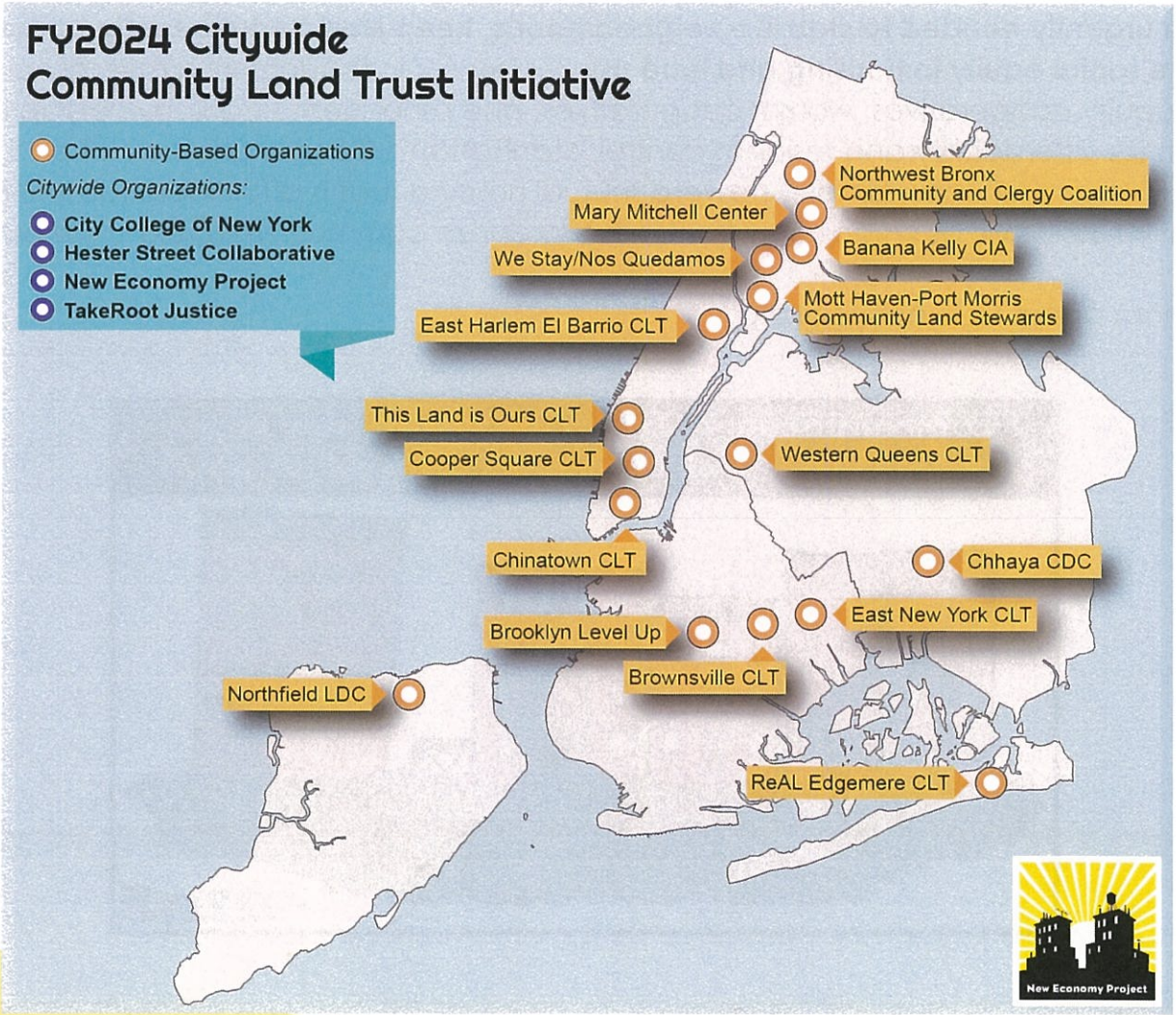
**These organizations also offer services to communities in other borough(s) in addition to the borough under which they are listed.*

Community Land Trust Initiative

FY2024 Discretionary Funding Request

The **citywide Community Land Trust Initiative** requests **$3 million** in FY2024 City Council discretionary funding to support 20 organizations working to develop community land trusts (CLTs) and permanently-affordable housing, commercial and community spaces. The Initiative delivers comprehensive outreach, education, organizing, and legal and technical assistance to support the formation and expansion of CLTs in historically-redlined Black and brown neighborhoods. By giving communities ownership of land, CLTs foster democratic resident control, combat displacement, and build collective community wealth.

Launched in FY2020, the initiative has catalyzed the growth of dynamic neighborhood-led CLTs across the five boroughs. Groups have organized and educated thousands of New Yorkers, preserved hundreds of units of permanently-affordable social housing, and generated broad support for CLTs and community-controlled development.



Enhanced funding in FY2024 is needed to meet the growing demand for CLTs. This year, the CLT initiative will:

- Support two new CLTs in Edgemere, Queens, and Flatbush, Brooklyn, and expand organizing and technical assistance citywide.
- Provide 150+ education, organizing and planning sessions – in multiple languages – for tenants, homeowners, small businesses, and community partners.
- Provide ongoing training and support to 100 CLT board and steering committee members, to support community and tenant governance.
- Provide 60 technical assistance engagements to CLTs on matters such as incorporation, bylaws, establishing developer partnerships, securing financing, and more.
- Complete property feasibility studies, expand partnerships with nonprofit and MWBE developers and other stakeholders, and bring more properties into CLT stewardship.

Over time, the CLT initiative will preserve thousands of units of deeply and permanently affordable social housing, including rental, shared-equity and supportive housing. CLTs also will develop community and cultural spaces, affordable storefronts for small and worker-owned businesses, community solar projects, and other infrastructure.

CLTs are urgently needed to stabilize neighborhoods, keep New Yorkers safely housed, and advance racial equity in housing and land use. CLTs work in tandem with mutual housing, limited-equity cooperatives, worker cooperatives, and other democratic ownership models to maximize affordability and resident control. Manhattan's Cooper Square CLT and East Harlem El Barrio CLT, for example, steward mutual housing that is affordable to families earning 30-35% AMI, as well as storefronts for two dozen community-serving small businesses.

Learn more about CLTs at nyccli.org.

New Economy Project coordinates the citywide CLT initiative.

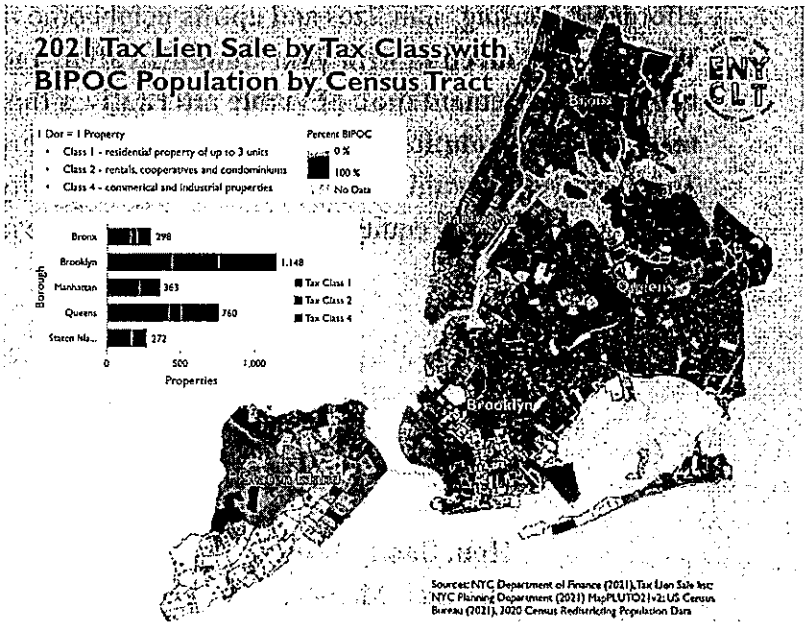
THE COUNCIL *of* THE CITY OF NEW YORK

Dear Mayor Adams,

We write today to amplify an issue that has wreaked havoc on our communities for too long: the New York City tax lien sale. On February 28th, the tax lien sale sunset, presenting us with a unique opportunity to rethink how we collect property tax debt in a manner that upholds the values we champion as a City. While we are resolute in our opposition to any lien sale reauthorization, we are eager to work with you and your Administration on alternatives that yield equity, justice, and a more affordable New York City.

Since 1996, the tax lien sale has played a complicated role in New York City's municipal debt collection system. Instead of collecting property debt itself, the City has essentially privatized collection through the lien sale. This has enriched Wall Street investors and hedge funds, who collect on these debts by imposing predatory and prohibitively steep fees and fines on primarily low income, senior, and Black and brown homeowners. Occasionally, this can lead to foreclosure and the property's auction. On average, the City's revenue from this collection is at most 75 cents on the dollar, while these companies make windfall profits. We note that many cities, including Los Angeles, San Francisco, and Boston, do not privatize property tax debt collection and have much higher collection rates than NYC, exceeding 90%.

Moreover, the lien sale disproportionately harms communities of color—the same communities that have historically been subject to racist practices such as redlining, blockbusting, benign neglect and planned shrinkage, and general underinvestment. Despite the impacts of these historical practices, communities of color have made inroads into the world of homeownership, which is itself rife with troubles and precarity. Still, however, with systemic racism embedded in everything from mortgage issuers to tax assessments to property debt collection, we are no closer to closing the racial wealth gap. As one



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Vice Co-Chair, Progressive Caucus

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Council Member

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cc: Adrienne Adams, Speaker of the New York City Council
Preston Niblack, Commissioner, New York City Department of Finance
Jacques Jiha, Ph.D., Budget Director, New York City Office of Management and Budget

Leaving the Speculators in the Rear-View Mirror

Preserving Housing with Municipal Arrears through Off-Ramps from the Speculation Superhighway

Policy Framework by the Abolish the Tax Lien Sale Coalition

Community Service Society of New York
East New York Community Land Trust
New Economy Project
TakeRoot Justice
Western Queens CLT
Brooklyn Level Up
Bronx Community Land Trust
Northwest Bronx Community and Clergy Coalition
Coalition for Community Advancement
New York City Community Land Initiative (NYCCLI)
MHANY Management Inc.

Endorsed by

New York Communities for Change

Abolish the Tax Lien Sale Coalition
Who We Are

We are a coalition of community land trusts, non-profit developers, and housing advocacy and policy organizations, calling on the City of New York to abolish the predatory tax lien sale forever and develop an alternative system of tax collection and property disposition that promotes neighborhood stability and equity, through community land trusts (CLTs) and other strategies. Collectively, our organizations have decades of experience working for affordable housing and equitable development.

Since 2020, we have successfully organized to stop the reauthorization of the Tax Lien Sale, conduct outreach and education to hundreds of low-income homeowners and tenants affected by the lien sale, and design a replacement framework that preserves affordable housing and community wealth.

Member Organizations

CSS Community Service Society

EAST NEW YORK ENY CLT COMMUNITY LAND TRUST

New Economy Project

TAKEROOT JUSTICE

WO CLT

BROOKLYN LEVELUP

BRONX COMMUNITY LAND TRUST

SAY YES TO THE NORTH-WEST BRONX N.W.B.C.C.C.

Coalition for Community Advancement
Progress for East New York/Cypress Hills

NYC community land initiative

Mutual Housing Association of NY mhany

East New York CLT represented our Coalition on the Lien Sale Task Force created by Local Law 24 of 2021 and shared the basic framework we present here.

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Introduction

A system to replace the tax lien sale should advance critical affordable housing and equitable development goals. This document outlines a framework through which New York City can enforce the collection of property tax arrears and other debts, in ways that prevent the displacement of vulnerable homeowners, preserve affordable rental units, and expand the pipeline of properties for new development. We look forward to working with the City Council and Administration to refine and implement a comprehensive, equitable plan.

For 25 years, New York City privatized the collection of property tax and other debts, through the lien sale. Investor-backed trusts purchased the liens and aggressively collected on the debts, tacking on high fees and interest that pushed property owners into further distress. While the lien sale consistently generated only a small fraction of overall property taxes New York City collected each year, it came at a steep cost: as the City surrendered its leverage to move tax-delinquent properties into affordable housing programs or achieve other public policy goals. The lien sale disproportionately harmed low-income homeowners and communities of color, contributing to predatory lending, foreclosures and the erosion of Black and brown wealth for decades.

Mounting opposition to the lien sale and our coalition's organizing stopped the reauthorization of the lien sale in 2022. To replace it permanently, the City must adopt a new debt collection framework. The one proposed in this document is informed by our discussions with housing counselors, grassroots organizations, members of the City Council and staff at the Departments of Finance and Housing Preservation and Development.

We propose a system that would lead to one of five outcomes for any property with municipal debt that an owner does not pay within a year of it accruing.

1. Resolution of the debt by paying it off
2. Enrollment in a protective program like a payment plan or tax exemption
3. Transfer of land through the City to a community land trust in exchange for debt forgiveness while keeping title to the building
4. Foreclosure and preservation as affordable housing with tenant protections
5. Foreclosure and sale, with any remaining funds from sale after debt and costs paid to former owner

In addition, the City must forgive debt that is either unlawful or unfair.[1] The City must commit to fund outreach efforts by City employees and community-based organizations (CBOs) to help the Department of Finance identify owners with property-related bills that they should never have received and do the necessary paperwork to correct or seek the relief from debt through proper channels. The City will need to pay for staff and CBO partners to do the outreach; since there is already a foreclosure prevention infrastructure among CBOs, this can be built on that base.

All notices and counseling must be available in the ten (10) most commonly spoken languages in NYC, as required by the City's language access law.

Improving enforcement of protective statutes is a crucial part of the solution. Many of the problems with the lien sale are caused by the Department of Finance's ineffective implementation of statutes intended to protect vulnerable homeowners. Owners of small homes that have historically ended up in the lien sale are overwhelmingly elderly, disabled, and low-income; many are eligible for property tax reductions or exemption from the lien sale but do not receive these benefits. The City must also implement strong mechanisms to intervene in multifamily rental properties with delinquent municipal debt, particularly those properties that are physically distressed. Many larger Class 2 properties are part of much larger portfolios, and frequently multiple buildings in these portfolios enter the tax lien sale. For example, in zip codes 11207 and 11208, 24 of 90 buildings in the tax lien sale from 2014 to 2019 were owned by landlords with multiple other properties in the lien sale. In nearly all cases, the buildings have significant numbers of housing violations. The proposals and strategies below prioritize tenant safety and permanent affordability while offering clear offramps for property owners that have abdicated their responsibilities to the City and to their tenants.

Without the threat of intervention and applicable consequences, tools to hold landlords accountable remain weak. Where owners do not take the offramps offered to them voluntarily, the City must prioritize enforcement of responsible rental housing operation and remove a delinquent landlord from ownership.

One of the strategies incorporated in this framework is revision of the Third Party Transfer (TPT) program that was created as a companion to the Tax Lien Sale over two decades ago. That program has allowed over 600 properties with tenants at risk to be transferred to landlords obliged to bring buildings up to code and maintain affordable housing through the terms of the program. We can harness TPT's power to target slumlords while making sure that a comprehensive approach to debt collection provides information and services to family landlords.

Keeping all municipal debt in the control of the City will give City officials the opportunity to resolve such debts without placing our neighbors' ownership at risk or incurring the cost of defecting liens purchased by third parties.

We cannot talk about property tax collection without acknowledging the need for substantial reform of the City's property tax system. The Tax Equity Now coalition highlights the pressing need to address the property tax system; they join other analyses which consistently find that property owners in neighborhoods with higher concentrations of minorities pay taxes at higher rates than owners in majority white neighborhoods with more expensive properties.[2]

Proposal Summary

Most property owners who owe the City money pay their bills. Many who do not pay qualify for an exemption or other protective status and this proposal seeks to ensure that such owners are made aware of and given the benefit of any exemptions to which they are entitled.

As for those who do owe taxes, but do not pay them, this proposal outlines how the City should address those owners based on characteristics of the property on which debt is unpaid:

1. Owner-Occupied Properties (including Housing Development Fund Corporation cooperatives)
2. Investment Properties
3. Occupied Multifamily Buildings in Physical Distress and Unoccupied Buildings
4. Vacant lots that Present Opportunities for Proactive Planning

Definitions

Department of Finance (DOF) market value

Department of Finance (DOF) market value is the estimate the Department makes for the property for the current tax year. DOF calculates this value by applying a statistical analysis to selling prices of properties with similar characteristics in the neighborhood where the subject property is located.[3]

Physical Distress

Physical distress is any of the following:

- Environmental Control Board debt or liens equal to 25% of the DOF market value of the property,
- Enrollment in the Alternative Enforcement Program,
- Assigned an administrator under Article 7A of the New York State Real Property Actions and Proceedings law,[4]
- Debt to the Emergency Repair Program for $1000 or more,
- An average of 1.5 or more open hazardous or immediately hazardous (B or C) Department of Buildings (DOB) violations per unit,or
- Buildings with DOB vacate orders that are 3 years old or older without significant signs of renovations.[5]

Vacant Lot

A vacant lot is one that has no building on it, is classified as "VACANT" by the Department of City Planning (DCP) or by the Local Law 29 of 2018 vacancy survey, and is not actively being used as community open space.

Unoccupied Building

An unoccupied building is one for which city records of physical conditions and services indicate that there is no present use for the building, and where the owner has no plan for changing these conditions in the next five (5) years. Charity properties for which a use is contemplated under the Real Property Tax Law are not considered unoccupied buildings for the purpose of this proposal.

Improvement

All property is the sum of the land and any "improvements" to it. Improvement to real property means a permanent addition to or betterment of real property that enhances its capital value and that involves the expenditure of labor or money. Improvements include buildings and garden fixtures. Land and improvements can be owned together or separately.

Municipal Debt

Municipal debt includes property taxes, bills for repairs, and Department of Environmental Projection (DEP) water and sewer charges, the collection of which is permitted using a lien process[6] and allows those liens to either be placed by the City itself or sold to a third party.[7] Of the 3,154 properties on the City's 2020 lien sale list for unpaid property taxes and/or water and sewer bills, 681 properties had only water/sewer debts.

Municipal Lien

Municipal lien means debt recorded as a lien by the City; the City will not act on these liens until thresholds for the CLT offer or foreclosure are reached. These liens will be paid if the property is sold or otherwise changes hands.

Debt Accumulated on a Property

Throughout this document, references to debt accumulated on a property refers to the total owed to the City and the Tax Lien Trust.

What is a Community Land Trust?

Community land trusts (CLTs) are community-controlled not-for-profit organizations that own land and ensure it is used to provide permanently affordable housing and meet other critical community needs.

CLTs typically issue 99-year, renewable ground leases that lay out affordability requirements and other terms for the buildings on CLT land. Typical ground lease terms govern purchases, sales, refinancing, enforce safe conditions for residents, provide tenancy protections and set parameters for selecting future occupants and owners of buildings and other "improvements" on CLT land. Ground leases can be sold or passed down to heirs, as can the ownership of improvements.[8]

CLTs provide democratic governance and community decision-making over development through ongoing organizing and their board structure. Most CLT boards are composed of three groups that provide a balanced democratic approach to decision-making: people who live or work in improvements on CLT land, members of the surrounding community, and public stakeholders–such as advocates and technical assistance providers–with a professional interest in and a commitment to sustainability and success of CLTs. CLTs are, therefore, flexible, and can be used to preserve multifamily rental housing, multifamily cooperative housing, single-family housing with deed and resale restrictions, and even commercial and community properties with specifications for use and below-market rent structures.

CLTs more often than not partner with responsible housing providers and operators to directly manage the housing. These developers and owners are bound by the terms of ground leases with CLTs and are accountable to the CLT governing body.

CLTs in NYC

In NYC, at least 19 CLTs are organizing in Black, brown and immigrant neighborhoods across NYC to stabilize housing, combat speculation, and ensure a just recovery from the COVID-19 Pandemic.

On April 19, 2022, City Limits reported that there were around 400 CLT units citywide and about 1,000 CLT units had been in "predevelopment" with the Department of Housing Preservation and Development (HPD) per their testimony at a Council hearing last year.[9]

EXIT

Preventing Property Owners from Falling Behind

Ensure substantial funding for outreach to homeowners.

It is imperative that the DOF increase their funding for outreach and dedicate significant resources and staff time to contact every NYC homeowner in arrears in good faith, with accessible, easy-to-understand options to resolve their arrears.

In addition to increasing staff capacity within DOF, the City must allocate continuous and robust funding to community based organizations, including housing counselors and legal service providers, so they can counsel homeowners directly about their options.

DOF must make sure that all agencies and community-based providers have up-to-date information about renewals.

Additionally, the City should increase cooperation among city agencies to maximize outreach. Many property owners access HRA One-Shot deals to address their arrears; the City could devote more resources to directly connect homeowners with these and other available resources.

Provide explicit communication to homeowners about their debts.

DOF must exhaust every available option to contact homeowners in debt, including mailers, phone calls, and partnering with the offices of elected officials. Creative and bold solutions are needed.

DOF's communication should not only be robust, but it should outline all loss mitigation information, including payment plans, refinancing options, tax exemptions, deadlines and opportunities to sell.

All homeowners in distress should be automatically referred to a housing counselor or legal service provider for help.

DOF should use envelopes of a different color to mail advanced debt notices to homeowners to make these notices more visible for property owners, who are bombarded with information by mail.

Language accessibility, including translation to every language spoken by New Yorkers, as well as braille and audio alerts, must be provided in all DOF communication.

Improve access to exemptions, abatements, payment plans and annual renewals.

DOF must provide detailed information for homeowners about all the exemptions, delivered with the Notice of Property Value (NOPV) at the top of the year through an annual mailer that reads in part, "You may be eligible for an exemption. Apply by March 15."

DOF renewal notices should be mailed and emailed. Mailed renewal notices should come in bright-colored envelopes.

DOF should apply exemptions retroactively whenever appropriate.

Offramp Quickstart Guide

Because each property situation is unique, multiple offramps are available to provide maximum flexibility.

1 City Review

For all properties other than multi-family properties in physical distress, unoccupied buildings and vacant lots.

2 Municipal Liens

For all properties other than multi-family properties in physical distress, unoccupied buildings and vacant lots, including HDFC co-ops.

3 Option to Transfer Land to a CLT

Offered to all properties except vacant lots.

4 Foreclosure, Sale with Funds Remaining Transferred to Former Owner, Land to CLT

For all properties other than multi-family properties in physical distress, unoccupied buildings and vacant lots.

5 Foreclosure + Preservation Transfer

For multi-family properties in physical distress, unoccupied buildings and vacant lots.

Offramps from Municipal Arrears

Paying the debt is always an option. Owners can access funds through:

- Loans from Community Development Financial Institutions (CDFIs) and other community-based lenders who can offer favorable terms.
- Grants where available/applicable.
- One-shot deals from the Human Resources Administration.

Owners can also sell their home to pay off arrears until the point of foreclosure.

Owner-Occupied Home: Owned in Fee Simple

Offramps 1 2 3 4

1. Once municipal debt accumulated on a property is **more than $5K** (owed to the City and / or the Tax Lien Trust) and is past-due **for over two (2) years**, with the help of CBO partners, DOF and DEP, affirmatively present an opportunity of review to owners to explore potential exemptions and qualification for protective measures under the law, like payment plans.

2. If the owner is non-responsive or review fails, once lawful debt on property is **more than $5K past due for over three (3) years**, DOF records a lien that will only be collectible if property is sold.

3. **After debt exceeds a substantial percentage of DOF market value**,[10] DOF gives the owner the option to transfer their land to the City for transfer to a CLT in exchange for municipal debt forgiveness while keeping the improvements on the land (house or building).[11]

4. **If the owner does not take the CLT option in a year**, the City initiates foreclosure.[12] Post-judgment, the property is sold. Current tenant(s), CLTs, and not-for-profit community-based organizations given right of first refusal to purchase at a price set via an appraisal; if no tenant(s), CLT, or not-for-profit exercises its right to purchase, the sale can be to any party and the price can be set through bidding. **Any funds remaining after arrears due to the City and other creditors, and cost of foreclosure, are paid to the former owner.**

Owner-Occupied Home: Housing Development Fund Corporation (HDFC) Cooperative

Offramps 1 2 3 5

1. Once municipal debt accumulated on a property is **more than $5K** (owed to the City and / or the Tax Lien Trust) is past-due **for over two (2) years**, with the help of CBO partners, DOF and DEP affirmatively present an opportunity of review to owners to explore potential exemptions and qualification for protective measures under the law, like payment plans. Review will include an option to renew or establish Article XI tax exemption.

2. If the owner is non-responsive or review fails, once lawful debt on property is **more than $5K past due for over three (3) years**, DOF records a lien that will only be collectible if property is sold.

3. **After debt exceeds a substantial percentage of DOF market value**,[13] DOF gives the HDFC the option to transfer their land to the City for **transfer to a CLT in exchange for municipal debt forgiveness** while keeping the building.

4. **If they don't take that option**, the City initiates **foreclosure**.[14] Post-judgment, there will be no sale; instead the City will **transfer land to a CLT and partner with CDCs for renovations** and allow tenants to petition to become a cooperative again upon meeting certain requirements.

Investment Property: Occupied, No Distress

Offramps 1 2 3 4

1. Once municipal debt accumulated on a property is **more than $5K** (owed to the City and / or the Tax Lien Trust) is past-due **for over two (2) years**, with the help of CBO partners, DOF and DEP affirmatively present an opportunity of **review** to owners to explore potential exemptions and qualification for protective measures under the law, like payment plans.

2. If the owner is non-responsive or review fails, once lawful debt on property is **more than $5K past due for over three (3) years**, DOF records a **lien** that will only be collectible if property is sold.

3. **If the property is not owner-occupied, only allow municipal debt to accrue until it is a much less substantial percentage of DOF market value**[15] DOF offers the owner **option to transfer their land to the City for transfer to a CLT in exchange for municipal debt forgiveness** while keeping the improvement (house or building).

4. **If the owner does not take the CLT option**, the City initiates **foreclosure**;[16] post-judgment, **the City transfers the land to a CLT and the improvements are sold to buyers eligible per ground lease terms**. The value of the land will be partial satisfaction for arrears owed to the City by the investor; **any funds remaining from the sale of the improvements after remaining debt and cost of foreclosure are paid to go to the former owner**.

Investment Property: Distressed

Offramps 3 5

1. **Distress** is identified (see definition above).

2. Regardless of enrollment in any other program, **after debt on a property exceeds $1,000 for over one (1) year**, give owners the **option to transfer their land to a CLT in exchange for municipal debt forgiveness** while keeping the improvements.

3. If the owner does not take the CLT option, **foreclosure by the City and transfer to CDCs working with CLTs** to stabilize housing; the owner loses all equity. This pathway is designed for property owners that have disinvested from our neighborhoods.[17]

Unoccupied Building

Offramps 3 5

1. Regardless of enrollment in any other program, **after debt exceeds $5K for over a year**, give owners the **option to transfer their land to a CLT in exchange for municipal debt forgiveness** while keeping the improvements, if there are any.

2. If the owner does not take that option, ***in rem* foreclosure by the City and transfer to CDCs working with CLTs** to stabilize housing; the owner loses all equity.[18] This pathway is designed for property owners that have disinvested from our neighborhoods.

Vacant Lot

Offramps 5

1. After all debt on a property **exceeds $5K for over one (1) year**, ***in rem* foreclosure by the City** and community planning process to determine best future use of land; the owner loses all equity. This would allow for new housing development in partnership with a CLT[19] or the creation of community open space to be owned by either the City Parks Department or a land trust in the place of privately-created blight.

Offramp Details

1. City Review

Owners of occupied commercial or multi-family buildings without an indicator of physical distress will be offered review. Multi-family properties in physical distress, unoccupied buildings and vacant lots are excluded from this offramp.

Based on lien sale data from 2017 and 2018, this is approximately 5,200 properties in a given year:

Tax Class (TC) 1: ~2,200
TC 2: ~1,500
TC 4: ~1,450

Review is triggered by total debt to City and Tax Lien Trust that exceeds $5K owed for 2 years.

1. As an initial step in the new system, DOF staff and funded CBO partners will work together to identify properties that need to be reviewed for eligibility for exemption or another protective status when there has been $5K in debt for 2 years or more.

   NOTE that this requires consistent funding for community-based organizations to engage in review.

2. Initially, reviewers affirmatively present property-owners an opportunity of screening for eligibility for exemptions:
   - Senior Citizen Homeowners' Exemption[20]
   - Disabled Homeowners' Exemption[21]
   - Charity Exemptions[22]
   - Clergy Exemption[23]
   - Veterans Exemption[24]
   - Disabled Crime Victim/Good Samaritan Exemption[25]
   - DEP financial assistance programs,[26]
   - Office of Temporary and Disability Assistance Low Income Household Water Assistance Program (LIHWAP), as long as the program is funded,[27] and
   - For HDFC Cooperatives, option to renew or establish Article XI tax exemption.

3. If a review leads to an exemption or other reduction in charges due, that reduction will be applied retroactively to the prior three tax years.[28]

4. All owners would also be screened for the Property Tax and Interest Deferral (PT AID) Program[29] and the option of enrolling in a payment plan.[30]

5. Where eligible, counseling will be provided to ensure that homeowners have clear information and accessibility in terms of technology and language.

6. Where review results in (1) determination that debt should not be owed, see scenarios in Appendix B, (2) exemption or other reduction, or (3) payment plan, City will defect any Tax Lien Trust liens on the property as of the date of the review.

7. The cost of defecting the liens can become a debt from the owner to the City, and be part of the total due for municipal debt, availability of the CLT option, or foreclosure. DOF can choose to forgive some debt as well.

8. All owners will also be connected to counseling that will be available as long as they have municipal debt and can help in evaluating all options for resolution. Counselors will explore options for loans and other financial support at this stage.
   –

2. Municipal Liens

Owners of occupied commercial or multi-family buildings without an indicator of physical distress will have liens placed if review does not result in a resolution. Multi-family properties in physical distress, unoccupied buildings and vacant lots are excluded from this step.

Liens will be placed automatically on all properties with lawful debt that exceeds $5K owed for 3 years, as long as all debt on property is less than thresholds defined for the next offramp, the CLT option.

1. City staff now assigned to lien sale duties can be reassigned to review cases and process municipal liens
2. City offers to pay off / defect existing liens held by Tax Lien Trust - value to be included in the lien City places on property to eliminate risk of foreclosure by the Tax Lien Trust - in exchange for imposing tenant protections for properties that have tenants through regulatory agreement with HPD
3. Taxes will accrue as usual, but if they are not paid they will not result in a foreclosure unless the debt exceeds 15% of DOF market value (25% if property is owner-occupied); prior to foreclosure, the owner will be given the option to transfer the deed to the land to a CLT to resolve the debt
4. Creditors will be able to see that equity in the property is limited / reduced by the lien amount and not extend as much credit as they would had the liens not been there
5. Upon sale
    a. Land and improvements will be sold together, on the open market for "fair market value"
    b. The liens will be paid from the sale price, reducing the amount that goes to the owner - the city will get the initial debt + interest

3. Option to Transfer Land to a CLT

Offered to all properties except vacant lots.

If property meets the definition of physical distress, all debt exceeds $1,000 for over one year, regardless of enrollment in any other program;[31]

If property is owner-occupied, all debt on property exceeds a substantial portion of DOF market value for over one year, *e.g.* 25%;[32]

In 2018, based on lien sale data, 153 properties with buildings on them owned by individuals[33] reached this threshold:

Tax Class (TC) 1: 31 | **TC2**: 89 | **TC4**: 33

If property is an unoccupied building, all debt exceeds $5,000 for over one year; and

If property is any other class of property, including HDFC co-ops, and all debt exceeds a less substantial portion of DOF market value of the property for over one year, *e.g.* 15%.[34]

In 2018, based on lien sale data, 221 properties with buildings on them owned by corporations[35] reached this threshold:[36]

TC1: 13 | **TC2**: 137 | **TC3**: 71

1. The City makes an offer to forgive debt in exchange for deed to land.[37]
2. The City will need to have staff to make offers, execute deals (housed at the Law Dept, or HPD); homeowners to be provided with legal representation & counseling.
3. If the owner agrees, the city will forgive debt.[38]
4. The owner will deed the land to the City and create a new deed to memorialize that they are keeping improvements (the building).[39]

   NOTE: At this point, a property that formerly had a single deed (for both land and improvements) will become one that has two distinct deeds: one for the land,

the other for the improvements. Going forward, each can be owned separately and the relationship between the two distinct owners will be governed by a ground lease.

5. City will deed land to the CLT[40]

   NOTE: Approval for transfer of deed to land from City to CLT could be done via proceedings before the Urban Development Action Area Program (UDAAP)/Uniform Land Use Review Procedure (ULURP) that include multiple properties.

6. The CLT will enter into a ground lease with the owner of the improvements that requires the owner to maintain permanent affordability of rental units, as well as to make a commitment to tenant protections and maintenance standards.

7. The CLT does physical and capital needs assessment; as appropriate, creates a rehabilitation plan, which can include preservation financing from government sources.

8. The Owner will pay a ground lease fee to the CLT; this can either be nominal or a real contribution to the CLT budget, see Appendix H.

9. Going forward, taxes will either:

   - Be exempt because the CLT will get Article XI tax exemption that covers the whole property.
   - Paid by the owner for the improvements only - reducing the tax bill by up to 40% to reflect that the land is owned by a charity organization.[41]
   - Either way, the carrying costs for the owner will be reduced.

10. Existing Tax Lien Trust liens would continue to attach to improvements.[42] CLT could assist owner in getting financing to pay those off/assist in paying off; the City could create funding stream

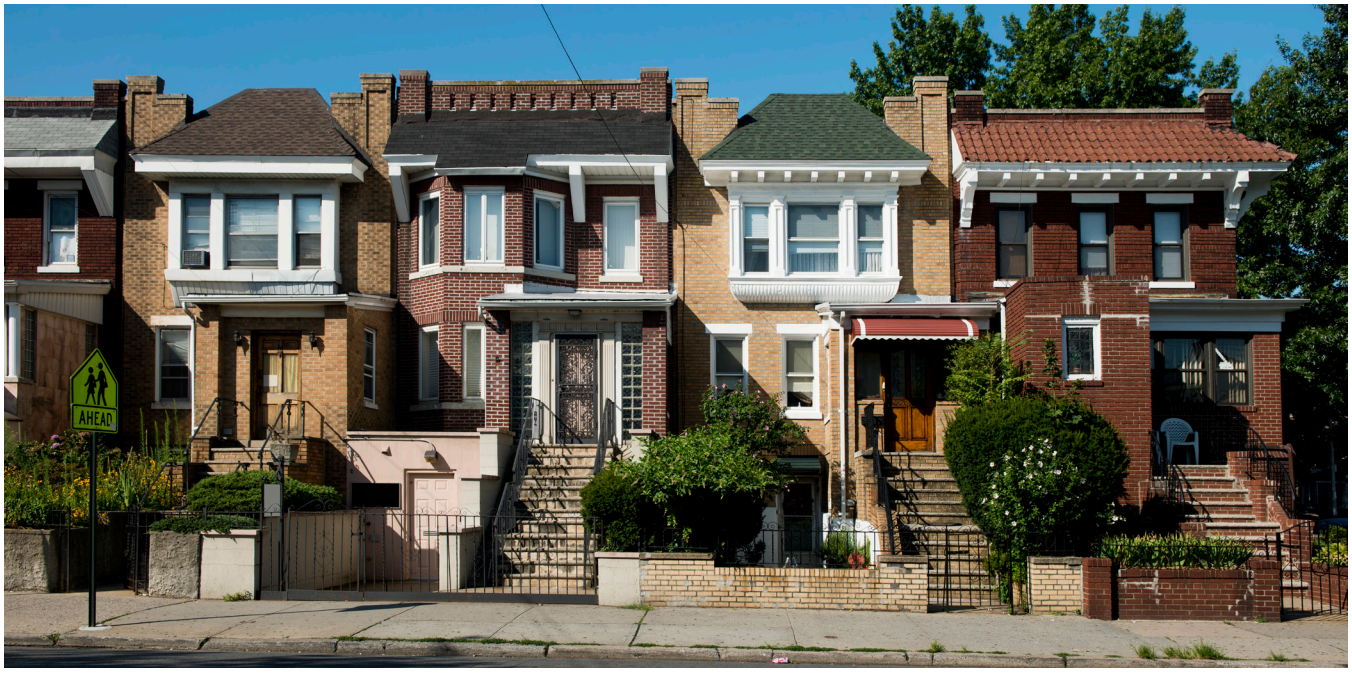
11. The CLT will steward the property (see model CLT budget, Appendix H)

    - Will have the right to step in in the event of future arrears or mortgage default;
    - Will be able to share price reductions for things like heating oil and other bulk purchasers;
    - Regulate resale terms;

12. Heirs will have succession rights for improvements and ground lease;

13. Upon sale of improvements:

    - Owner will sell the building per the terms of the ground lease, which might dictate an income range for buyers.
    - Sales price will be lower than similar buildings by approximately 40% because the buyer will not be purchasing the land, making purchasing the home much more affordable for future residents.[43]



4. Foreclosure, Sale with Funds Remaining Transferred to Former Owner, Land to CLT

Owners of occupied commercial or multi-family buildings without an indicator of physical distress will face foreclosure if they do not take an earlier offramp. Multi-family properties in physical distress, unoccupied buildings and vacant lots are excluded from this exit.

If property is owner-occupied: all debt on property exceeds 25% of DOF market value (or 50% for owner-occupied condo) for over one year.

In 2018, based on lien sale data, 153 properties with buildings on them owned by individuals reached this threshold (same as for the CLT offer).

All other properties, including HDFC coops: all debt exceeds 15% of DOF market value of the property for over one year.

In 2018, based on lien sale data, 221 properties with buildings on them owned by corporations reached this threshold (same as for the CLT offer).[44]

1. Foreclosure[45] initiated after over two years of debt meeting thresholds above (this will give owners a year to consider CLT option)
2. There will need to be staff to do the foreclosure, deed land to CLT where a CLT is involved post-judgement, run sales, transfer remainder
3. Post-judgement:
   a. Owner-occupied properties - property to be sold:
      i. Any tenants in the property to be given the right of first refusal to purchase at a price set via an appraisal, followed by CLTs, then not-for-profit organizations.
      ii. If no tenant, CLT or not-for-profit exercises its right to purchase, the sale can be to any party and the price can be set through bidding.
      iii. Any funds remaining after arrears due to City and other creditors, and cost of foreclosure, go to the former owner.
      iv. Any funds remaining after arrears due to City and other creditors, and cost of foreclosure, go to the former owner.
   b. HDFC Co-ops:[46]
      i. Transfer land to CLT that will support future owner(s) of improvements, when the owner is a reconstituted cooperative or a not-for-profit landlord.
      ii. Partner with CDCs for renovations.
      iii. Allow HDFC co-ops to petition to have an opportunity to become an HDFC cooperative again upon meeting certain requirements after transfer.
   c. Investment properties:
      i. City splits the deed so there are distinct deeds for land and improvements (buildings).
      ii. City transfers land to a CLT.
      iii. City will sell improvements (buildings) to buyers eligible per ground lease terms:
      iv. Purchase price will be reduced by the value of the land because the land will not be sold; this will satisfy part or all of debt to City.
      v. If there is additional debt to the City, or debt to the Tax Lien Trust or the Water Board, it will be paid with part of sale proceeds; subtracted from payout to owner;
      vi. After debt and interest are paid, plus litigation/attorney fees, any remaining funds go to the former owner.
      vii. The CLT enters ground lease with new owner;
      viii. The Owner will pay a ground lease fee to

the CLT - this can either be nominal or a real contribution to the CLT budget, see Appendix G;

ix. If there is a commercial space, income from it would be split with the CLT;

x. Going forward, taxes will either:

    1. Be exempt because the CLT will get Article XI that covers the whole property.

    2. Paid by the owner for the improvements only - reducing the tax bill by up to 40% to reflect that the land is owned by a charity org

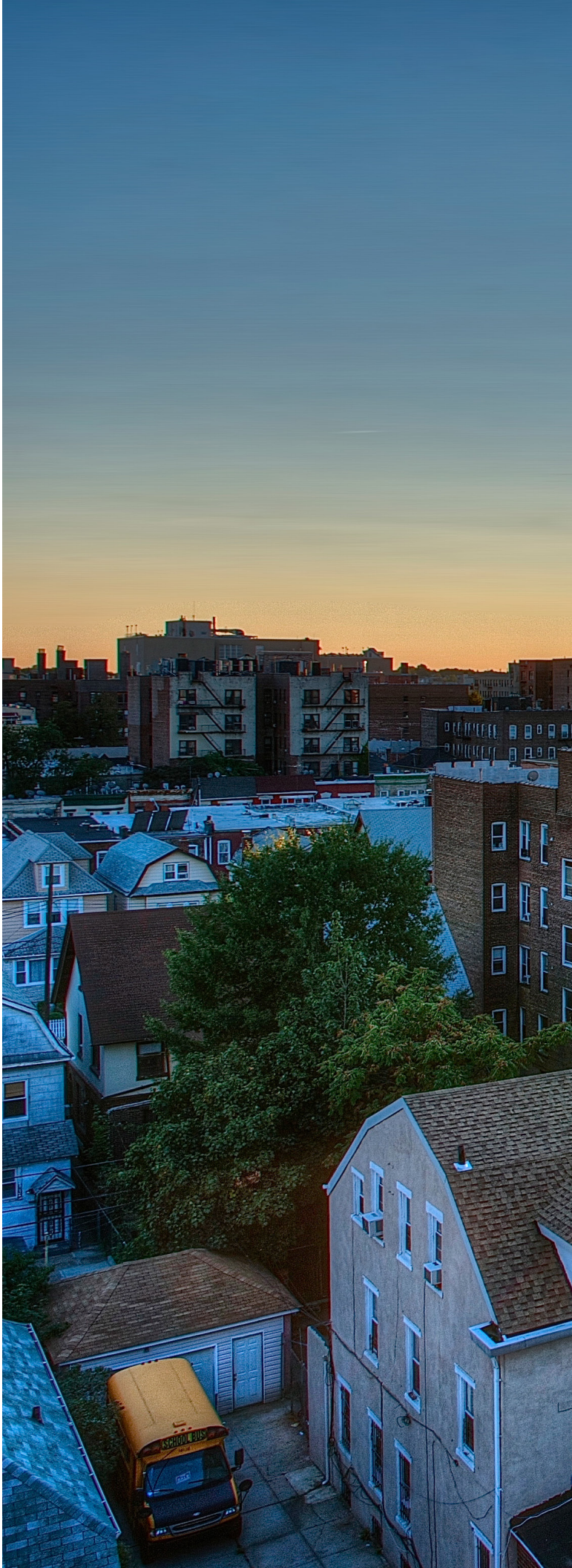
    3. Either way, the carrying costs for the owner will be reduced from what they would be at market rate.

    4. The CLT will steward the property:

        a. Will have the right to step-in in the event of future arrears or mortgage default

        b. Will be able to share price reductions for things like heating oil and other bulk purchasers

        c. Will regulate resales to make sure they remain affordable



5. Foreclosure + Preservation Transfer

For multi-family properties in physical distress, unoccupied buildings and vacant lots.

Expand definition of physical distress:

- **Physical distress** is any of the following:
  - Environmental Control Board debt or liens equal to 25% of the DOF market value of the property,
  - Enrollment in the Alternative Enforcement Program,
  - Assigned an administrator under Article 7A of the New York State Real Property Actions and Proceedings law,
  - Debt to the Emergency Repair Program for $1000 or more,
  - An average of 1.5 or more open hazardous or immediately hazardous (B or C) Department of Buildings (DOB) violations per unit, or
  - Buildings with DOB vacate orders that are 3 years old or older without significant signs of renovations
- Multi-family properties become eligible when debt exceeds $1,000 for over a year, including debt to the Tax Lien Trust
- Vacant lots and unoccupied buildings become eligible for foreclosure once there is more than $5,000 in municipal debt that is more than a year past-due

In 2018, based on lien sale data, 557 vacant lots reached this threshold:

Tax Class (TC) 1: 260 | **TC4:** 297

In 2021, at least 71 unoccupied buildings reached this threshold:[47]

Tax Class (TC) 1: 47 | **TC2**: 6 | **TC4**: 18

1. The City foreclosure will be similar to the current TPT. The City will need staff to do the foreclosure, deed land to CLT/CDC, develop projects - similar to current TPT staff needs.
2. Foreclosure process to require prior landlord to pay for repairs where their actions were grossly negligent or intentional.
3. The City to pay off / defect existing liens and water debt[48]
4. No equity remains for former owner (these are grossly negligent owners who have let tenants suffer and whose debt to the Tax Lien Trust had to be paid b the City).
5. Where the property is a vacant lot: City engages in planning to determine what use is appropriate for the site, including analysis of current zoning:
   a. If outcome of planning process concludes that lot should be dedicated to social housing:
      i. The City transfers land to CLT after getting necessary approval via UDAAP/ULURP[49]
         a. At this point, property that formerly had a single deed (for both land and improvements) will become one that has two distinct deeds: one for the land, the other for the improvements. Going forward, each can be owned separately and the relationship between the two distinct owners will be governed by a ground lease.
      ii. The CLT enters ground lease with CDC / NFP or does development on its own then sells improvements
      iii. The City will support development of housing with a forgivable loan (if the lot is not zoned residential, it can be rezoned or developed as another use: *e.g.* commercial or open space).[50]
   b. If outcome of planning process concludes that lot should be dedicated to open space, the City has two options:
      i. Keep property in Parks Dept inventory or
      ii. transfer to CLT for stewardship as open space
6. Where the property has a building on it: City transfers land to CLT after getting necessary approval via UDAAP/ULURP
   a. At this point a property that formerly had a single deed (for both land and

improvements) will become one that has two distinct deeds: one for the land, the other for the improvements. Going forward, each can be owned separately and the relationship between the two distinct owners will be governed by a ground lease.

7. The CLT enters ground lease with CDC / NFP
8. The Owner will pay a ground lease fee to the CLT - this can either be nominal or a real contribution to the CLT budget
9. The CLT will steward the property (see model CLT budget, Appendix G)
    a. Will have the right to step in in the event of future arrears or mortgage default
    b. Will be able to share price reductions for things like heating oil and other bulk purchasers
10. For new owner, taxes will either:
    a. Be exempt because the CLT/CDC will get Article XI tax exemption that covers the whole property.
    b. Paid by the owner for the improvements only - reducing the tax bill by up to 40% to reflect that the land is owned by a charity organization;
    c. Either way, the carrying costs for the owner will be reduced.
11. The City will support repairs / development with a forgivable loan.
12. City, CLT and new owner enter into regulatory agreement.

Appendix A

Anticipated Costs

Program Costs

- Contracting with Community Organizations for outreach and offering resolution options to owners of properties with more than $5,000 in arrears over two years.
- Legal services and counseling for Housing Development Fund Corporation (HDFC) cooperatives with more than $5,000 in arrears over two years
- Legal services and counseling for homeowners considering a CLT offer and/or facing foreclosure
- City Agency staff

Foregone Revenue

- One-time payments of municipal debt owed that City will forego
- Future taxes on land not due annually based on charity exemption for CLT land

Direct Costs

- One-time payments to Water Board for any debt that cannot be forgiven due to water bond obligations when owners accept the CLT offer
- One-time defect of Tax Lien Trust liens for some properties:
  - **Post-foreclosure:** multi-family properties in physical distress, unoccupied buildings, vacant lots.
  - **At recording of city lien:** owners who accept a regulatory agreement with tenant protections in it after debt exceeds threshold.
  - **Upon accepting CLT offers**: as many properties as the city can afford.

Appendix B

Scenarios in which Debt Should be Forgiven without Any Owner Concessions

Example 1

- Water meters that combine more than one property and send a huge bill to only one owner.

Example 2

- When a lapse in exemption/abatement renewals is sole the reason for arrears.

Example 3

- Debt accrued while owner did not have title to property due to fraudulent deed transfer that was subsequently reversed or where the perpetrators were found guilty of a crime.

Appendix C

Example Owner-Occupied 1-3 Unit Property

The owner of this home is a 66-year-old, disabled, Vietnam Era veteran.

His home was purchased by his parents in 1969, and he has lived there throughout his life. The house was transferred to his name when they died. Due to personal hardships, the owner was unable to manage his personal finances for a number of years, and 3 successive tax liens were sold on the property in 2017, 2018 and 2019. There are two units in the house, but only the owner's is occupied. The second unit needs renovations.

The total amount in liens sold to the tax lien trust is approximately $61,000 (plus added fees and interest).

DOF market value = $825,000
Annual taxes = ~$5,560

Offramps

1

City Review

For all properties other than multi-family properties in physical distress, unoccupied buildings and vacant lots.

2

Municipal Liens

For all properties other than multi-family properties in physical distress, unoccupied buildings and vacant lots, including HDFC co-ops.

3

Option to Transfer Land to a CLT

Offered to all properties except vacant lots.

4

Foreclosure, Sale with Funds Remaining Transferred to Former Owner, Land to CLT

For all properties other than multi-family properties in physical distress, unoccupied buildings and vacant lots.

Offramp #2

Debt Over $5K but Less than 25% of DOF Market Value (Municipal Lien)

1. Debt is reviewed and owner is screened for eligibility for exemptions
2. Owner is offered payment plan if eligible
3. If lawful debt, after exemptions, exceeds $5K for three years and owner does not enter into payment plan, the City will record lien(s) on the property for the amount of new municipal debt (up to $206,250)
4. City offers to pay off / defect existing liens held by Tax Lien Trust in exchange for imposing tenant protections for properties that have tenants through regulatory agreement (right to renew, reasonable rent increases) and owner agrees
5. City defects Tax Lien Trust liens; their value to be recorded as a second lien City places on property
6. Eliminates risk of foreclosure by the Tax Lien Trust
7. Interest accrues on all lien debt
8. Creditors will be able to see that equity in the property is limited / reduced by the lien amount and not extend as much credit as they would had the liens not been there ($825,000 minus $206,250 plus interest and any new debts)
9. Upon sale
    a. Land and improvements will be sold together on the open market
    b. The liens will be paid from the sale price, reducing the amount that goes to the owner - the city will get the initial debt + interest; the owner will get approx. $550,000 from the sale, depending on how much interest has accrued on municipal debt

Outcome

Homeowners continue to own their home until it is sold for market value.

Offramp #3

Taking the Option to Transfer Land to CLT

1. Owner accrues over $206,250 in debt to the City or Tax Lien Trust (25% of DOF market value), outstanding for more than a year.
2. City makes offer to transfer land to a CLT in exchange for forgiveness of debt
3. Legal counseling to consider the offer is provided by an independent organization funded by the City or private attorney hired by the owner
4. The owner agrees, deeds the land to the to City, memorializes that they are keeping improvements (the building)
5. City gets approval via UDAAP/ULURP and deeds the land to a local CLT
6. The CLT enters into a ground lease with the owner
7. Owner will pay a nominal ground lease fee to the CLT
8. Going forward, taxes will either:
    a. Be exempt because the CLT will get Article XI tax exemption that covers the whole property; or
    b. Be paid by the owner for the improvements only - reducing the tax bill by up to 40% to reflect that the land is owned by a charity org, *e.g.* now $3600 per year.
    c. Either way, the carrying costs for the owner will be reduced.
9. Existing Tax Lien Trust liens would continue to attach to improvements, CLT could assist the owner in getting financing to pay those off/assist in paying off; City could create a funding stream to help resolve these outstanding debts.
10. Owner becomes a voting member of the CLT and helps select its leadership and set its policies
11. CLT will steward the property
    a. Will have the right to step-in in the event of future arrears or mortgage default;
    b. Will be able to share price reductions for things like heating oil and other bulk purchasers;

c. Regulate resale terms.

12. Upon sale

    a. The owner will have to sell the improvements (usually the house on the property) per the terms of the ground lease, which might dictate an income range for buyers;

    b. Price will be lower than other properties with similar improvements by approximately ⅓ because the buyer will not be purchasing the land - making purchasing the home much more affordable for future residents

Outcome

Homeowner continues to own home, land in CLT, home for sale for less than market value when owner is ready to sell.

Offramp #4

Not Taking Option to Transfer Land to CLT (Foreclosure + Sale)

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1. Municipal liens are applied to the property until debt is worth 25% of the DOF market value or more, outstanding for more than one year ($206,250 debt to City or Tax Lien Trust).
2. City makes offer to transfer land to a CLT in exchange for forgiveness of debt
3. Legal counseling to consider the offer is provided by an independent organization funded by the City or private attorney hired by the owner
4. Owner **rejects the offer**
5. City initiates foreclosure
6. Post-judgement, property is sold:

    a. Any tenants in the property to be given the right of first refusal to purchase at a price set via an appraisal, followed by CLTs, then not-for-profit organizations.

    b. If no tenant, CLT or not-for-profit exercises its right to purchase, the sale can be to any party and the price can be set through bidding.

    c. Any funds remaining after arrears due to City and other creditors, and cost of foreclosure, go to the former owner.

Outcome

Owner is paid out with money from sale of land and improvements, minus the amount needed to cover debts and costs of foreclosure.

Appendix D

Example Landlord of a 16-Unit Physically Distressed Building

16 unit building in Bed Stuy. 2+ open HPD violations per unit.

Sold for $4,100,000 in 2019
If the building price were amortized over 11 years, the rent per unit would average $1,941, which is about $400 over the median rent in Brooklyn Community District 3.

DOF market value: $1,784,000
Annual property tax: $86,600

The building is in debt to the Emergency Repair Program for $1000 or more.

Offramps

3
Option to Transfer Land to a CLT

Offered to all properties except vacant lots.

5
Foreclosure + Preservation Transfer

For multi-family properties in physical distress, unoccupied buildings and vacant lots.

Offramp #3

Taking the Option to Transfer Land to CLT

1. Debt to the City or Tax Lien Trust of over $1,000, outstanding for more than a year (regardless of enrollment in Landlord Ambassador Program or similar)
2. City makes offer to accept transfer of land to a CLT in exchange for forgiveness of debt
3. Legal counseling to consider the offer is provided by an independent organization funded by the City or private attorney hired by Landlord
4. The Landlord agrees, deeds the land to the to City, memorializes that they are keeping improvements (the building)
    a. Many owners won't take this option, but if they do, and then want to do a preservation purchase (*e.g.* tenants create a coop, buy the building like they did here: https://www.nytimes.com/2022/05/06/realestate/tenants-eviction-port-morris-bronx.html) transferring land to CLT first will (1) make sure that any public investment in that process will be protected and (2) make the purchase cheaper by the land value.
5. City gets approval via UDAAP/ULURP and deeds the land to a local CLT
6. The CLT enters into a ground lease with the Landlord
7. CLT does physical and capital needs assessment; as appropriate, creates rehabilitation plan, which can include preservation financing from HPD / HDC
8. Owner will pay a ground lease fee to the CLT (*e.g.* $200 per unit per year x 16 = $3,200/year)
9. Going forward, taxes will either:
    a. Be exempt because the CLT will get Article XI that covers the whole property.
    b. Paid by the owner for the improvements only - reducing the tax bill by up to ⅓ to reflect that the land is owned by a charity org, *e.g.* now approx. $55,000/year
    c. Either way, the carrying costs for the owner will be reduced (from $82,600 to either $3,200 or $58,200).
10. Existing Tax Lien Trust liens would continue to attach to improvements, CLT could assist owner in getting financing to pay those off/assist in paying off; City could create funding stream to help resolve these outstanding debts
11. Ground Lease provides for tenant protections and maintenance requirements for building
12. Landlord and all tenants become voting members of the CLT and help select its leadership and set its policies
13. CLT stewards the property
    a. Will have the right to step-in in the event of future arrears or mortgage default;
    b. Will be able to share price reductions for things like heating oil and other bulk purchasers;
    c. Assist in repairs;
    d. Regulate resale terms.
14. Upon sale
    a. The Landlord will have to sell the improvements per the terms of the ground lease, which might dictate an income range for buyers,
    b. Price will be lower than other properties with similar buildings by approximately ⅓ because the buyer will not be purchasing the land - making lower rents possible.

Outcome

Landlord continues to own property, land in CLT, city supports preservation, building for sale for less than market value when owner is ready to sell.

Offramp #5

Not Taking Option to Transfer Land to CLT (Foreclosure + transfer to redevelopment entity)

1. Debt to the City or Tax Lien Trust of over $1,000, City offers to accept transfer of land to a community land trust in exchange for forgiveness of debt
2. Legal counseling to consider the offer is provided by an independent organization funded by the City or private attorney hired by Landlord
3. Landlord rejects the offer
4. City foreclosure similar to current TPT
5. Post-judgement:
    a. City to pay off / defect existing liens
    b. No equity remains for former owner (these are bad owners who have let tenants suffer; and the City had to pay their debt to the Tax Lien Trust)
6. City transfers land to CLT after getting necessary approval via UDAAP/ULURP
7. CLT enters ground lease with a CDC /NFP
8. Owner will pay a ground lease fee to the CLT - this can either be nominal or a real contribution to the CLT budget
9. CLT will steward the property (see model CLT budget, Appendix G)
    a. Will have the right to step in in the event of future arrears or mortgage default
    b. Will be able to share price reductions for things like heating oil and other bulk purchasers
10. For new owner, taxes will either:
    a. Be exempt because the CLT+CDC will get Article XI tax exemption that covers the whole property.
    b. Paid by the owner for the improvements only - reducing the tax bill by up to ⅓ to reflect that the land is owned by a charity org;
    c. Either way, the carrying costs for the owner will be reduced.
11. City, CLT and new owner enter into regulatory agreement
12. City will support repairs with forgivable loan

Outcome

Slumlord loses property, land in CLT, city supports preservation.

Appendix E

Example Multi-Family Building Landlord (no physical distress, investment property; owner not in occupancy)

8 unit building in Crown Heights.
Less than 1 HPD violation per unit.

No sales for value since the 1960s (seemingly passed down in the family since then).

DOF market value: $2,834,000
Annual property tax: $15,000

Offramps

1

City Review

For all properties other than multi-family properties in physical distress, unoccupied buildings and vacant lots.

3

Option to Transfer Land to a CLT

Offered to all properties except vacant lots.

4

Foreclosure, Sale with Funds Remaining Transferred to Former Owner, Land to CLT

For all properties other than multi-family properties in physical distress, unoccupied buildings and vacant lots.

Offramp #3

Taking the Option to Transfer Land to CLT

1. Debt is reviewed and owner is screened for eligibility for exemptions
2. Owner is offered payment plan if eligible
3. If lawful debt, after exemptions, exceeds $5K for three years and owner does not enter into payment plan, the City will place subordinate lien(s) on the property for the amount of new municipal debt (up to $425,100)
4. After debt of over 15% of DOF market value accrues (over $425,100), City staff make an offer to transfer land to a community land trust in exchange for forgiveness of debt.
5. Legal counseling to consider the offer is provided by an independent organization funded by the City or private attorney hired by Landlord
6. The Landlord agrees, deeds the land to the to City, memorializes that they are keeping improvements (the building)
7. City gets approval via UDAAP/ULURP and deeds the land to a local CLT
8. The CLT enters into a ground lease with the Landlord
9. Owner will pay a ground lease fee to the CLT (*e.g.* $200 per unit per year x 8 = $1,600/year)
10. Going forward, taxes will either:
    a. Be exempt because the CLT will get Article XI that covers the whole property.
    b. Paid by the owner for the improvements only - reducing the tax bill by up to ⅓ to reflect that the land is owned by a charity org, *e.g.* now approx. $10,000/year
    c. Either way, the carrying costs for the owner will be reduced (from $15,600 to either $1,600 or $11,600).
11. Existing Tax Lien Trust liens would continue to attach to improvements, CLT could assist owner in getting financing to pay those off/assist in paying off; City could create funding stream to help resolve these outstanding debts
12. Ground Lease provides for tenant protections and maintenance requirements for building
13. Landlord and all tenants become voting members of the CLT and help select its leadership and set its policies
14. CLT stewards the property
    a. Will have the right to step in in the event of future arrears or mortgage default;
    b. Will be able to share price reductions for things like heating oil and other bulk purchasers;
    c. Assist in repairs;
    d. Regulate resale terms.
15. Upon sale
    a. The Landlord will have to sell the improvements per the terms of the ground lease, which might dictate an income range for buyers,
    b. Price will be lower than other properties with similar buildings by approximately ⅓ because the buyer will not be purchasing the land - making purchasing the building much more affordable for future owners

Offramp #4

Not Taking the Option to Transfer to CLT (Foreclosure + Sale)

1. Debt is reviewed and owner is screened for eligibility for exemptions
2. Owner is offered payment plan if eligible
3. If lawful debt, after exemptions, exceeds $5K for three years and owner does not enter into payment plan, the City will place lien(s) on the property for the amount of new municipal debt (up to $425,100)
4. After debt of over 15% accrues (over $425,100), City staff makes offer to transfer the land to a community land trust in exchange for forgiveness of debt
5. Legal counseling to consider the offer is provided by an independent organization funded by the City or private attorney hired by Landlord
6. Landlord rejects the offer
7. City initiates foreclosure

8. Post-judgement, City gets required approval and transfers land to CLT; the value of the land will be partial satisfaction for arrears owed to the City by the investor; CLT will develop ground lease for property.
9. The City sells the building(s):
    a. The buyer must be eligible per CLT ground lease terms;
    b. Purchase price will value of building minus the value of the land;
    c. Debt to City and Tax Lien Trust in excess of DOF assessed market value of lande paid with part of sale proceeds; subtracted from payout to owner
    d. After debt and interest are paid to the city, plus litigation/attorney fees, any remaining funds go to former owner.
10. CLT enters ground lease with new owner;
11. The owner will pay a ground lease fee to the CLT (*e.g.* $200 per unit/year = $400/year)
12. Going forward, taxes will either:
    a. Be exempt because the CLT will get Article XI tax exemption that covers the whole property.
    b. Paid by the owner for the improvements only - reducing the tax bill by up to ⅓ to reflect that the land is owned by a charity org; *e.g.* a current bill of $15,000 per year will be reduced to $10,000 per year.
    c. Either way, the carrying costs for the owner will be reduced from what they would be at market rate.
13. CLT will steward the property
    a. Will have the right to step in in the event of future arrears or mortgage default
    b. Will be able to share price reductions for things like heating oil and other bulk purchasers
    c. Will regulate resales to make sure they remain affordable.

Outcome

Land in CLT, building for sale for less than market value, owner is paid out with some equity from sale of improvements.

Appendix F

Example Vacant Lot

The same owner has owned the lot since 1984.

Unpaid tax debt was included in the tax lien sale in 1997, 1999, 2009 and 2015; foreclosure never initiated by the Tax Lien Trust (the lot was subsequently purchased, but not selling the tax debt would have saved the community decades of disinvestment and vacancy).

DOF market value: $223,000
Annual property tax: $285

Offramps

5

Foreclosure + Preservation Transfer

For multi-family properties in physical distress, unoccupied buildings and vacant lots.

Offramp #5

Dedicated to Social Housing

1. City *in rem* foreclosure
2. City to pay off / defect existing liens
3. No equity remains for former owner
4. City engages in planning to determine what use is appropriate for the site, including analysis of current zoning; concludes it should be housing
5. City transfers land to CLT after getting necessary approval via UDAAP/ULURP
6. CLT enters ground lease with CDC / NFP or does development on its own then sells improvements
7. City will support development of housing with a forgivable loan (if the lot is not zoned residential, it can be rezoned or developed as another use: *e.g.* commercial or open space).

Outcome

Speculator loses property, land in CLT, city supports redevelopment.

Dedicated to Permanent Community Open Space

1. City *in rem* foreclosure
2. City to pay off / defect existing liens
3. No equity remains for former owner
4. CLT engages in planning to determine what use is appropriate for the site, including analysis of current zoning; concludes it should be open space
5. Options:
   a. keeps property in Parks Dept inventory or
   b. transfers to CLT for stewardship as open space

Outcome

Speculator loses property, land in CLT, creation of new accessible open space.

Appendix G

Example Property with Non-Residential Improvement

Commercial property.

DOF market value: $3,373,000
Annual property tax: $152,000

Offramps

1 City Review

For all properties other than multi-family properties in physical distress, unoccupied buildings and vacant lots.

3 Option to Transfer Land to a CLT

Offered to all properties except vacant lots.

4 Foreclosure, Sale with Funds Remaining Transferred to Former Owner, Land to CLT

For all properties other than multi-family properties in physical distress, unoccupied buildings and vacant lots.

Offramp #3

Taking the Option to Transfer Land to CLT

1. Debt is reviewed and owner is screened for eligibility for exemptions
2. Owner is offered payment plan if eligible
3. If lawful debt, after exemptions, exceeds $5K for three years and owner does not enter into payment plan, the City will place lien(s) on the property for the amount of new municipal debt (up to $505,950)
4. After debt of over 15% of DOF market value accrues (over $505,950), City staff make an offer to transfer his land to a community land trust in exchange for forgiveness of debt.
5. Legal counseling to consider the offer is provided by an independent organization funded by the City or private attorney hired by owner
6. The owner agrees, deeds the land to the to City, memorializes that they are keeping improvements
7. City gets approval via UDAAP/ULURP and deeds the land to a local CLT
8. The CLT enters into a ground lease with the owner
9. Owner will pay a ground lease fee to the CLT (to be determined in negotiations)

10. Going forward, taxes will either:
    a. Be exempt because the CLT will get Article XI tax exemption that covers the whole property.
    b. Paid by the owner for the improvements only - reducing the tax bill by up to ⅓ to reflect that the land is owned by a charity org, *e.g.* now approx. $100,000/year
    c. Either way, the carrying costs for the owner will be reduced (from $152,000 to $100,000 + ground lease fee).
11. Existing Tax Lien Trust liens would continue to attach to improvements, CLT could assist owner in getting financing to pay those off/assist in paying off; City could create funding stream to help resolve these outstanding debts
12. Ground Lease provides for tenant protections and maintenance requirements for building
13. Owner and any tenants become voting members of the CLT and help select its leadership and set its policies
14. CLT stewards the property
    a. Will have the right to step in in the event of future arrears or mortgage default;
    b. Will be able to share price reductions for things like heating oil and other bulk purchasers;
    c. Assist in repairs;
    d. Regulate resale terms.
15. Upon sale
    a. The owner will have to sell the improvements per the terms of the ground lease, which might dictate an income range for buyers, or particular types of buyers
    b. Price will be lower than other properties with similar buildings by approximately ⅓ because the buyer will not be purchasing the land - making purchasing the home much more affordable for future residents

Offramp #4

Not Taking the Option to Transfer to CLT (Foreclosure+Sale)

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1. Debt is reviewed and owner is screened for eligibility for exemptions
2. Owner is offered payment plan if eligible
3. If lawful debt, after exemptions, exceeds $5K for three years and owner does not enter into payment plan, the City will place lien(s) on the property for the amount of new municipal debt (up to $505,950)
4. After debt of over 15% of DOF market value accrues (over $505,950), City staff make him the offer to transfer his land to a community land trust in exchange for forgiveness of debt
5. Legal counseling to consider the offer is provided by an independent organization funded by the City or private attorney hired by Landlord
6. Landlord rejects the offer
7. City initiates foreclosure
8. Post-judgement, City gets required approval , transfers land to CLT; the value of the land will be partial satisfaction for arrears owed to the City by the investor; CLT will develop ground lease for property.
9. The City sells the buildings and/or other improvements to new owner(s):
    a. Purchase price will value of building minus the value of the land;
    b. The buyer must be eligible per CLT ground lease terms;
    c. City and Tax Lien Trust paid with part of sale proceeds; subtracted from payout to owner
    d. After debt and interest are paid to the city, plus litigation/attorney fees, any remaining funds go to former owner;
10. CLT enters ground lease with new owner;
11. Owner will pay a ground lease fee to the CLT (to be determined)
12. Going forward, taxes will either:
    a. Be exempt because the CLT will get an Art XI that covers the whole property.
    b. Paid by the owner for the improvements only - reducing the tax bill by up to ⅓ to reflect that the land is owned by a charity org; *e.g.* a current bill of $152,000 per year will be reduced to $100,000 per year.
    c. Either way, the carrying costs for the owner will be reduced from what they would be at market rate.
13. CLT will steward the property
    a. Will have the right to step-in in the event of future arrears or mortgage default

b. Will be able to share price reductions for things like heating oil and other bulk purchasers

c. Will regulate resales to make sure they remain affordable.

Outcome

Land in CLT, building for sale for less than market value, owner is paid out with some equity from sale of improvements.

Appendix H

CLT Sample Annual Budget

Assumes 75 residential units; larger numbers will mean more staff, more tenant expenses.

EXPENSES	**$290,000**
CLT Staff + OTPS Costs	$260,000
Emergency Tenant Expenses	$30,000

INCOME	**$297,500**
Ground Lease Fees ($200 per unit/per year fee + 2% every year)	$15,000
CLT Initiative	$150,000
Foundations + Individual Donations	$140,000

Note: management co. gets 8% of rents directly from owners of improvements.

Appendix I

Legislative Opportunities

General

- Define Community Land Trusts for general purposes in the Admin. Code
- If NYC creates a land bank, legislation authorizing it can give it power to execute all or part of this framework.
- Require funding for CBOs to play a significant role in outreach and review.

Third Party Transfer

- Amend eligibility for Third Party Transfer (TPT), including debt threshold and definition of physical distress.
- Set criteria for HDFC co-ops to petition to become an HDFC cooperative post-foreclosure upon meeting certain requirements after transfer.
- Amend Admin Code § 11-405(a) to eliminate block pick up for TPT program.
- Amend TPT authorization to add CLTs as part of disposition.

Water / Sewer

- Amending Title 11, Chapter 3 of the Admin. Code to include the new framework for water/sewer debt collection.
- Create new eligibility criteria for DEP Multi-Family Water Assistance Program and Water Debt Assistance Program, which currently rely on a lien sale notice.

Protective Measures for Property Owners

- Enact the Coalition for Affordable Homes' policy proposals for senior exemptions, heirs, and the Property Tax and Interest Deferral (PT AID) Program.
- There might be a need for legislation to further clarify when debt must be forgiven.
- Get authority from the State for retroactive application of exemptions and abatements for property owners that are not charities.

The Coalition of Affordable Homes, a broad coalition of homeowner advocates, has recommended the below changes that would improve the available protections.

General

- Allow seniors to start receiving their exemptions at any point during the taxable year after an application has been approved (now they have to wait until the next year); and
- Allow heirs that can establish that they live in the property to enter into payment plans (now they cannot do so until the deed is transferred to their name).

Property Tax and Interest Deferral (PT AID) Program

Note that as of December 2020, PT AID had only 187 participants, demonstrating that few property owners were effectively screened for eligibility for this program and that the program has not yet been calibrated for maximum effect.

Recommended Changes

- Adjust income thresholds for PT AID program to account for household size
- Increase the threshold for renewals of PT AID to $86,400 to prevent owners from being removed from the program when their income has not changed (this is the income limit for the initial program applications per Local Law 24 of 2021);
- Allow owners enrolled in PT AID a minimum of three (3) defaulted payments before being required to show any additional information regarding loss of household income (currently just one default raises the documentation threshold);
- Make PT AID available to 4-6 unit owner-occupied properties.

Endnotes

1. There might be a need for legislation to further clarify when debt must be forgiven. See Appendix B for some examples. Many properties that will have debt in the future have liens held by the Tax Lien Trust on them already. The expenses associated with resolving those liens must be part of the accounting for the future system (our understanding is that defecting a lien costs the City the amount of original debt, interest and the original transaction fee). For property owners that have unlawful or otherwise forgivable debt, if similar prior debt had been sold as liens to the Trust, the City will need to defect those prior liens as well as forgive the outstanding debt.

2. *See* https://taxequitynow.nyc/about/

3. Note that DOF market value is distinct from assessed value. The thresholds we suggest are calculated in reference to DOF market value.

4. *See* https://www.nyc.gov/site/hpd/services-and-information/7a-program.page

5. This definition builds on the work of the Third Party Transfer (TPT) Working Group, convened by the Department of Housing Preservation and Development and former council member Robert Cornegy. *See* Third Party Transfer Working Group Final Report (Nov. 8, 2021), available at https://www1.nyc.gov/assets/hpd/downloads/pdfs/services/tpt-working-group-final-report.pdf. The current definition for TPT is Class 1 or 2 property subject to ECB tax liens of an amount greater than or equal to 25 percent of the property's value; or an average of five or more hazardous or immediately hazardous (B or C) violations of the housing maintenance code per dwelling unit; or $1,000 or more in unpaid Emergency Repair Program charges.

6. *See* NYC Admin. Code § 11-301.

7. *See* NYC Admin. Code § 11-319. Eliminating the lien sale does not require any changes to this section of the Code but might require that Title 11, Chapter 3 be amended to include the new framework for debt collection. The current framework is limited to municipal liens, liens sold to the Tax Lien Trust, and water shut-offs in specific circumstances (for unmetered properties and in some instances where there is an unresolved leak).

8. There is a definition in the admin code for the limited purpose of giving HPD permission to enter into regulatory agreements with community land trusts that meet a specific set of requirements:

> Community land trust. The term "community land trust" means a corporation that satisfies the following criteria: (i)(a) is incorporated pursuant to article 11 of the private housing finance law and section 402 of the not-for-profit corporation law; (b) the certificate of incorporation of which specifically provides for the provision of housing for persons of low income, as such term is defined in subdivision 19 of section 2 of the private housing finance law, in the form of a community land trust; (c) has submitted such disclosure statements as shall be required by the department and received the approval of such department; (d) lawfully acquired all of its real property in full compliance with such corporation's certificate of incorporation and any agreements with a governmental entity with respect to such property or such corporation; and (ii) provides in its by-laws that it will (a) acquire parcels of land, primarily for conveyance under long-term ground leases, (b) transfer ownership of any structural improvements located on such leased parcels to the lessees, (c) retain a preemptive option to purchase any such structural improvement at a price determined by formula that is designed to ensure that the improvement remains affordable to low-income households, and (d) have a board of directors composed of lessees of housing associated with the entity, an adult resident of a particular geographic area specified in the bylaws of the organization and any other category of persons described in the bylaws of the organization.

Admin Code § 26-2001.

9. *See* David Brand, Community Land Trusts Would Get First Dibs at Buying Properties Under Revised Council Bill (April 19, 2022), https://citylimits.org/2022/04/19/community-land-trusts-would-get-first-dibs-at-buying-properties-under-revised-council-bill/

10. *E.g.* the current threshold for Property Tax and Interest Deferral (PT AID) program for 1-3 family owner-occupied homes is 25% and for condominiums is 50%.

11. Where the independently appraised value of the land exceeds arrears owed to the City, the owner can be paid the difference by the CLT; policy could mandate such payment.

12. This foreclosure can be done by the City as an *in rem* foreclosure or the City can transfer all debt on properties for which it has completed steps 1-3 to a newly-created NYC Land Bank, which would do a judicial foreclosure and manage sale of property and transfer of any funds left to the former owner. Note that the City currently uses *in rem* foreclosure as part of the TPT program, but that foreclosure is simply one step in that program; foreclosure here is an independent tool.

13. *E.g.* the current threshold for the TPT program is 15% of DOF market value and can be applied here.

14. This foreclosure can be done by the City as an *in rem* foreclosure or the City can transfer all debt on properties for which it has completed steps 1-3 to a newly-created NYC Land Bank, which would do a judicial foreclosure and manage transfer of land to CLT, sale of improvements and transfer of any funds left to the former owner.

15. The current threshold for the TPT program is 15% of DOF market value; this threshold makes sense here.

16. This foreclosure can be done by the City as an *in rem* foreclosure or the City can transfer all debt on properties for which it has completed steps 1-3 to a newly-created NYC Land Bank, which would do a judicial foreclosure and manage transfer of land to CLT, sale of improvements and transfer of any funds left to the former owner.

17. This pathway is similar to the currently frozen TPT program but the set of properties that would be included would be slightly different than the current program: the definition of distress is expanded, but only multi-family properties that are not HDFC coops would be included.

18. This pathway likewise is similar to the currently frozen TPT program.

19. If NYC creates a land bank with the ability to finance development, the City could transfer this property to it to pursue redevelopment.

20. *See* https://www1.nyc.gov/site/finance/benefits/landlords-sche.page; can reduce property tax by 5 to 50% for seniors age 65+, specific reduction depends on income. DOF has gathered all the exemptions here: https://www1.nyc.gov/assets/finance/images/content/misc/exemptions-at-a-glance.png.

21. *See* https://www1.nyc.gov/site/finance/benefits/landlords-dhe.page; can reduce property tax by 5 to 50%, specific reduction depends on income.

22. *See* https://www1.nyc.gov/site/nfp/eligibility/eligibility.page.

23. *See* https://www1.nyc.gov/site/finance/benefits/landlords-clergy.page.

24. *See* https://www1.nyc.gov/site/finance/benefits/landlords-veterans.page.

25. *See* https://www1.nyc.gov/site/finance/benefits/landlords-disabled-crime-victim.page.

26. *See* https://www.nyc.gov/site/dep/pay-my-bills/financial-assistance-programs.page; Amnesty Program; Home Water Assistance Program; Leak Forgiveness Program; Multi-Family Conservation Program; Multi-Family Water Assistance Program; and Water Debt Assistance Program. Note that both the Multi-Family Water Assistance Program; and Water Debt Assistance Program currently have the existence of the lien sale for individuals' eligibility; these criteria will need to be updated.

27. *See* https://otda.ny.gov/programs/water-assistance, funded through the federal American Rescue Plan. As of March 22, 2022, of LIHWAP's $69 million in funding, $5.4 million has been allocated. OTDA pays up to $2500 for water, $2500 for sewer. Some NYC applicants have arrears over $5,000 and haven't been able to get 100% forgiven. The average NYC benefit so far is $2587; average outside NYC benefit is $847. People can reapply for additional funds in the next fiscal year if $5000 doesn't cover all of their arrears. OTDA expects 45,000 households to ultimately be served by the $69 million. All money must be allocated by September 2023.

28. For property owners that establish a Real Property Tax Law § 420a charity property exemption, this look-back shall go to the date of deed as required by NYS Real Property Tax Law § 494-a. For the other exemptions and abatements, the City may need to get statutory authority to look back three years from the State.

29. https://www1.nyc.gov/site/finance/taxes/pt-aid.page.

30. https://www1.nyc.gov/site/finance/taxes/property-payment-plans.page.

31. *See e.g.* https://www1.nyc.gov/site/hpd/services-and-information/landlord-ambassador-program.page.

32. *E.g.* the current threshold for Property Tax and Interest Deferral (PT AID) program for 1-3 family owner-occupied homes is 25% and for condominiums is 50%.

33. This is a proxy for "owner-occupied;" it is not exact, but gives a sense of the potential scale.

34. The current threshold for the TPT program is 15% of DOF market value.

35. This is a proxy for "investor-owned."

36. Note that HDFC coops were excluded from the 2018 lien sale by legislation.

37. Based on authority in NYC Admin Code § 11-422.

38. For water debt, the City should create a fund to pay the Water Board for any debt that cannot be forgiven due to water bond obligations, similar to how Neighborhood Restore resolves water/sewer debt now.

39. The land can be independently appraised and where the value of the debt is less than the value of the land, the CLT can pay the difference to the homeowner to make them whole.

40. If the City creates a land bank, it can play a role here as well.

41. Tax Class 1 land percentage of value = 36%
    TC2 land percentage = 15%
    TC4 land percentage = 40%

    These numbers reflect the average percentage of land value by tax class, derived by analyzing the assessed property values assigned by DOF in 2022 to all non-vacant properties that reached thresholds for the CLT offer based on delinquency in 2018.

42. It is possible for the City to defect these liens as well, as long as budget allows.

43. DOF already assesses land value separately from the value of the property as a whole. Here are the calculations for a sample property in East New York: total estimated market value = $825,000; land portion is $168,000.

44. Note that HDFC coops were excluded from the 2018 lien sale by legislation.

45. This foreclosure can be done by the City as an *in rem* foreclosure or as a judicial foreclosure by a newly-created NYC Land Bank.

46. If the HDFC coop has water debt, the City should create a fund to pay the Water Board for any debt that cannot be forgiven due to water bond obligations, similar to how Neighborhood Restore resolves water/sewer debt now.

47. This is based on 2021 lien sale data and a list of likely vacant properties generated by the Mayor's office per Local Law 28 of 2019 (that the authors received through a Freedom of Information Law request). The lien sale required three years of delinquency before the sale; reducing this time threshold will likely capture more unoccupied properties that can be returned to productive use.

48. *See* Title 11, Chapters 4 of the NYC Administrative Code. Admin Code § 11-405(a) should be amended to eliminate block pick up. If there is a land bank, it could play a role here.

49. The City should create a fund to pay the Water Board for any debt that cannot be forgiven due to water bond obligations, similar to how Neighborhood Restore resolves water/sewer debt now.

50. If NYC creates a land bank with ability to finance development, the City could transfer this property to it instead; the land bank would then have the obligation to transfer to a CLT if there is one in the area within a statutory timeframe.

51. *See e.g.* NYC HPD Multifamily Disposition and Finance Programs Term Sheet https://www.nyc.gov/assets/hpd/downloads/pdfs/services/multifamily-disposition-and-finance-term-sheet.pdf

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Good afternoon.

My name is F. Anne Meixell. I am a tenant advocate who defends tenants facing eviction in Brooklyn. I am also a supporter of the Abolish the Tax Lien Sale Coalition.

Given the negative effects of the NYC Tax Lien Sale on New York City communities while it was operating, City Council has a duty to ensure – and reflect in the final budget this year -- that the lien sale is permanently abolished and replaced.

City Council has been made aware of the harms to the lien sale: a task force on the issue was convened under a local law in 2021, a majority of council members sent a letter to the Mayor in May 2022 saying that the lien sale should be replaced, and the Abolish the Tax Lien Sale Coalition sent you our proposed replacement framework on March 2nd.

In the wake of the expiration of NYC's authority to perform a tax lien sale in February 2022, it's time for City Council to permanently replace the system and support the creation of a new debt collection system, including funding for the Department of Finance and community partners like community land trusts to do outreach to homeowners in debt, and for the CLT Initiative.

There are a lot of reasons to abolish the NYC Tax Lien Sale: the displacement and loss of intergenerational wealth of (disproportionately POC) homeowners, the benefit to investors over NYC residents, and the lack of accountability to the public. City Council should use the FY24 budget as an opportunity to lay the groundwork for a new, just debt collection system.

Thank you.

Public

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: 2/6/23

(PLEASE PRINT)

Name: Hannah Anousheh

Address: Onderdonk Ave, Queens

I represent: East New York CLT

Address: 2996 Fulton St

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Thomas Foley

Address: 30-30 Thomson Ave, LIC

I represent: DDC

Address: _____

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Magalie Austin

Address: 30-30 Thomson Ave, LIC

I represent: DDC

Address: _____

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THE CITY OF NEW YORK

Appearance Card

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☐ in favor ☐ in opposition

Date: 3/6/23

(PLEASE PRINT)

Name: Magalie D. Austin

Address:

I represent: NYC DDC

Address:

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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☐ in favor ☐ in opposition

Date: 3/6/23

(PLEASE PRINT)

Name: Thomas Foley

Address: 30-30 Thomson Ave.

I represent:

Address:

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/6/23

(PLEASE PRINT)

Name: Rachel Loiserin

Address: West 94th St.

I represent: DDC

Address: 30-30 Thomson Ave.

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Date: 3/6/23

(PLEASE PRINT)

Name: Paula Segal

Address:

I represent: Take Root Justice

Address:

Public

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THE CITY OF NEW YORK

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Date: 3/6/23

(PLEASE PRINT)

Name: Shane Cogrein

Address: 4th Ave

I represent: Center for Justice Innovation

Address:

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THE CITY OF NEW YORK

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☐ in favor ☐ in opposition

Date:

(PLEASE PRINT)

Name: CFO Jacklyn James

Address: 1 centre St.

I represent: DOF

Address:

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THE CITY OF NEW YORK

Appearance Card

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☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: [illegible] Shea

Address: 1 Centre St.

I represent: DOF

Address: _____

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THE CITY OF NEW YORK

Appearance Card

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

Date: _____

(PLEASE PRINT)

Name: Preston Niblack

Address: 1 Centre St.

I represent: DOF

Address: _____

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THE CITY OF NEW YORK

Appearance Card

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

Date: 3/6/2023

(PLEASE PRINT)

Name: Sarah Stefanski

Address: _____

I represent: IBO

Address: 110 William St 14th Floor NY NY 10038

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THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: _____

(PLEASE PRINT)

Name: Sarita Subramanian

Address: _____

I represent: NYC Independent Budget Office

Address: 110 William St, NY NY 10038

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THE CITY OF NEW YORK

Appearance Card

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☐ in favor ☐ in opposition

Date: 3/6/23

(PLEASE PRINT)

Name: Brian Cain

Address: New York, NY 10005

I represent: NYC Independent Budget Office

Address: 110 William St, New York, NY 10038

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THE CITY OF NEW YORK

Appearance Card

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☐ in favor ☐ in opposition

Date: 3/6/23

(PLEASE PRINT)

Name: Louisa Chafee

Address: _____

I represent: NYC Independent Budget office

Address: 110 William St, NY NY 10038

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THE CITY OF NEW YORK

Appearance Card

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

Date: 3/6/22

(PLEASE PRINT)

Name: Micheal Jacobs

Address: 110 Wallen

I represent: IBO

Address:

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/6/22

(PLEASE PRINT)

Name: Elizabeth Brown

Address: 110 Wallen st

I represent: IBO

Address:

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/6/23

(PLEASE PRINT)

Name: FRANCESCO BRINDISI

Address:

I represent: NYC COMPTROLLER

Address: 1 Centre St.

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THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Krista K. Olson

Address: _____

I represent: NYC Comptroller

Address: 1 Centre Street

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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☐ in favor ☐ in opposition

Date: 3/6/23

(PLEASE PRINT)

Name: BRAD LANDER

Address: _____

I represent: NYC COMPTROLLER

Address: 1 CENTRE ST.

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: _____

(PLEASE PRINT)

Name: Kevin Jones

Address: _____

I represent: AARP NY

Address: 750 Third Ave

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THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

3/6/03

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

☐ in favor ☐ in opposition

Date: 3/6/03

(PLEASE PRINT)

Name: Ken Godiner - OMB, First Deputy Director

Address:

I represent: OMB

Address:

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THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: March 6, 2003

(PLEASE PRINT)

Name: Maria Policarpo

Address: 125 Barclay Street NY NY 10007

I represent: President, L. 1757, DC 37

Address: (City Assessors)

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THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/6/23

(PLEASE PRINT)

Name: Latonia McKinney - OMB Senior Deputy Director

Address:

I represent: OMB

Address:

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THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/6/23

(PLEASE PRINT)

Name: Jacques Jiha - OMB Budget Director

Address:

I represent: OMB

Address:

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