

COMMITTEE ON FINANCE

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CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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May 23, 2023  
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HELD AT: COUNCIL CHAMBERS - CITY HALL

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

COUNCIL MEMBERS:

Diana Ayala  
Charles Barron  
Gale A. Brewer  
Selvena N. Brooks-Powers  
David M. Carr  
Amanda Farías  
Kamillah Hanks  
Crystal Hudson  
Farrah N. Louis  
Francisco P. Moya  
Chi A. Ossé  
Keith Powers  
Pierina Ana Sanchez  
Althea V. Stevens  
Marjorie Velázquez  
Nantasha M. Williams  
Julie Won

OTHER COUNCIL MEMBERS ATTENDING:

Adrienne Adams, SPEAKER  
Linda Lee  
Eric Dinowitz  
Lynn C. Schulman  
Shekar Krishnan  
Lincoln Restler  
Tiffany Cabán  
Rita C. Joseph  
Shahana Hanif  
Sandy Nurse  
Carlina Rivera  
Shaun Abreu

A P P E A R A N C E S

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

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

Latonia McKinney, Budget Senior Deputy Director for Intergovernmental Relations and Education of New York City Mayor's Office of Management and Budget

Brad Lander, New York City Comptroller

Francesco Brindisi, Executive Deputy Comptroller for Budget and Finance

Krista Olson, Deputy Comptroller for Budget.

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

Jeffrey Shear, Department of Finance's First Deputy Commissioner

Jacqueline James, Department of Finance's Chief Financial Officer and Deputy Commissioner for Administration

Louisa Chafee, Director of the Independent Budget Office

Jacob Berman, Assistant Director for Social and Community Services of the Independent Budget Office

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

Michael Jacobs, Assistant Director for Economics  
of the Independent Budget Office

Sarah Stefanski, Assistant Director for Housing,  
Environment, and Infrastructure of the  
Independent Budget Office

Sarita Subramanian, Assistant Director for  
Education of the Independent Budget Office

Brian Cain, Budget Analyst of the Independent  
Budget Office

SERGEANT-AT-ARMS: This is a microphone check for the Executive Budget Committee on Finance recorded on May 23, 2023, in the Chambers. Recorded by Giselle Rivera.

SERGEANT-AT-ARMS: Good morning and welcome to the Committee on Finance.

At this time, we ask if you could place phones on vibrate or silent mode. Thank you.

Chair and Speaker, ready to begin.

CHAIRPERSON BRANNAN: Thank you, Sergeant. Okay, good morning and welcome to the 11th day of FY24 Executive Budget hearings.

I'm Council Member Justin Brannan, and I am privileged to Chair the Committee on Finance, and I'm pleased to be joined this morning by Speaker Adrienne Adams. We've also been joined by Council Members Ayala, Lee, Brooks-Powers, Moya, Barron, Williams, Louis, Brewer, as well as Dinowitz.

Welcome, Director Jiha and your team. Thank you for joining us today to answer our questions.

Before I go any further, I want to invite our Speaker to give her opening remarks for this budget hearing.

SPEAKER ADAMS: Thank you so much, Mr. Chair, and good morning to all of you. Great to see you.

Thank you so much, Chair Brannan, for holding today's Executive Budget hearing. This is the last before tomorrow's hearing which is solely dedicated to public testimony.

The Mayor's Executive Budget for Fiscal Year 2024 is 106.7 billion dollars, an increase of 5.7 billion dollars from the Fiscal 2023 adopted budget. This week, the Council unveiled our Fiscal Year 2024 Executive Budget Economic and Tax Forecast. With the City's economy proving more resilient than previously anticipated and driving stronger than expected tax collections, the Council now estimates slightly higher growth projections than its previous forecast. The Council forecasts 1.8 billion dollars more in revenues for Fiscal Years 2023 and 2024 and greater revenues in the outyears than is projected by OMB in the Executive Budget. The Council projects City tax revenues will exceed those estimated in the Executive Plan with 926 million dollars more in FY23 and 909 million more in FY24, resulting in additional

revenue available to fund urgent needs for New Yorkers and to bolster our City's reserves.

Looking ahead to the outyears, the Council's revenue projections exceed OMB's by 942 million dollars in FY25, 1.34 billion dollars in FY26, and 2.55 billion dollars in FY27. Despite these economic forecasts that show the City is well-positioned to invest in essential services while preparing for future risks, the Executive Budget falls short of funding critical services for New Yorkers. A third round of PEGs in April directed many agencies to make reductions in their budgets by an additional 4 percent or 3 percent while some agencies were spared. The City budget should advance the health and safety of New Yorkers but remaining cuts threaten to further inhibit our City's ability to succeed and equitably recover.

While the Administration continues to justify agency budget cuts as a result of the cost to assist asylum-seekers, the reality is that many investments missing from the budget would be solutions to the current challenges facing our City. The Administration's response has overly relied on expanding emergency shelters which are inherently

expensive without focusing enough on solutions that can alleviate pressure on our shelter system. The City budget is a major opportunity to proactively help the increasing number of New Yorkers experiencing housing instability to avoid entering homeless shelters or transition out of them. For example, the Executive Budget maintained a budget cut of over 30 million dollars to NYCHA's Vacant Unit Readiness Program which has seen the amount of time it takes to repair vacant units reach approximately nine months according to the agency's Executive Budget hearing testimony. NYCHA's own data shows that due to these delays the number of vacant apartments grew from 490 in December 2021 to over 3,300 in December 2022, and up to 6,583 vacant units as of April. It is confounding that the Administration would continue with cuts to a program that repairs and rehabilitates these units when we desperately need more housing and have apartments sitting vacant under the City's own control. We also must seriously invest in affordable housing capital funds, CityFHEPS housing vouchers, and supportive housing with adequate resources which are currently absent in the Executive Budget.



Similarly, the inability of City agencies to adequately process applications for food assistance and housing vouchers, advance approved housing projects in their pipeline, and perform other basic functions negatively affects New Yorkers. These cuts also undermine City agencies' ability to address the City's housing and homelessness crisis during this critical moment.

Throughout the Council's budget hearings, City agencies continued to identify staffing challenges as the biggest impediment to fulfilling their duty to New Yorkers and our City. This is extremely concerning as we work to address multiple crises that require our City agencies to operate effectively. We cannot underfund and understaff the very agencies that connect New Yorkers with the essential services they need. Whether it is the aforementioned services, our 3K and early childhood education system, CUNY, or our public libraries, fundamental services must be prioritized as bedrocks of achieving healthier and safer communities. The health, safety, and well-being of our City, our communities, and our economy are all bound to how well the budget invests in essential services. The

functioning of our City Government is a shared responsibility, and OMB has a crucial role in ensuring City agencies receive the resources necessary to deliver these services for New Yorkers. OMB must be proactive in contributing to a punctual hiring process for agencies to achieve the staff capacity needed to fulfill their obligations to the people of our City.

Director Jiha, I hope to hear from you today about the steps OMB is taking to address these critical issues in this budget because our budget is more than just numbers. It must be a plan to support our residents and achieve success as a City together. We are talking about people, and I thank you so much.

I'll turn it back into the hands of Chair Brannan.

CHAIRPERSON BRANNAN: Thank you, Speaker Adams.

As the Speaker said, yesterday the Council released our Economic and Tax Forecast for the FY24 Executive Budget. What our analysis found remains consistent with what the Council has been saying throughout the budget process. New York City economy is durable and rebounding more strongly than

otherwise believed and predicted though economic growth during the forecast period will be slower than we're accustomed to. The Council projects the City will collect a total of 1.8 billion more in tax revenue in the current and fiscal years than the Administration projected in their Executive Budget. Additionally, we project a 942-million-dollar greater tax revenue collection in FY25, 1.34 billion in FY26, and 2.55 billion in FY27. While this represents better than average growth over the five-year period than the Council had originally projected in our preliminary budget forecast, 2.7 instead of 2.2, it remains a drop from the 5.2 percent growth the City has seen over the past 10 years.

While the years ahead may not paint a particularly rosy economic picture with nearly 107-billion-dollar proposed budget, there is no reason for austerity measures. Rather, it's time to make smart and responsible budgeting decisions that prepare for the future and double down on investments to support New Yorkers during these difficult times in the here and now.

Like the Speaker said, a budget is more than just an itemized list of expenditures. It's a

values document. You can tell me what you care about all day long, but you prove it to me by showing me what you spend your money on. It's about priorities. Our City's budget is no different than yours or mine, and this is no different from the issues families across the City are talking about at their dining room table every night as they try to make ends meet for another week in the most expensive city in the world. Indeed, now is the time to invest in the key programs and essential services that make New York City the greatest city in the world. The Council believes this is a critical moment, and our City's future and continued economic recovery hinges on what we do in this next budget and how we invest in New Yorkers and the essential services they rely on to recover, to succeed, and to thrive.

I'll have questions today on expenses and revenues, and my expense questions will focus mostly on the asylum-seeker expenditures to date, emergency contracts, the City's PEG programs, and our remaining federal COVID funding as well as FMAP cost shift and the staffing impact on DSS and HPD programs.

My revenue questions will cover the Council's revenue forecast, the retiree health

benefit trust, the City network of tax breaks, audits, and the Commercial Revitalization Program.

Before we hear from OMB, I want to recognize this is our 11th and final day agency hearings on the Executive Budget for FY24. We'll hold a hearing tomorrow entirely dedicated to public testimony, but I want to take a minute to recognize and thank the full City Council Finance Division Staff for their efforts preparing and executing this week of hearings. I want to thank Chief Financial Officer and Deputy Chief-of-Staff to the Speaker Tanisha Edwards, and the Senior Staff of the Finance Division, Finance Director Richard Lee, Managing Director Jonathan Rosenberg, Chief Economist Ray Majewski, Deputy Directors Eisha Wright, Chima Obichere, Emre Edev, and Paul Scimone, Assistant Directors Crilhien Francisco and Elizabeth Hoffman, Supervising Economist Paul Sturm, Unit Heads Aliya Ali, Jack Storey, and Julia Haramis, Finance Counsel Kathleen Ahn, my Committee Counsel who has been riding with me this whole 11 days, Mike Twomey, my Senior Advisor John Yetta, and all of the Finance Analysts and Support Staff who continually pull these hearings together day after day behind the scenes.

1 COMMITTEE ON FINANCE

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2 I'll now turn it over to Committee  
3 Counsel, Mike Twomey, to swear in OMB, and we can  
4 get started.

5 We've also been joined by Council Members  
6 Krishnan and Lynn.

7 COMMITTEE COUNSEL Twomey: Good morning.  
8 Can you raise your right hands, please?

9 Do you affirm that your testimony will be  
10 truthful to the best of your knowledge, information,  
11 and belief and you will honestly and faithfully  
12 answer Council Member questions? Director Jiha.

13 DIRECTOR JIHA: Yes.

14 COMMITTEE COUNSEL TWOMEY: Senior  
15 Director Deputy McKinney.

16 SENIOR DEPUTY DIRECTOR MCKINNEY: Yes.

17 COMMITTEE COUNSEL TWOMEY: First Deputy  
18 Director Godiner.

19 FIRST DEPUTY DIRECTOR GODINER: I do.

20 COMMITTEE COUNSEL TWOMEY: Thank you. You  
21 may begin.

22 DIRECTOR JIHA: Good morning, Speaker  
23 Adams, Chair Brannan, and Members of the Finance  
24 Committee and City Council. Thank you for the  
25

opportunity to testify here today on the Mayor's Fiscal Year 2024 Executive Budget.

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

The last time I testified before you was on March 6. At that time, we were receiving an average of 217 asylum seekers per day, and more than 30,000 migrants were housed in our shelter and HERRC systems. In total, we had spent more than 650 million dollars to provide food, shelter, and social services for over 50,000 migrants, and we had received no help, meaning zero dollars, from the state or the federal government.

Today, just 78 days later, we are receiving an average of 602 arrivals per day, are caring for 44,120 asylum seekers and more than 73,000 migrants having gone through our shelter system. To put these numbers in perspective, pre-asylum DHS census as of April 1, 2022, was 45,189 individuals. Very soon, we will be caring for more

asylum seekers on a nightly basis than we had people in our entire DHS shelter system last year. Consistent with our forecast, the City has spent more than 1 billion dollars through the end of April, with the expectation of spending 1.4 billion dollars before July and 4.3 billion dollars by July 2024.

Based on recent trends, however, this forecast seems optimistic. Take a look at the chart on the screen. The black line shows the actual number of asylum-seeker households in our shelter. The pink line represents the executive budget forecast. As you can see on the chart, in recent weeks the actual line has significantly diverged from the forecasted line and, if this trajectory continues, asylum-seeker costs will grow dramatically above the 4.3-billion-dollar forecast.

Now, unlike the last time I was here, we now know how much the federal and state governments have allocated in aid. FEMA awarded the City 8 million dollars in December. Of the 800 million dollars allocated to localities nationwide, we have been awarded thus far only



38.5 million dollars by the federal government.

Let me put that in perspective, at our current daily spending rate, that 38.5 million dollars barely covers five days of asylum-seeker costs.

Though we appreciate that the State has committed to covering 29 percent of the asylum-seekers costs over the next two years, up to 1 billion dollars, this aid will only cover a fraction of the total cost and is partly offset by cuts and cost shifts of about half a billion dollars in each year.

So, what does this mean, and where does it leave us? In the Executive Budget we reflected 4.3 billion dollars across Fiscal Years 2023 and 2024 and 1 billion dollars in Fiscal Year 2025 to account for asylum-seeker costs. This is funded by 2.7 billion dollars in City resources over this Fiscal Year and the next and 710 million dollars in Fiscal Year 2025. We anticipated 1 billion dollars from the State in Fiscal Years 2023 and 2024, and we assumed that it would continue to cover 29 percent of the cost in Fiscal Year 2025, and it was widely reported that we would be awarded the lion's share of the federal

appropriation, so we assumed 600 million dollars in Fiscal Year 2024 from the federal government.

If you remember, in my Preliminary Budget testimony, I warned of proposed state budget cuts that would drain City resources. Thanks to the legislature, the harm was less pronounced in the state-enacted budget. The MTA funding mandate was reduced by about half to 235 million dollars annually for two years. The Medicaid cuts were also reduced, though the State intends to fully shift those costs to localities by Fiscal Year 2026, but as stated earlier, despite the Legislature's best effort, the State still imposed budget cuts of about half a billion dollars a year. We are still pushing the state on asylum-seeker funding, and we will continue advocating for critical priorities that were not included in the state-enacted budget, including our housing agenda.

The federal government's failure to deliver adequate assistance and the half a billion dollars a year of cuts and cost shifts imposed by the State creates a 1-billion-dollar budget gap

over Fiscal Year 2023 and Fiscal Year 2024 that will have to be addressed at Adoption.

We also addressed some other significant challenges in this Executive Budget and financial plan. Most of our employees have not had a contract for over a year. The Mayor has made it clear that paying a fair wage in order to attract and retain city workers is a priority. So, following settlements with DC37 and the PBA, we added 16 billion dollars across the financial plan to fully fund the cost of the labor patterns established by these two agreements across the city's workforce.

Now, the City's financial situation is made even more precarious because the national economy has entered a period of slow growth with many economists predicting a downturn at the end of the year. The banking sector has not fully recovered from the recent turmoil, and stock markets remain highly unstable.

Here at home, we see mixed signals. Wall Street remains under stress as a result of the Federal Reserve's contractionary monetary policies. The commercial real estate industry

continues to struggle. Office vacancy rates remain high with 90 million square feet of office space available for lease. We expect this level to peak at 23 percent this year and decline slightly over the financial plan. Average home prices are projected to decline this year before resuming growth next year.

On the other hand, the local labor market remains resilient. Despite the decline in employment last month, over this year we are still adding jobs faster than the nation and the state and have regained nearly all jobs lost to the pandemic.

The tourism sector has made a strong recovery. Hotel occupancy and room rates are higher than they were in early 2020, and theaters are seating 90 percent of their pre-pandemic audience levels.

As a result of this unanticipated strength of the local economy, we adjusted the tax revenue forecast above the January plan by 2.1 billion dollars in Fiscal Year 2023 and 2.3 billion dollars in Fiscal Year 2024. This upward revision was driven by unexpected gains in

personal income, business, sales and hotel taxes.

Of course, this increased revenue must be

understood in the context of the immense fiscal

challenges that the city is currently facing.

Further, the growth of our tax revenue base in the

outyears is projected to slow as the national and

local economies cool.

The takeaway is that over the next few years our resources will not grow substantially, though we must still meet vast needs.

Considering these needs, concerns, and risks, we crafted a budget that remains true to the core principles that have driven every budget this Administration has released. Specifically, we continue to maintain fiscal responsibility by achieving savings, upholding strong levels of reserves, and controlling spending,

The Fiscal Year 2024 Executive Budget is 106.7 billion dollars. Fiscal Years 2023 and 2024 remain balanced, with outyear gaps of 4.2 billion dollars, 6 billion dollars, and 7 billion dollars in Fiscal Years 2025 through 2027 respectively.

Facing 10 billion dollars in new needs over just Fiscal Years 2023 and 2024, which were

largely driven by costs related to asylum-seekers and labor settlements, the Mayor implemented a gap-closing strategy which included a PEG and a reduction in current year reserves. In the PEG, agencies were directed to reduce spending by 4 percent annually starting in Fiscal Year 2024, except DOE and CUNY, which were given a 3 percent target to minimize disruption during the school year.

Every agency submitted savings plans that met their target, including the NYPD and DOC. However, after reviewing PEG submissions, the Mayor determined that some agencies could only make their target by reducing services. Accordingly, he instructed us to adjust targets for agencies where initiatives would have jeopardized public safety, street and parks cleanliness and the social safety net, including Fire, Sanitation, Parks, Homeless Services, HRA, and DYCD. Notably, Libraries and Cultural Affairs were exempted.

We achieved 1.6 billion dollars in savings over Fiscal Years 2023 and 2024, bringing total savings since last June to nearly 4.7

billion dollars over those years, all without service reductions, layoffs, or cuts to school budgets and classrooms.

Safeguarding our city's recovery and being fiscally prudent also includes maintaining budget reserves that protect the city from the unexpected. Reserves in Fiscal Year 2024 remain at a near-record level of 8 billion dollars, with 1.2 billion dollars in general reserves, 2 billion dollars in the Rainy-Day Fund, 4.6 billion dollars in the Retiree Health Benefits Trust, and 250 million dollars in the Capital Stabilization Reserve. We used about 1.8 billion dollars of our current year reserves to cover some Fiscal Year 2023 expenses, which is typical at the end of the Fiscal Year.

Overall, this budget supports all New Yorkers, particularly the most vulnerable, with nearly 60 percent of funding devoted to education, healthcare, and social services.

Now I would like to highlight some of the investments we made in this plan.

Mayor Adams has prioritized increasing funding for programs that support New Yorkers

suffering from mental health issues. This includes honoring his commitment to the Mental Health Plan by baselining funding for the Mental Health Access Digital Hub, Clubhouse Capacity expansion, and a school tele-mental health program, and the B-HEARD program.

We are also making investments to uplift working families, including outreach to expand awareness about tax benefits, such as the Earned Income Tax credit that was expanded under this Administration, SNAP, Medicaid, and more.

To prevent housing-voucher discrimination, CCHR will have additional resources to hire attorneys within their Source of Income unit.

Because internet access is essential to connect with the modern world, we are providing free broadband access through Big Apple Connect to 73 more NYCHA developments for a total of 202 serviced by the program. And to expand the city's digital outreach and provide improved services, the MyCity platform will expand to include childcare, workforce, and business portals.



Because education is the pathway to a secure, good-paying job, we have added resources to support our schools and CUNY. DOE will integrate climate education and food education into the curriculum, and children in shelters will receive support that they need to continue their educations from shelter-based community coordinators.

The CUNY Reconnect program will be expanded to help even more students who left school because of extenuating circumstances resume their education and earn degrees, and CUNY will help students by providing industry experts and advisors who will help connect students to internships and job opportunities.

We are also supporting the Mayor's Office for People with Disabilities' plan to promote workforce development for disabled New Yorkers.

To make the city cleaner, greener, and more sustainable, we are implementing PlaNYC initiatives, including the citywide organics expansion and climate budgeting, which is an OMB initiative. From now on, every investment decision

the City makes will be viewed through the lens of meeting our climate goals so that we leave our children with a healthier and more resilient city.

Investing in New Yorkers only works if we have enough city workers to implement programs and services. In response to unprecedented challenges around recruiting and retaining employees across the city, we have implemented several new initiatives.

DCAS is leading a Vacancy Reduction Sprint, with Agency Recruitment Czars developing hiring plans that are tailored to their agency's needs and looking at ways to improve the City's hiring process.

We have also significantly increased outreach. In partnership with the City Council and DC37, DCAS has sponsored hiring halls that feature on-the-spot interviews. So far, almost 6,000 prospective employees have attended, resulting in 3,200 interviews and more than 1,000 job offers. I want to thank the council for participating in this effort and promoting the hiring hall events on your social media channels.

Further, to keep and attract talent, the City and DC37 will pilot flexible work options, including remote work, beginning June 1 in the Department Social Services and Department of Buildings.

At OMB, we're doing our part to speed up the hiring process. As promised, we are reviewing PAR requests faster, and we are having ongoing discussions with our agency partners about potential improvements.

We are confident that these steps, taken together, will accelerate hiring and promote more efficient agency operations.

Now, I would like to discuss the city's 164.8-billion-dollar 10-Year Capital Strategy.

The plan includes 76 million dollars to add collection trucks to the DSNY fleet to implement the citywide curbside organics program, 550 million dollars to redevelop the CUNY Brookdale Campus and create a world-class science park and research center, and 50 million dollars to upgrade almost 90 school cafeterias citywide, bringing total cafeteria renovations by this Administration to almost 200.

To conclude, I would like to return to the most pressing concern the City faces today. This administration is moving heaven and earth to manage the ongoing influx of asylum-seekers. And because we quickly adopted a comprehensive approach, this crisis is barely visible to most New Yorkers. Unlike other cities, we treat the new migrants humanely, you don't see tents on our sidewalks or in our parks. Every asylum-seeker has a safe place to sleep, good food to eat, and access to social services, in accordance with the City's right-to-shelter mandate. Providing these mandated services, however, is very expensive, and every New Yorker should be concerned about these escalating costs and their ramifications for potential service disruptions, and the very real possibility that this may go on for years. The reality is that this is a fiscal emergency. Whether it's the 4.3 billion dollars in our forecast or an elevated number per the current trend, unless we get meaningful assistance from the federal and state governments, we face the catastrophe of running out of places to house migrants and the resources needed to care for

them. At the same time, we must keep the city safe, healthy, and clean.

As great as this city is, and despite all that we can do, we cannot bear this financial burden on our own. I am again calling on the federal government to provide meaningful financial assistance. As stated earlier, the 38.5 million dollars that has been awarded to date covers just five days of costs, and the 1 billion dollars over two years from the State promised covers less than five months in Fiscal Years 2023 and 2024. That leaves the City responsible for every additional penny needed to cover the cost of caring for the asylum-seekers in those two years, and, as a reminder, this crisis is already a year old and will stretch into the future. This is not right. No local government can carry this kind of a financial burden without eventually cracking.

We need more than just funding, though. New York City cannot implement the immigration or decompression policies that will bring meaningful relief. We need an all-of-government, coordinated effort to fairly relocate asylum-seekers regionally so that New York does not remain the

epicenter of the crisis. Additionally, the immigrants need Temporary Protected Status and work permits in order to accelerate their ability to secure work legally in the United States.

We must all act as well. I urge you to join the Administration in calling on our state and federal partners to take bold steps. Please get on the train and go to Albany and Washington and tell the lawmakers that we need a decompression strategy and real financial assistance, meaning billions of dollars to cover our costs, for the duration of this crisis, and let them know what will happen without relief, namely that we will have to make terrible cuts to programs and services and this will cause great and unnecessary pain.

This is truly an all-hands-on-deck moment. We look forward to working with you in any way we can to support your advocacy efforts.

Thank you again for inviting me to testify this morning. I look forward to working with the Council to meet our joint priorities and address needs of all New Yorkers as we work together to deliver the Adopted Budget.

Now, I will take your questions.

CHAIRPERSON BRANNAN: Thank you. Before I turn to Speaker Adams for questions, I just want to acknowledge we've also been joined by Council Members Restler, Carr, Caban, Hanks, Stevens, and Sanchez.

I'll now turn to Speaker Adams.

SPEAKER ADAMS: Thank you so much, Chair Brannan.

Welcome again, Director Jiha, and to your team as well. Thank you for being with us today.

Let's continue on with the discussion of asylum-seekers since that is in the forefront of just about every conversation that we're having, that the City is having, that the State is having, hopefully that our Federal partners are having as well. It seems that the model for the City has been using for estimating the cost related to the asylum-seekers is very much predicated on the growth in the number of asylum-seekers in the shelter system. Each of the charts the Mayor has used to demonstrate the Administration's cost estimates has included a straight-line growth rate for the population of asylum-seekers in shelter. Can you please explain how the City's projections were derived?

DIRECTOR JIHA: Sure. We reviewed trends in inflows and outflows and the census change by each asylum-seeker sub-population so we could understand the changes in the asylum-seeker dynamics. The census was characterized by steady growth between October 2022 and April 2023 of approximately 40 households per day, and the net inflow remained more or less stable throughout that entire period. We did not have any clear evidence in terms of inflow and outflow diverting from the trend like I just showed you on the chart here, and we did not have any clarity when it comes to the kind of policy the federal government would implement. Since then, the growth in terms of the households has accelerated to 188 so let me make sure we understand clearly. When we did the forecast, we based on our numbers, our forecast, on 40 households per day. That's what we trend over time based on the history of the pattern we see people coming. In recent months, the number of households has grown to 188 per day. That's why you see the deviation on the chart. You see our forecast trendward, and you see the deviation going this way. One is a plane taking off. One is a rocket going up. Hopefully, it'll come back down, hopefully, but, if



it doesn't, it means that we're going to have to address upward our forecast by a significant amount.

SPEAKER ADAMS: Okay. What assumptions is the City making about shelter exits? Is the daily census growth projection based on the new arrivals and shelter exits?

DIRECTOR JIHA: Yes. As I said, we take the inflow and outflow and then whatever we have net, that's what we're using because that's (INAUDIBLE) who are currently our care so it's not like just the inflow only. We look at the inflow and outflow and the net.

SPEAKER ADAMS: Okay, so if the growth rate is a net of inflow and outflow of asylum-seekers into the system, can the Administration provide the Committee with a breakdown of those two inputs that make up the growth rate?

DIRECTOR JIHA: Sure. If you want, we could send you the information but, if you want it right now, I could give you the numbers. Let me give an example.

SPEAKER ADAMS: Okay.

DIRECTOR JIHA: During the month of March 2023, we had an average of 203 individuals entering

the system every day, and we had 124 leaving every day so for an average net inflow of about 79. For families, the inflow was 155, and the outflow was 94 for a net inflow of 61 per day, so we had approximately 22 households. For singles, the inflow was 48 per day, and the outflow was 30 per day for an average growth of 18. So we translate entering 15 families with children, 18 single adults, and 7 adult families each day so that's what gives you the 40 that we use for our forecast, the 40 households that we have for our forecast, but, as I said, since then, okay, we have reached 188 households per day. In other words, the numbers that were driving our forecast are no longer relevant at this point in time.

SPEAKER ADAMS: Okay. Let's look at non-asylum-seekers. Were the exit rates that are a part of the growth rate formula determined using historical patterns set by non-asylum-seeker shelter populations?

DIRECTOR JIHA: No.

SPEAKER ADAMS: Not at all?

DIRECTOR JIHA: Not at all, because the non-asylum-seekers have a number of resources that

allow them to exit so therefore we basically used the experience of the asylum-seeker population to study the dynamics and to project the trends.

SPEAKER ADAMS: Do you take a look at the trending between asylum-seekers and non-asylum-seekers, the population trending behaving the same way or completely different?

DIRECTOR JIHA: Totally different, totally different patterns.

SPEAKER ADAMS: Okay. Let's talk a little bit about state and federal support. We're all very passionate about that particular subject. The enacted State budget includes 1 billion dollars for reimbursement of 29 percent of the City's cost of the provision of shelter services for asylum-seekers for eligible costs incurred between April 1, 2022, and March 31, 2024. The City's Executive Plan reflected this funding and also included an additional 290 million dollars in Fiscal Year 2025 that has not yet been appropriated by the State. On the federal side, the Executive Plan includes 600 million dollars in Fiscal Year 2024 with the expectation that the City would receive 75 percent of the 800 million dollars that Congress had appropriated nationwide for asylum

response efforts. We were very disappointed to learn that the City will only be receiving 30.5 million dollars in the first round of awards, which is only 8.7 percent of the 350 million dollars it had applied for, making it impossible for the City to get the 600 million dollars it's budgeted. If the City is awarded the same percentage in the next tranche, federal funding would total just 39 million dollars. Ideally, how much should the State and Federal Government each cover for asylum-seekers response efforts?

DIRECTOR JIHA: Before I answer the question, let me clarify two points which are very critical as (INAUDIBLE) because I believe our staff with your staff last Friday, in terms of the new development because when we did the Executive Budget there was no State budget at the time so we had to make some assumptions. Since then, what happened is, as you know, the State imposed about half a billion dollars cuts on the City each year so even though we got a billion dollars for the two years, when you offset them against the cuts it becomes almost zero. Like you said, the federal government only gave us 38.5 million dollars, and our expectation is we're not going to get any more than 10 percent of the next

tranche so overall we're probably going to get in total maybe some 70 million dollars from the federal government which means we're not only going to have gap openers because we make some assumptions, about a half a billion dollars in federal shortfall and for this year we'll have about a half a billion dollars for the state so you're talking about a billion-dollar hole.

From our perspective regarding your question, this is a federal problem, and this should be fully funded by the federal government. The federal government cannot have a policy in place where New York City is the decompression strategy and basically not giving New York City a penny to deal with the problem. It's a federal problem and should be fully funded by the federal government.

SPEAKER ADAMS: I don't think we disagree with that all.

DIRECTOR JIHA: Yes, we know.

SPEAKER ADAMS: We do not disagree at all with that.

In looking at our State partners, has the City had any conversations with our State partners

regular the possibility of State funding in Fiscal Year 2025 or beyond?

DIRECTOR JIHA: We had some initial discussions with them, and everyone understands the severity of the problem and is flexible enough to basically review our requests when the need will arise the next year in the State Executive Budget.

SPEAKER ADAMS: Okay. The City's projected cost for the provision of services to asylum-seekers we know seems to increase with the release of each financial plan. What was once estimated to cost approximately a billion dollars in the current Fiscal Year we know is now up to at least 1.4 billion dollars. With an additional 2.9 billion dollars estimated for the next Fiscal Year and 1 billion dollars for FY25, how much of the budgeted funding is allocated to emergency shelters administered by DHS versus the HERRC system administered by NYCEM, H and H, and HPD?

DIRECTOR JIHA: Again, we could provide you all the data, but as of the end of April, I'm going to give you a breakdown of the actual spending that we did. DHS shelter was about 566 million dollars of the billion dollars that we spent, and the

HERRCs were about 434 million dollars for a total of a billion dollars. Regarding the agencies, DHS is 554, H and H 316, NYCEM 65 million, DCAS 37 million, OTI so far is like 19, and HPD 5 million dollars, and than another 3 million dollars for DOHMH for a total of a billion dollars.

SPEAKER ADAMS: Okay. How much of the budgeted funding is allocated to other response efforts? Are you able to provide a breakdown of expense type and administering agency for each Fiscal Year for us?

DIRECTOR JIHA: In terms of the expense type, we spent about 400 million dollars for services and supplies, and (INAUDIBLE) initial outfittings about 360 million dollars. Again, I could provide your staff all the details that you need. IT administrative expenses 91, medical 74 million, food is another 73 million dollars.

SPEAKER ADAMS: Okay. In looking at trying to enlist some of our residents and resident partners upstate with the Mayor's announcement to move asylum-seekers upstate. Recently the Mayor announced a new program to move to temporary shelters outside of the City. Yet, the program's details are still unclear.

The City Council would like clarity on the plan, how it will work or how it was supposed to work, which City agencies will be involved, how much it would cost and who would be paying for it. Could the Administration provide the Committee with clarity on why this program was instituted and was cost the driving factor in the decision to provide this option, and what's the estimated per diem rate for the sites outside of the City?

DIRECTOR JIHA: As the Mayor mentioned on numerous occasions, we are in a crisis, and we are committed to providing every asylum-seeker with the necessary services, but we are in a crisis. We are operating 150 emergency shelters and 9 HERRCs. We are simply running out of space in New York. For about only 0.25 percent that move to New York State, we continue to fund wraparound services for them just like they would receive in a shelter in New York City. I believe the per diem is about 200 dollars for Upstate New York. It's a bit cheaper than what we have down in New York City.

SPEAKER ADAMS: Okay. Which City agencies would be involved in the program and what would be the role of those agencies?



DIRECTOR JIHA: Currently, HPD holds the contracts for this program, and it is working with a third party to secure hotel rooms at various sites Upstate New York.

SPEAKER ADAMS: Okay. How much is the transportation of clients and provision of out-of-city shelters expected to cost and who will pay for the move?

DIRECTOR JIHA: The City will pay for the move, but, right now, I can't give you a sense of how much it will cost. It will depend on how many localities accept folks in their districts and how many folks we manage to move to relocate to those Upstate communities, but it all is (INAUDIBLE) at this point in time, I cannot give you a sense of, because we just started.

SPEAKER ADAMS: Is the funding already budgeted?

DIRECTOR JIHA: It's part of the 4.3 billion dollars.

SPEAKER ADAMS: Do we know under which agencies' units of appropriation in the budget codes?

DIRECTOR JIHA: We don't have all these details yet. As I said, as we work toward adoption,

we'll provide you more clarity in terms of creating new U of As to deal with these issues.

SPEAKER ADAMS: What's the City doing to address the strong opposition to the plan that it has faced from the counties outside of the City?

DIRECTOR JIHA: We are working closely with all our partners and government around the State, and we are working with the Governor's office. As we said to folks, New York City is only home to 5 of the 62 counties around the State so we need everybody to step up in a moment of crisis. Again, we're working with every single one of the elected officials that we know of who are willing to work with us. For instance, Erie's County Executive is willing to work with us. Some other counties are open and then working with the New York Delegation to convince folks to open up their doors so that New York City is not the only place that carries the burden. Bear in mind, we are still paying for them even when they move to Upstate New York.

SPEAKER ADAMS: Let's look a little bit towards HPD. HPD's budget includes an additional 223 million dollars for asylum-seeker shelter costs, 25.4 million dollars in FY23, 147 million dollars in FY24,

and 51 million dollars in FY25. At their hearing, HPD referred questions about the asylum budget to you, to OMB. How many asylum-seekers are estimated to be housed with the 147 million dollars in FY 2024?

DIRECTOR JIHA: Right now, I cannot give you a precise number, again because of the challenges we're having with relocating folks to Upstate New York because we don't know how many of them we're going to relocate, but for sure we know they have budget authority up to 147 million dollars for this purpose. Currently, they have a HERRC in Bushwick with about 532 migrants under the auspice of HPD, but I can't give you the exact number of folks they could accommodate at this point in time for the 147 million dollars as I said because of the back and forth we're having with other localities.

SPEAKER ADAMS: What can you share about the procurement process? How does OMB decide what gets emergency contracts versus a more traditional procurement process?

DIRECTOR JIHA: OMB doesn't get involved in this. It is the contracting agency that basically does these things, DSS or HPD. We don't get involved in...

SPEAKER ADAMS: So OMB does not get involved with that? The information is passed along to OMB..

DIRECTOR JIHA: Only after.

SPEAKER ADAMS: Okay. How does OMB, or does OMB decide to use temporary workers rather than hiring off of the civil service list, especially if there's funding in the budget through at least FY 2025 for asylum-seeker shelter?

DIRECTOR JIHA: As you can imagine, it's an emergency, things are moving very quickly. These are short-term contracts that we put in place so we could bring workers onboard expeditiously, but, more importantly, you should also note that currently we contract out all of our shelter work because they're not-for-profits, they have more experience than us in terms of managing and trying to understand the needs of the population so therefore we rely mostly on not-for-profits to do this work for us. The work is contracted out at this point in time. It's mostly all temp that we use to do this kind of work.

SPEAKER ADAMS: Okay, so there really is no process or plan there. What's the total spend so

far on temporary contracts for asylum-seekers and what's planned for FY 2024?

DIRECTOR JIHA: Let me come back to you with an answer for that question.

SPEAKER ADAMS: Okay, that was the total spending so far on temporary contracts. At peak investment in Fiscal 2024, that 147 million dollars added at HPD, what is the anticipated breakdown of which boroughs will house those folks?

DIRECTOR JIHA: Again, this is an emergency. I can't tell you exactly which borough we're going to put folks in because it's like overnight you get 900 people and you have to scramble to find places to put them. I cannot tell you exactly where they will be located. Again, as I said, it's an emergency. There is...

SPEAKER ADAMS: Believe me, Mr. Director, I have felt that being the Council Member for District 28 and getting phone calls post residents put up in hotels in my own District with no planning, no advisement. We're just letting you know this so...

DIRECTOR JIHA: As you know, in the middle of the night, we have to accommodate folks. It's really hard to find place and at the same time to

communicate prior to the relocation. It's extremely difficult.

SPEAKER ADAMS: Okay. The recent decision by the Administration to repurpose school gyms into shelters took a lot of, a lot of elected officials by surprise. Why is there such a gap between the promises of communication and collaboration and what actually happens? Is this more of the surprise factor in the emergency situation and pretty much the kneejerk reaction to this crisis?

DIRECTOR JIHA: Madam Speaker, it's an emergency, and we are responding in real time, and, if we don't find a place for these folks to sleep at night, we get sued. If we find a place for them, we get complaints about not giving enough early notice so if a bus comes at night, these folks work really 13, 14, 15 hours a day to find us places to accommodate people. This is an emergency. They are responding in real time. Please, try to understand exactly where these people are coming from. This is not easy for them to manage this crisis.

SPEAKER ADAMS: Going along with the conversation on emergency and looking at contract rates, we're hearing from providers that the rates on

the various emergency contracts for asylum-seeker shelters aren't consistent. For example, we've heard that meal reimbursement amounts vary widely from only a few dollars per person to over 10. Why do the rates vary so much across contracts?

DIRECTOR JIHA: What happened is DHS gave the providers the flexibility to subcontract with providers for food, and, as a result, because we have different negotiations going on, so you're going to end up with different costs.

SPEAKER ADAMS: What would things like meal reimbursements be more uniform for all providers? I've seen that as I've visited locations in my own District.

DIRECTOR JIHA: Again, I understand. Again, it's a question of the providers negotiate with subcontractors and, as they negotiate with the subcontractors, you're going to have differences, variation from one to another.

SPEAKER ADAMS: How can providers be expected to provide the same level of service given these disparities?

DIRECTOR JIHA: I understand, but, again as I said, they have that flexibility to negotiate

with subcontractors and. as they negotiate with subcontractors, you're going to have different prices. It's not us setting up saying this is how much we're going to spend. They have the flexibility to negotiate, and, as they negotiate, you're going to have variations.

SPEAKER ADAMS: Can you tell us the range of meal allowances across emergency shelter contracts?

DIRECTOR JIHA: Right now, as I said to you, the per diem for DHS is about 256 dollars a day per household.

SPEAKER ADAMS: That's meals?

DIRECTOR JIHA: No, the per diem. That includes meals, that includes everything.

SPEAKER ADAMS: That's all inclusive.

DIRECTOR JIHA: All inclusive.

SPEAKER ADAMS: Okay. In last year's State budget, the State increased the StateFHEPS rates to match CityFHEPS but didn't provide for State funding to cover this increase. In December 2021, the State allocated 60 million dollars under the Rental Supplement Program, or RSP, to the City then later indicated that it must be used towards the StateFHEPS



rate increase. RSP provides funding to supplement rental costs for low-income individuals regardless of immigration status. Many long-time city residents who are undocumented and in the City shelter system are ineligible for housing assistance and vouchers leaving them perpetually stuck in the City shelter system. In the budget response, the Council called on the City to use any outstanding RSP funding after covering the cost of the StateFHEPS rate increase to support the creation of a program to provide rental assistance vouchers to undocumented City residents, but nothing was added to the Executive Plan. How much of the 68 million dollars has been spent to date and on what?

DIRECTOR JIHA: We are currently working with the State to come up with a plan. We are finalizing the plan at this moment in time. None of that 68 million dollars has been spent so far so there's a possibility that there would be resources left over, in which case we would work with the State to see if we could address the needs of the undocumented immigrants.

SPEAKER ADAMS: Is the City risking loss of the funding if nothing has been spent?

DIRECTOR JIHA: No, no. We're working with the State. It's a work in conjunction with the State. That's what the plan we're putting together.

SPEAKER ADAMS: How much did the City expect to spend in City Fiscal 2023 to cover the StateFHEPS rate increase?

DIRECTOR JIHA: Again, we're having discussions with the State, but we have not yet finalized on the budget in terms of how much will be spent.

SPEAKER ADAMS: Do you know what the estimated annual cost of the StateFHEPS rate increase would be in future years?

DIRECTOR JIHA: We expect the State to cover the cost, but, again, we're having ongoing conversations with the State, and I don't know for sure where we're going to land.

SPEAKER ADAMS: Okay. Are there any other pathways the City is exploring to provide vouchers to those who are undocumented?

DIRECTOR JIHA: Again, we're working with the State because it's a State program. Many of these things, the undocumented, they have a variety of restrictions and therefore we have to work with the

State, and the State is very open to work with us to address that issue.

SPEAKER ADAMS: Okay. I have a couple of other subjects and then I'm going to pass it over to my Colleagues.

In looking at increase of funding for Right to Counsel. The Right-to-Counsel law spearheaded by the Council provides access to free legal services to all tenants facing eviction proceedings and is a key program to address housing stability in the City. Eviction filings in the City increased significantly over the past year as has the demand for Right-to-Counsel services, but the program's contracted providers do not have the capacity to fully meet the current need.

Additionally, on February 21, 2023, Local Law 20 of 2023 was enacted extending full legal representation in eviction or termination of tenancy proceedings in housing court for any person who is 60 years of age or older. No funding has been added to the budget to support this expansion, which will be effective in early Fiscal Year 2024. In the budget response, the Council called on the Administration to add 70 million dollars to Right-to-Counsel to ensure all

eligible individuals can attain legal services.

Nothing was added to the Executive Plan. Without the addition of funding, how does the City expect to meet the requirements of all Right-to-Counsel legislation, including the expansion to seniors and prevent an increase in evictions and homelessness, which is much more costly for the City?

DIRECTOR JIHA: We are currently monitoring the demand for this program because one of the challenges that providers are facing is the lack of capacity to serve all cases so currently many of the providers, they have the flexibility in their current processes to support this population, but, again, what we're doing, we're monitoring and, if we see there is a need to add funding, we will do so as we approach the adopted budget.

SPEAKER ADAMS: Well, I don't think that there's any question that there will be a need. How many eligible tenants facing eviction have had cases proceed without representation due to the unavailability of lawyers in the program?

DIRECTOR JIHA: I would have to defer to the agency and to housing courts to provide you data on this because we don't have that.

SPEAKER ADAMS: Does OMB keep up with the situation when it comes to the Right-to-Counsel law?

DIRECTOR JIHA: Yes, we do.

SPEAKER ADAMS: Okay. What is the City doing to fix the capacity issues expressed by providers?

DIRECTOR JIHA: That is an issue that, as I said, we've been working with all those providers to see what can be done to attract more attorneys to this field. It's a challenge as you know. We're dealing with a very tight labor market. Our salaries are not as competitive as the private sector for attorneys. It's the same challenge that we're dealing with throughout the City when it comes to hiring because we are competing with a tight labor market and salaries are not competitive, but we are working with these folks to see what can be done to provide them the necessary assistance so they could hire more (INAUDIBLE) so that they could respond to any potential demand that they have out there.

SPEAKER ADAMS: Okay. We understand OCJ is about to issue some RFPs for legal service programs. When will they be released and for which programs?

DIRECTOR JIHA: I believe the RFPs are being drafted by DSS. They are still in the process of being drafted, and they are having conversations about rates and the amount on the RFP, but we will update you once we have more information.

SPEAKER ADAMS: All right, so we don't know how many years the contracts would be for at this time?

DIRECTOR JIHA: I don't know that. DSS is working on this.

SPEAKER ADAMS: Okay. Let's talk a little bit about NYCHA. The City's expense commitment to NYCHA is about 5 percent of their operating revenues. At 226 million dollars out of over 4.3 billion dollars, the City has reduced its contribution over the last three Financial Plans, hitting NYCHA with 67.3 million dollars in PEGs. The key PEG is for the Vacant Unit Readiness Program, which helps remediate and rehab the 6,583 vacant units on the rent rolls as of April 27th. Why is the Administration's commitment to NYCHA shrinking at this point?

DIRECTOR JIHA: Madam Speaker, that's not true at all. We are not cutting NYCHA. That plan, that program we discussed here, it's what we call a

funding swap so what we're doing is we're taking savings on the expense side and we're adding capital money. There is no cut. We're taking 31 million dollars in expense; we're adding 31 million dollars in capital. It's just a swap. There is no such a thing as a cut to that program.

SPEAKER ADAMS: Around 62 million dollars of the PEG has to do with the Vacant Unit Readiness Program as we've said, and the Council called for 31 million dollars of this to be restored and frontloaded over the next two years of the plan to get vacant units ready faster. They're still taking over a year to abate. Why didn't the Administration heed the Council's call?

DIRECTOR JIHA: As I said, we are not taking money from that program. We're basically swapping money, swapping expense dollars for capital dollars. There is no cut for the program at all whatsoever.

SPEAKER ADAMS: Yet and still we're waiting for this amount to be frontloaded over the next two years and get those vacancy units...

DIRECTOR JIHA: That has to do with NYCHA.

SPEAKER ADAMS: What is the Administration's plan to manage the population of domestic violence victims that languish on the NYCHA waitlist for a Violence Against Women and Children Act transfer?

DIRECTOR JIHA: Again, as I said, the premise of the question is off, which I'm challenging the premise of the question is off. The Vacant Unit Readiness Program, there was no cut to the program, so that's what I'm trying to say to you from the get-go. The premise of the question is wrong to begin with because there was no cut to the program. We're just swapping expense for capital.

SPEAKER ADAMS: So in your estimation, Mr. Director, everything is still going along as it should be with the program?

DIRECTOR JIHA: When it comes to funding, yes.

SPEAKER ADAMS: When it comes to funding?

DIRECTOR JIHA: Yes. There is no such a thing as a funding cut to that program. We're just swapping.

SPEAKER ADAMS: Okay. We might have a difference of opinion as far as...



DIRECTOR JIHA: No, it's not a difference of opinion. It's just capital dollars and expense dollars. We take the expense dollars, and we add capital dollars to replace it. That's all. It's the same amount of money.

SPEAKER ADAMS: Okay. We're going to leave it there. Let me just deal with Units of Appropriation then I'm going to pass it on to the Chair.

Last year, we worked together to make the budget more transparent by adding more Units of Appropriations across several agencies. Will OMB commit to continuing these efforts this year and add more Units of Appropriation to the budget?

DIRECTOR JIHA: As I said, last year we added a record number of UAVs as per our negotiation with the City Council during the adoption process, and I'm looking forward as part of budget negotiations to see what needs to be done to add clarity and transparency to the process, and we're more than happy to discuss those UAVs with you and your team as we get closer to budget adoption.

SPEAKER ADAMS: So that does not sound like a commitment to add more to the budget this year.

DIRECTOR JIHA: I'm committed as part of the budget negotiation to work with you and your team.

SPEAKER ADAMS: We're going to get you there, Mr. Director.

DIRECTOR JIHA: To work with you and your team.

SPEAKER ADAMS: All right. Thank you very much.

CHAIRPERSON BRANNAN: Thank you, Speaker. We've also been joined by Council Members Joseph, Farias, Osse, and Powers.

Director, getting back to the asylum-seeker expenditures and related costs. The Council has asked for detailed updates on actual spending on asylum-seeker response efforts and emergency contracts. The Administration thus far has only periodically shared information with us. It was very large print, high level. When the City applied to FEMA for federal funding, I know it submitted a great deal of granular information. The information that

we've received thus far is insufficient and does not allow us to adequately perform our mandated oversight requirements, and I think based on the granular information that the Administration provided to get the FEMA funding, it's clear that that detailed information is available. Can you tell us when and will the Administration commit to providing the Council with more detailed fine-print information on the cost of asylum-seeker response efforts?

DIRECTOR JIHA: I believe we provided your Staff all the information that we currently have, and any update that you need, we'll be more than happy to share them with you. We have nothing to hide. Actually, we are in the process of putting together a tracker so people could see on a month-to-month basis what's going on online so people could track the expenses. If you have any need for information that we are not getting from our staff, please let me know because I know for sure my staff was directed to share all information that we provided to FEMA to you and to the State.

CHAIRPERSON BRANNAN: Okay. As of last night, I don't think we have that so I'd appreciate that.

1 COMMITTEE ON FINANCE

60

2 DIRECTOR JIHA: Okay.

3 CHAIRPERSON BRANNAN: Could you give us  
4 the breakdown of actual expenditures by agency?

5 DIRECTOR JIHA: Yes, I did earlier. Let me  
6 go back again.

7 CHAIRPERSON BRANNAN: Yeah, let's go a  
8 little slower this time.

9 DIRECTOR JIHA: Okay. Based on the actual  
10 spending to date, the billion dollars, DSS 554  
11 million dollars, H and H 316 million dollars..

12 CHAIRPERSON BRANNAN: 3-1-6?

13 DIRECTOR JIHA: Yes. NYCEM 65, DCAS 37,  
14 OTI 19, HPD 5, DOHMH 3, and DDC 600,000 dollars for a  
15 total of a billion dollars.

16 CHAIRPERSON BRANNAN: Could you tell us  
17 what each of those expenditures are for? For  
18 instance, DCAS, what's the 37 million for?

19 DIRECTOR JIHA: DCAS was hired to do a lot  
20 of the initial outfitting, they hire contractors for  
21 when we do emergency HERRCs, the buildout and all  
22 these things so they're part of this. They negotiate,  
23 they find space for the asylum-seekers. All of this  
24 is part of the spending that they've done so far.

25

CHAIRPERSON BRANNAN: The 3 million for Department of Health?

DIRECTOR JIHA: It's dealing with, I don't know specifically, it's vaccination.

CHAIRPERSON BRANNAN: I mean do you think it makes sense to have everything spread out over so many agencies instead of making one agency the point for this?

DIRECTOR JIHA: There is a point person. There is a group of people at City Hall that basically coordinates all of these things led by Molly Schaeffer, and we have a team in place at City Hall that coordinates with the different agencies.

CHAIRPERSON BRANNAN: Do we have an idea of how much we've spent on overtime related to the migrant crisis?

DIRECTOR JIHA: I can't give you an answer to this at this point in time, no.

CHAIRPERSON BRANNAN: Okay. IBO released their own analysis of the City's response to the influx of asylum-seekers. Their projection is that FY23 1.2 billion dollars lower than what the City estimated. IBO also created a worst-case scenario, and that forecast was 600 million less than the

City's projections over the next two years so could you tell us what are the main factors driving the difference in the OMB cost estimate and the estimate issued by IBO?

DIRECTOR JIHA: I'm not able to comment on IBO's projection because I don't have their data and their assumptions. The only thing that I know when they shared the draft of the report with us, we told them that their numbers for 2023 were too low because at the time we already spent, they forecast 900 million dollars for the rest of the year when we've already spent a billion dollars, and we're talking they're going to look ridiculous if you come out with a number so therefore they updated their numbers for Fiscal Year 2023, their worst-case scenario to over 1.4 billion dollars. For Fiscal Year 2024, I don't know because I don't have their data, I don't have their assumptions so I cannot tell you anything about their forecast.

CHAIRPERSON BRANNAN: Okay. I want to stay on forecasts for a minute. At the prelim budget hearing, the Council's tax revenue forecast was 5.2 billion more than OMB's. Most of that difference came from PIT. At the hearing in March, you mentioned that

you believed our forecast, in particular the PIT, personal income tax, was too high. However, with the Executive Plan, you ended up raising tax revenues by 4.3 billion with over 1 billion of that coming from PIT alone so what has changed between those two plans to have you raise your forecast?

DIRECTOR JIHA: I would contest the notion that we said the PIT was too high because I never questioned the revenue forecast. As I said to you back then, I have a lot of respect for your economists so I never questioned their forecast. What I questioned was the omission of the asylum-seeker cost. You guys keep saying there's a lot of money out there, and we're like okay, if you don't take into account the 4.3 billion dollars of asylum-seeker cost, there's a lot of money. It's like you guys are saying now. There is 1.8 billion dollars of revenue. We're like okay, great, but we have a billion dollars shortfall from the State because of half a billion dollars of cuts and shortfall from the federal government of about half a billion dollars, we have another 400 million dollars of cliffs so (INAUDIBLE) assuming you're right, you have 1.8, but 1.4 is already spent. You can say you have a lot of money,

don't do the cuts. We never questioned or had issues per se with your revenue forecast. What we're saying is you only look at one side of the ledger, which is the revenue side. You don't pay attention to the expense side of the ledger, which are the expenses. We briefed your Staff last Friday. We told them, listen, we have the budget, the State imposed half a billion dollars of cuts on us. We have a shortfall of half a billion dollars from the federal government like you just said that we have to account for adoption so even if you have more revenues, once you take into account those expenses, there is no money left. The challenge that I have is the fact that you don't take into account what's going on on the other side of the ledger. You only look at one side of the ledger.

CHAIRPERSON BRANNAN: Yeah, I mean obviously I don't agree with that. The Council's economists have been more right than wrong for the past...

DIRECTOR JIHA: I'm not saying they're wrong. That's what I said...

CHAIRPERSON BRANNAN: Would you agree that the Executive Budget is recognizing revenues we



already collected in January but were not included in the preliminary budget?

DIRECTOR JIHA: Say it again.

CHAIRPERSON BRANNAN: Would you agree that the Executive Budget is now recognizing revenues that we had already collected by January but that you did not recognize and include in the preliminary budget?

DIRECTOR JIHA: As I said, we know, for instance, we have a new complication with respect to personal income tax which is a (INAUDIBLE) which is a credit against personal income tax.

CHAIRPERSON BRANNAN: Yeah, I know what it is.

DIRECTOR JIHA: Therefore, because it's new, nobody knows. It's the same thing going on right now. For the month of April, tax collections were very strong, but, at the same time, we're also seeing right now a huge increase in refunds so if you base your forecast just on one month and don't look at what's going on in terms of refunds going out, you could overstate your forecast like the State just did. The State overstated their forecast by 4 billion dollars in April. As I said, we cannot afford to be wrong because if we are wrong, it means cuts, so

therefore we have to be extremely careful when we're making statements about revenue forecasts.

CHAIRPERSON BRANNAN: Yeah. I would just say historically OMB says the Council is crazy and then ultimately you agree with us in the end.

DIRECTOR JIHA: As I said, we cannot afford to be wrong.

CHAIRPERSON BRANNAN: None of us can. All right, I want to talk about the State reimbursement efforts. Has the City begun conversations, engaged in conversations with the State about the reimbursement process and what type of expenses does the City expect to submit for State reimbursement?

DIRECTOR JIHA: We submitted an application with the State, and DSS has been in conversation with OTDA so they're asking for some additional information, and also the Governor in Executive Message last week basically directed the State agencies to accelerate the reimbursement process for New York.

CHAIRPERSON BRANNAN: What sort of things will they be reimbursing us for?

DIRECTOR JIHA: So far, we've been in discussion with what's included, but mostly they're

open to include everything because they are seeing exactly what we're spending the money on and they know the challenges that we're dealing with, and so far they've been very open.

CHAIRPERSON BRANNAN: Okay. Talk about the PEGs. For the Executive Plan, OMB asked most agencies to submit PEGs equal to 4 percent of their City fund planned expenditures. OMB required agencies to provide their PEGs in two weeks. Do we think two weeks is an appropriate amount of time for agencies to do an appropriate review of their spending plans?

DIRECTOR JIHA: Let me give you the background. The background is last February the Mayor asked all the Commissioners of all City agencies to basically review their entire operations to classify what's important, what's not important, what's co-mission, what's not co-mission so the Commissioners have already gone through a big exercise to basically review their operations so that's the reason why it didn't take them long, even in two weeks, for everybody to reply because we know we've been working with them. The letter went out two weeks prior to the deadline, but we've been working with the agencies for a longer period of time.

CHAIRPERSON BRANNAN: Does OMB require agencies do year-round reviews to locate potential spending reduction areas?

DIRECTOR JIHA: That's part of the muscle memory now. It's becoming part of the muscle memory because they expect, because our goal is to make sure we have a lean operation, whether it's good times or bad times. If an agency is wasting resources, we basically are going to take those resources because we don't have any choice. The notion of seeing resources being wasted is not an option for the Mayor.

CHAIRPERSON BRANNAN: I think the Council agrees with being fiscally responsible and finding savings where possible as long as it doesn't impact services. I just think two weeks for something that I would say should require a surgeon's blade, in two weeks you're going to get a scythe because you're rushing to find two weeks.

DIRECTOR JIHA: We more or less knew exactly what we're aiming for, and we got exactly what we're aiming for out of this exercise. No one can tell you specifically where there were cuts to services and programs as part of this plan. Most of

the PEGs were basically coming out of fringe benefits, restatements of certain things under spending, so no one can come to you and tell you, you know what, this particular program was cut, this particular program was cut, no one can tell you that because we know exactly what we cut.

CHAIRPERSON BRANNAN: They might be afraid to tell you that, but they tell us that.

DIRECTOR JIHA: Well, give us examples.

CHAIRPERSON BRANNAN: I don't want to sell anybody out.

DIRECTOR JIHA: As I said, a good example was like there was a cut to NYCHA. As I said to you, there was none. There was a swapping of one source of funding for another. These are the kinds of things, but the perception is out there. I cannot help it. We can't communicate to folks, tell them the true story, but whatever people want to do with their story, this is New York.

CHAIRPERSON BRANNAN: The last 10 days, it's just not what we've been hearing. We're not talking about vacancies even. Talking about programmatic.

DIRECTOR JIHA: Give us examples.

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2 CHAIRPERSON BRANNAN: Department of  
3 Corrections.

4 DIRECTOR JIHA: Yes.

5 CHAIRPERSON BRANNAN: The 17 million  
6 dollars in outside contracts.

7 DIRECTOR JIHA: Okay. There were no cuts  
8 to services.

9 CHAIRPERSON BRANNAN: But they're saying  
10 it's going to be absorbed...

11 DIRECTOR JIHA: It's going to be  
12 insourced. Are you saying to me City workers cannot  
13 do a good job, a better job...

14 CHAIRPERSON BRANNAN: No, I'm saying the  
15 City workers were already doing the same thing...

16 DIRECTOR JIHA: (INAUDIBLE) hire some  
17 workers to do it.

18 CHAIRPERSON BRANNAN: And now they're  
19 going to be asked to do something more with less.

20 DIRECTOR JIHA: No, they have the  
21 resources to do it. They have the resources to do it.  
22 Are we saying City workers cannot do a good job at  
23 providing those same services?

24 CHAIRPERSON BRANNAN: Of course not.

25 DIRECTOR JIHA: Okay, so...

CHAIRPERSON BRANNAN: But they come to work every day already doing something. Now, July 1st, they have to do even more.

DIRECTOR JIHA: Corrections has those resources to do the work.

CHAIRPERSON BRANNAN: Okay. Let's talk about federal stimulus funding. The City received approximately 13.5 billion dollars. The funds enabled the City to weather the storm during COVID. Some of these funds are set to expire as early as this September 2023. How much of the total amount of federal stimulus funding allocated to the City has been spent to date?

DIRECTOR JIHA: To date, we have spent close to 3.9 billion dollars of the 5.9 billion dollars so there is about 2 billion dollars left in the budget for Fiscal Years 2024 and 2025.

CHAIRPERSON BRANNAN: How much of the unspent money is budgeted for the current and the next Fiscal Years put in the plan?

DIRECTOR JIHA: 2 billion dollars.

CHAIRPERSON BRANNAN: Okay. Do we think the City will be able to spend all the funds that are set to expire in FY24?

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2 DIRECTOR JIHA: Of course, yes.

3 CHAIRPERSON BRANNAN: Okay. I want to talk  
4 about the State Medicaid FMAP, the cost shift to the  
5 City. Have we been able to confirm with the State the  
6 details of the final proposal?

7 DIRECTOR JIHA: Yes. Based on our  
8 conversation with the State, they're phasing it out  
9 at 75 percent in State Fiscal Year 2024 and 50  
10 percent in State Fiscal Year 2025 and thereafter it  
11 becomes 0.

12 CHAIRPERSON BRANNAN: The total is 774  
13 million, right?

14 DIRECTOR JIHA: Yes, for the entire state.

15 CHAIRPERSON BRANNAN: Okay. How much do  
16 they want from us?

17 DIRECTOR JIHA: For us, it's about 129  
18 Fiscal Year 2024, it goes to 214 in Fiscal Year 2025,  
19 and 343 in Fiscal Year 2026.

20 CHAIRPERSON BRANNAN: Is OMB doing or have  
21 you done an independent assessment for the cost  
22 implications of that proposal?

23 DIRECTOR JIHA: We've been working with  
24 the other counties, and, again as I said, it's  
25 Albany, we're going to have to go back to Albany next



year to push again to make sure that, because the impact is going to be real in terms of the budget impact on the City's budget so therefore we have to make sure we do as much advocacy as we can with other localities to push back on the State to minimize the impact on our budget.

CHAIRPERSON BRANNAN: Talk about Library PEGs. The Council called on the Administration to restore the baseline cuts to Libraries in the November plan which was 20.5 million and baseline the 15.7 million that was subsidy provided to the three systems in FY23. Will we expect OMB to restore the baseline cuts to Libraries at adoption?

DIRECTOR JIHA: As I said, the libraries and cultural were exempt from...

CHAIRPERSON BRANNAN: For the most recent PEG.

DIRECTOR JIHA: In the most recent PEGs.

CHAIRPERSON BRANNAN: What about the other one?

DIRECTOR JIHA: You're talking about the November PEG?

CHAIRPERSON BRANNAN: Yeah. I'm talking about the baselined 20.5 million and then the 15.7 subsidy.

DIRECTOR JIHA: Again, as I said, we'll be working with the Council, with the Libraries as I said in terms of trying to minimize the impact of any PEG on them. They have like 120 vacancies right now so we eliminated some of them. Our goal is, again as I said, for every agency hire up, and if you need more positions at the time after you hire up, then we can have a discussion but as long as you have plenty of vacancies, we don't see any reason to put you in a position where we will keep adding vacancies to your budget when discussing the City money and you're just sitting on money being unspent because you have vacant positions, hire up, and if you need more, at that time we'll have a discussion.

CHAIRPERSON BRANNAN: But for Libraries and for most agencies to continue services, they have to be fully staffed.

DIRECTOR JIHA: But they have vacant positions right now. I understand. I said to you if they hire up, up to what they have right now and they come back to us and say, you know what, we need more,

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2 we'll have a discussion, but it doesn't make any  
3 sense for you to have 40 vacant positions for a year  
4 or two, you have not been able to fill them, and come  
5 to us and say give me more vacant positions.

6 CHAIRPERSON BRANNAN: Since OMB lifted all  
7 the restrictions for hiring, have you seen a big  
8 change?

9 DIRECTOR JIHA: We see some changes, but,  
10 at the same time, we added about 1,000 positions  
11 through the Executive Budget so therefore the needle  
12 has not moved so much because we're hiring, we're  
13 losing, and then at the same time we added like 1,000  
14 positions so right now I think we have like 23,800  
15 vacant positions total, what is it?

16 FIRST DEPUTY DIRECTOR GODINER: I think  
17 that's about right, and we've been hiring people at a  
18 rapid clip, but on the other side we've also been  
19 losing people so it's about a little bit over 1,000  
20 net, but we are seeing that we're increasing the  
21 number of filled positions in the City net, which is  
22 reversing the trend.

23 CHAIRPERSON BRANNAN: But there's still  
24 over 23,000 open spots?

25 FIRST DEPUTY DIRECTOR GODINER: Yeah.

DIRECTOR JIHA: Yeah, 23,800.

CHAIRPERSON BRANNAN: Okay. I have two more then I want to turn it over to my Colleagues. Let's talk about tax breaks. In the preliminary hearing, the Council asked the heads of OMB, DOF, EDC about undertaking an initiative to review all tax expenditure programs, tax breaks, particularly economic development ones to identify savings similar to the PEGs. Do you agree with the idea that any tax break that's not meeting its objective anymore in any demonstrable way should be reformed or ended?

DIRECTOR JIHA: Fully agree with you. From our perspective, City tax dollar, whether it's tax expenditure, that spending should always be reviewed to make sure that they meet their intended objective. The difference you have between (INAUDIBLE) spending and a tax expenditure is one is under City control so we could do a PEG for it whereas the tax expenditures you have to go to the State and get New York State approval because it's a State tax law. That's one thing. The second issue that you have is the savings from reducing the tax incentive program, they accrue very slowly because the benefits last for several years so therefore you don't get all the benefit all

at once, it takes a number of years to get them, but what's really important is because it's not really under our control. You have to go to Albany to remove any tax expenditures...

CHAIRPERSON BRANNAN: Yeah, but reviewing them is under our control.

DIRECTOR JIHA: Oh, of course. Reviewing them is under our control.

CHAIRPERSON BRANNAN: When we've asked the agencies, they've all pointed to OMB. Is that something you would centrally review?

DIRECTOR JIHA: No, we work with DOF and also with City Hall to make sure that when we do the cost benefit analysis (INAUDIBLE) DOF and then we could discuss to see whether or not it makes sense to keep them or remove them.

CHAIRPERSON BRANNAN: Is there someone at OMB or in the Administration whose job it is to review these tax breaks?

DIRECTOR JIHA: Yes, we do have staff at OMB and at DOF basically to review every one of these policies. Every time they expire, they do the analysis to see if the intended benefits continue to work for the City.

CHAIRPERSON BRANNAN: Okay. My last question is about audits. Executive Budget forecasts that the City will collect 720 million dollars in tax audit revenue for each year in the Financial Plan from FY24 on. However, the City has collected more than that figure every year since 2005, FY05. In the past decade, the audit revenues have averaged about a billion a year. Do you think the estimates for audit collections in the Plan are realistic given that?

DIRECTOR JIHA: The challenge you have with audit is it's really hard to forecast because you're talking about large swings in audit revenues because they come from large audits and they span multiple years of prior liabilities so it's not easy to basically forecast. For instance, this year we got a large audit, 500 million dollars. That caused a huge swing in the audit. How many of this (INAUDIBLE) can you predict every year to know for sure whether you're going to get them so what we tend to do is basically try to baseline what we have historically, what we get from the Department of Finance, and adjust them as the year progresses.

CHAIRPERSON BRANNAN: Something the Council has called for and others as well is hiring

more auditors at DOF. Do you think that should be a priority?

DIRECTOR JIHA: I fully agree with you. I was DOF Commissioner for a long time, and I beefed up that entire operation. I remember bringing audit revenue up from 600 million dollars to over a billion dollars, but the challenge that you have is retention and recruitment of these folks because you train them, the big four, the big accounting firms come and grab them. They pay them better, a lot of money, and so you cannot retain them. That's the challenge. It's recruitment and retention of these folks, but it's a very, very, very good investment.

CHAIRPERSON BRANNAN: Okay. I'll turn it over to Speaker Adams for some more questions and then I'll turn it to my Colleagues.

SPEAKER ADAMS: It's just one question. Thank you, Mr. Chair.

I think you saw a lot of head-scratching about 10 minutes ago with one of your responses. Mr. Director, were you able to watch any of our executive hearings with the City agencies, which their testimony completely contradicted what you just said in that services were not impacted? You seem to be

very emphatic about that stance, but there were agencies that emphatically contradicted what you just said.

DIRECTOR JIHA: Madam Speaker, I hear you. I'm the architect. I know what I do, and I know what I don't do.

SPEAKER ADAMS: Did you watch any of the hearings...

DIRECTOR JIHA: As I said to you, a lot of these things were estimates and underspending.

Listen, every agency head loves to have those resources at their disposal. Let me give an example...

SPEAKER ADAMS: That's not the question.

DIRECTOR JIHA: No, let me give an example. Fringe benefits, okay. You assume a fringe benefit goal of 10 percent. You spend 6 percent. If you don't re-estimate to bring it down to 6 percent, that money stays with the Commissioner. Of course, they love to have those resources at their disposal, but that's City resources. Of course, they love to have those resources at their disposal. They could do whatever they want with those resources as an agency head. But these are City resources so if we take them to deploy them for other purposes, of course they're



going to say they get cut because they know everybody is going to get excited, but I'm telling you have you your Staff do an analysis of the PEG that we just did and tell them to come back and show you where the cuts were.

SPEAKER ADAMS: I don't think that we need to do that. I think that we had them personally here to tell us of their experiences, that they have been impacted by the services. It doesn't seem to be a meeting of the mind though between OMB and the agencies so we'll just leave it there.

I'm going to give it back to my Colleagues.

CHAIRPERSON BRANNAN: Director, yesterday when DOE testified to the fringe benefit PEG, they said in the past when DOE has had extra money in fringe benefits they've been transferred to other areas to meet structural deficits so this year any agency wouldn't be able to do that.

DIRECTOR JIHA: I hear you. The only thing I'm saying to you is my job, your job, is to do this allocation. Not the Commissioner's job to take resources and spend them as they wish. That's the reason why we have a budget process. There's a budget

process. The allocation of resources is basically done between the Mayor and the City Council so our job is to basically find resources and allocate them the best way that the Mayor and the City Council find is the most efficient way and the best way to achieve the goals that they set for the City. It's not me as a Commissioner to say, you know what, hey, leave that money in my drawer so I could do whatever I want with it. This is your job and the Mayor's job to do, so if we take savings, of course we're going to take savings all the time. Every time, there's underspending, we're going to take those savings, but, if I'm the Commissioner, I would love to have those resources in my portfolio, of course I would love to.

CHAIRPERSON BRANNAN: Okay. I'm going to turn it over to Members for questions.

Quickly, we've also been joined by Council Members Hanif, Hudson, and Won.

Okay, we're going to start with Brooks-Powers followed by Ayala.

COUNCIL MEMBER BROOKS-POWERS: Thank you, Chair, and thank you, Director, for your testimony.

A couple of things. I won't belabor the staffing piece even though there were some things that made my antennas go up as well, but we know that New York City is in a staffing crisis. We have heard consistently from agency heads across these hearings that the staffing is a major concern, which I won't, like I said, belabor, but can you update us on the Administration's plan to offer remote working opportunities and what is the status of the Remote Work Committee that was agreed to as a part of the DC37 contract, will the remote work pilot be implemented by June 1st as called for in the pilot, and in what categories of City employment are we seeing the highest vacancy rates.

I have a separate question regarding M/WBEs. In February, the Comptroller put out a report on M/WBE procurement, and the findings were unsettling. M/WBEs accounted for only 2 percent of the value of all City contracts and purchase orders registered in Fiscal Year 2022. How many City agencies met M/WBE utilization goals for Fiscal 2022, how is OMB working to hold the City agencies accountable to these goals.

My last question, I'm sorry, I just want to make sure I get them all out in the time, but earlier this month the Governor issued an Executive Order declaring the state of emergency just before Title 42 expired. The Governor said this would allow the State to more effectively provide the City help including by making it easier for the State to buy food and supplies for asylum-seekers. What impact has this emergency declaration had over the past few weeks? The Order is set to expire in early June. Do you know whether the Order will be extended?

I can repeat anything you need me to repeat.

DIRECTOR JIHA: I'm going to turn to Ken Godiner who will provide you an answer regarding the pilot that we had with DC37. Ken.

FIRST DEPUTY DIRECTOR GODINER: Let me just answer that question. We are in continued discussion. As you mentioned as part of the DC37 contract, we created a Work Flexibility Committee with representatives both from management and the union to explore work flexibility. That Committee's work is ongoing. The expectation is that there will be an agreement and a commencement of rollout by the

first of June. We're going to work closely with all aspects of flexible work, not only remote, so we're continuing these discussions and we hope to reach an agreement. We'll obviously update the Council when an agreement is reached.

DIRECTOR JIHA: Regarding the M/WBEs, I would have to come back to you with the specific answer to that question because I would have to talk to the folks in the Mayor's Office to get the actual data.

When it comes to the Executive Order, the State...

COUNCIL MEMBER BROOKS-POWERS: Before you pass on, just how is OMB working to hold the City agencies accountable as it pertains to the goals though? I know you'll get back to me with the actual numbers but like in terms of what is the stick in the carrot and stick dynamic for OMB to hold them accountable?

DIRECTOR JIHA: The Mayor's Office of M/WBE basically manages that entire program, working with the different agencies to basically monitor what they do, and, as you know, the Mayor just hired a new person to basically revamp the entire program, and

Michael Garner is working very hard right now and working with OMB to make sure he has the resources that he needs to make sure to redirect the program to make it a more effective program. As I said, I'd be more than happy to have Michael come and meet with you, sit down with you to tell you exactly the kind of (INAUDIBLE) the kind of things that he's putting in place to ensure that the new program achieves its goals.

Regarding the Executive Order, the Executive Order did not come with any new funding. It basically allows the Governor to appropriate the funding more quickly, but there was no new funding associated with it. I cannot tell you whether or not it will be extended. I will defer to the Governor's Office. Again, I'm assuming given the scope of the challenges that we're dealing with that it would probably be extended, but I don't have any sense for sure that it would be extended. I would have to defer to the Governor's Office.

COUNCIL MEMBER BROOKS-POWERS: Thank you.

DIRECTOR JIHA: Okay.

CHAIRPERSON BRANNAN: Council Member Ayala followed by Brewer.

COUNCIL MEMBER AYALA: Thank you. Good afternoon, I think. I'm not sure what time it is.

I have a couple of questions so I'll ask them and then allow you to respond because I don't want to run out of time. Regarding the HASA SRO spending, the baselined budgeted amount is 16.6 million, and we know that routinely we spend a lot more than that and, while the City has been really great about adding the additional dollars, the question is why hasn't a baseline budget adjustment been made if HASA emergency housing is an entitlement program and actual expenditures in recent years continually have outpaced the level of the baselined budget?

Question number 2 is regarding the baselining of prevailing wage for increase in the DHS shelter guards. That is law. I'm not sure why the prevailing wage increase hasn't been baselined if it's legislatively required. I think the same goes for the mental health at shelters. The Unlocking Doors pilot program in the Executive Budget, it was announced that 10 million at DSS for preservation bonuses for landlords who can receive up to 25,000 each to renovate rent-stabilized units in exchange

for agreeing to rent to CityFHEPS voucher holders, and, as we all know, it is already illegal to refuse to rent to CityFHEPS voucher holders. How does the Administration justify giving 25,000 dollars to landlords to fix up their own rental investments and follow the law on source of discrimination and why is the 1.2 million in HPD funding set aside to hire temps rather than civil servants.

My final question is supportive housing. In the Fiscal Year 2024's Executive Budget, there was a cut of 20.5 million across the plan for the New York City 15/15 supportive housing rental assistance at HPD. Where is the (INAUDIBLE) New York City 15/15 supportive housing program targets broken out by congregate and (INAUDIBLE) site housing.

I kind of lied. The last last question is Promise NYC. We really championed this last year. We loved it. We believed that the Mayor loved it as well. I saw a whole page dedicated to it on his website. It seems like it's been successful. We need to increase it, not cut it, and so I want to get your thoughts on where we are with that.

DIRECTOR JIHA: Let me see if I could get all of it.



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2 COUNCIL MEMBER AYALA: I'm happy to  
3 repeat.

4 DIRECTOR JIHA: Let's start with HASA. We  
5 are currently monitoring the census trends, and we  
6 will adjust the budget as needed.

7 COUNCIL MEMBER AYALA: Why?

8 DIRECTOR JIHA: Because the needs keep  
9 changing, and you don't have a real true baseline of  
10 these things. Listen, this is an entitlement. It will  
11 be funded, and it's not a question of whether or not  
12 it's going to be funded. It will be funded. It's just  
13 a question of we keep monitoring the trend to make  
14 sure we put the appropriate money as needed over time  
15 so I wouldn't lose sleep over, it's an entitlement  
16 program and it will be funded.

17 Prevailing wage, same thing here again.  
18 We are in full compliance with all the laws regarding  
19 wage, and we will continue to commit to the safety of  
20 our workers. The obligation is fully funded in Fiscal  
21 Year 2023. For the outyears, again, we'll assess the  
22 optimal funding level as we proceed.

23 COUNCIL MEMBER AYALA: But it isn't  
24 baselined.

25 DIRECTOR JIHA: Again, as I said...

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2 COUNCIL MEMBER AYALA: I get it, but it's  
3 law. It's not going to change.

4 DIRECTOR JIHA: I understand, but, again  
5 as I said, we will assess the need as we go forward  
6 and continue to add the resources to it.

7 Unlocking the Doors. This is dealing with  
8 the, talking about 25,000 dollars that's given to  
9 landlords for renovation. Again, I hear you but from  
10 our perspective, we believe that the landlords needs  
11 some incentive to renovate and make these units  
12 habitable when they bring the units online that  
13 would've been held vacant and how folks can use them  
14 with CityFHEPS vouchers.

15 What else? Talking about the supportive  
16 housing, the 15/15. I believe we are on target. Am I  
17 correct to say...

18 FIRST DEPUTY DIRECTOR GODINER: Yeah.

19 DIRECTOR JIHA: We are on target.

20 COUNCIL MEMBER AYALA: Well, the budget  
21 was cut by 20.5 million.

22 DIRECTOR JIHA: I think it was cut because  
23 of underutilization. I think so. Let me see exactly.  
24 Again, I will get back to you on this. Oh, yeah.  
25 There were construction delays. That's the reason.

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2 There were construction delays from COVID, and that's  
3 the reason why we ended up with some underspending  
4 and, as a result, we took those underspending  
5 savings, but there's not been any cuts. Again, as I  
6 said, there's a lot of misconceptions about those  
7 things. The money wasn't spent so the money wasn't  
8 spent so we take the savings. When they are needed,  
9 we will re-appropriate those resources.

10 COUNCIL MEMBER AYALA: Okay. The last  
11 question was on the Promise NYC program.

12 DIRECTOR JIHA: Oh, Promise. Yes, this is  
13 a very good program to be honest with you. Like you  
14 said, we will monitor it and be part of the  
15 discussion as we move toward adoption with the  
16 Council.

17 COUNCIL MEMBER AYALA: Okay. I appreciate  
18 it. Thank you.

19 DIRECTOR JIHA: Okay.

20 CHAIRPERSON BRANNAN: Council Member  
21 Brewer followed by Powers.

22 COUNCIL MEMBER BREWERS: Thank you. How  
23 many vacancies does OMB have? Do you have any  
24 vacancies?  
25

DIRECTOR JIHA: I'll come back to you with that answer.

COUNCIL MEMBER BREWERS: The reason I'm asking is you have said over and over again if you have a vacancy then you need to fill it in order for us to...

DIRECTOR JIHA: We are very close. Listen. This is one agency that actively recruits folks. We're not passively waiting for folks to come and apply for jobs.

COUNCIL MEMBER BREWERS: I know.

DIRECTOR JIHA: We actively go, we work with universities, we go to the universities, we actively recruit folks to come to (INAUDIBLE)

COUNCIL MEMBER BREWERS: All right, let me give you an example. DOI, because I believe strongly in oversight agencies, Board of Correction, CCRB, Equal Employment, DOI, I them to be baselined. They're actively recruiting. You cannot recruit an attorney because of the lack of hybrid in the City of New York so I guess what my point is with DOI, for instance, they're actively recruiting, but can they continue to get their budget that they need and would it be baselined? It's hard to tell somebody oh, you

can only work for a year. How do you handle something like that on a really important oversight agency?

DIRECTOR JIHA: I don't know what else to say. If you have vacant positions, you have budget authority to hire people. I don't understand...

COUNCIL MEMBER BREWERS: But they can't get anybody because of the lack of hybrid.

DIRECTOR JIHA: I understand that. That's the reason why we're working...

COUNCIL MEMBER BREWERS: Only two agencies are going to get hybrid, not DOI.

DIRECTOR JIHA: That's the reason why we're working on the pilot to get to create some kind of flex work for City employees...

COUNCIL MEMBER BREWERS: Okay, but then they shouldn't be cut...

DIRECTOR JIHA: But they have the budget authority.

COUNCIL MEMBER BREWERS: I know, but they can't hire. That's why I was asking you what your vacancy is, and you can't hire.

DIRECTOR JIHA: We hire.

COUNCIL MEMBER BREWERS: How many vacancies do you have?

FIRST DEPUTY DIRECTOR GODINER: The number varies obviously every week, but...

COUNCIL MEMBER BREWERS: Okay, I'm just trying to make a point.

FIRST DEPUTY DIRECTOR GODINER: We have less than 20, and it's generally...

COUNCIL MEMBER BREWERS: And so does DOI. Okay, but I'm just letting you know...

FIRST DEPUTY DIRECTOR GODINER: And that's not because we don't lose people, it's because we are constantly recruiting and hiring.

COUNCIL MEMBER BREWERS: Everybody's constantly recruiting. Nobody wants to work for the City of New York because of the lack of hybrid. I've been saying that from the beginning.

FIRST DEPUTY DIRECTOR GODINER: Our vacancy rate is not that high.

COUNCIL MEMBER BREWERS: Okay, I'm just, you have a problem with that.

Let me just ask also, I'm really concerned about the non-profit community, particularly DHS and HRA. Goodness knows these human service agencies do great work. My question is they feel that there's parts of their contract that have

underspending because, it's not that they don't need the money, it's that the terms of the contracts offer little flexibility so they can't make the budget adjustments so there's two things. One, they need a COLA. Why are you not able to support that COLA, and why are the contract terms so inflexible? Will you be able to change that? These agencies are the heart of our City now and into the future.

DIRECTOR JIHA: With what we just did with them, we'll be giving them the flexibility. The way these things work is they currently spend 95 percent of their money, and we come on the backend and take the 5 percent as savings every year. What we're doing right now, we're saying to them instead of us taking the entire 5 percent, we're going to give you 2.5 percentage points of the 5 percent so you could use it for COLA, you could use it to recruit, you could use it for whatever you need, so this is a much better model for them because that would give them the flexibility to use those additional resources that we provided to them.

COUNCIL MEMBER BREWERS: I understand that's what you're doing. I don't know that they're completely happy so my question is do you sit down

with them to see if there are other ways that they could be even more flexible because of the lack of recruiting and the lack of staff salaries. Like you said, you train people in finance and they went to the big four. They train people in getting SNAP benefits and people go to the hospitals to make more money so you really do need to find something that works for them. Is that something that you're willing to do but even more than what you're suggesting?

DIRECTOR JIHA: We are willing to sit down with DSS and work with them to provide them as much flexibility as they can, but we believe that the model that we just created for them is a much better model than they had before.

COUNCIL MEMBER BREWERS: Okay. Down the line for the FEMA, I know you said there's 2 billion, I guess, that you still haven't spent. I understood it was 4 because you've got a problem in Washington with the folks who want to deal with figure out what the deficit is and the Republicans are giving the President a hard time so it might be that that FEMA money has to be spent even faster. My question to you is can you give us a breakdown, I know you're going to do it or maybe it's available for the current



asylum, but this is money from the past, can you give us a breakdown as to what that has been spent on and what the 2 will still be spent on?

DIRECTOR JIHA: We are working with the State and the feds. Currently, like you said, we have about like 4 billion dollars.

COUNCIL MEMBER BREWERS: I understood it was 4. I think you just said 2.

DIRECTOR JIHA: No. The 2 was the stimulus.

COUNCIL MEMBER BREWERS: Okay.

DIRECTOR JIHA: Okay. We're talking about what's at stake.

COUNCIL MEMBER BREWERS: Okay.

DIRECTOR JIHA: That's about 4 billion dollars that has been spent, and we have no drawdown from FEMA. We are working with the State and the feds to draw down as much money as possible so that is where we are right now.

COUNCIL MEMBER BREWERS: All right. Just finally, the MSG is going to supposedly owe 10 million dollars. Is that something that you're going to ask for in terms of their taxes? Madison Square Garden. They could this year or next year owe us 10

million dollars. Is that something that you will be requesting?

DIRECTOR JIHA: If they do owe us that money, we would be going after it. I mean I would defer to DOF for this question because I don't know the details.

COUNCIL MEMBER BREWERS: Okay. I think you should do it. Thank you.

CHAIRPERSON BRANNAN: Okay, we have Powers followed by Barron.

COUNCIL MEMBER POWERS: Thank you. Sorry, Council Member Restler. I'm over here. Just going to do a few questions and then I'll hand it over to Colleagues.

On the asylum-seeker spending and coordination, in the last week or two we've had various agencies who are involved in that. HPD has a shelter, H and H are involved in shelters. What is the coordination that's happening between those different, OEM and DFTA, litany of acronyms that are involved in that including running the HERRC programs, and, when you talk about studying metrics, measuring how they're doing, coordinating services, who is ultimately in charge of making sure that all

those various entities and agencies, if you're trying to measure how we're doing in terms of even re-housing people, who's tracking that?

DIRECTOR JIHA: Currently, we have Molly Schaeffer who is the point person at City Hall working with the Chief-of-Staff and the Deputy Mayor...

COUNCIL MEMBER POWERS: And they are getting reporting from every single agency?

DIRECTOR JIHA: They are basically coordinating all this work that is taking place among all City agencies.

COUNCIL MEMBER POWERS: Okay, and then when we talk about the various agencies that are involved in that, one might presume there might be redundancy in services or efficiencies that might be found if they were all housed under one agency and able to better coordinate on different vendors. How are we ensuring that we are not being redundant or inefficient in terms of how we're spending money?

DIRECTOR JIHA: That's the reason why we have the Office of Asylum-Seeker Operations managing all these different aspects, working with each of the staff, overseeing contract negotiations, finding

places for folks, and they're doing all the coordination, working with the different agencies.

COUNCIL MEMBER POWERS: Are you concerned there might be inefficiencies or redundancies or spending...

DIRECTOR JIHA: In light of the kind of emergency that we're dealing with, of course, there will be. I can't say this is the most efficient operation because you're dealing with an emergency. We're dealing real-time emergency. You have to find space for 900 people tonight and where do you go, what do you do? This is what you're talking about.

COUNCIL MEMBER POWERS: Okay. Switching topics just for a second. Last year as part of the conversation as we were talking about the school budgets, one of the things we were talking a lot about was, myself, Council Member Brannan, Council Member Osse, others who were talking about it, arts enrichment, culture. With so many jobs that were excessed, look, I understand there have to be efficiencies in budgets but sometimes where they go to get those efficiencies are in places where we all want to make sure there is still enrichment. One of the things we've been talking about and talked to

your Administration about last year was around arts education in the classroom and making sure that as those changes happen we don't lose enrichment and asking for extra money to be in the budget to allow every school to ensure they have an arts education. I want to thank Chair Brannan for leading that. Do you guys in the Administration have a position on that and supporting any extra funding that might go towards ensuring that no school building would lose an arts teacher, even as they're making changes to their school budgets?

DIRECTOR JIHA: As you know, the Chancellor announced yesterday that we are going to hold all schools harmless this year. Again, we have a lot of needs, but education is always a priority for everyone. If there are more resources available, we'll always look at art education to see what can be done more. Again, we're dealing with a lot of big crises at this moment in time that requires a lot of resources so therefore we have to prioritize those resources to try to deal with the crisis that we have to deal with at this moment in time, but, again, as we approach budget adoption and budget negotiation, if we find that there are resources available to deal

with certain things that we believe are priorities,  
we will address them.

COUNCIL MEMBER POWERS: All right. I'll  
end there because I'll consider my time. Thanks.

CHAIRPERSON BRANNAN: Council Member  
Barron followed by Restler.

COUNCIL MEMBER BARRON: You know you got a  
lot of nerve. You do. You got a lot of nerve. You're  
going to come here, arrogantly say we don't take  
revenues into consideration. This is your second  
year. I've been here 14 years. People on this panel  
have been here 10 times longer than you. You're going  
to sit here and say we only look at revenue, we only  
look at revenue. Let me tell you something. We look  
at revenue and expense, and when we look at revenue  
and expense there's a surplus in this budget, not a  
deficit. When we look at revenue and expense, there  
was 2 billion unexpected revenue, 2023-2024, another  
900 million on top of that so we're looking at 4 to 6  
billion in unexpected revenue, 8.3 billion in the  
reserve budget, so you're talking about maybe 14, 15  
billion dollars and when we add the expense, you're  
over-bloated asylum-seeker expense, I believe in  
IBO's budget, when you add the expense of 4.3

1 billion, and you say, okay, we might get 600 million  
2 from the State, may not, the feds might, got a  
3 billion from the State, that expense, expense,  
4 expense is lower. When you look at the budget, your  
5 expense for the unions, you said 16 billion, you  
6 might need another 4 billion. Well, tell Mayor Cop  
7 Adams he shouldn't have given so much to the PBA, 4  
8 percent increase, and then retroactively 2 percent  
9 increase from 2017 to the present. Oh, you didn't  
10 have problems with revenue/expense then, taking care  
11 of the police. What about this? 164-billion-dollar  
12 capital budget, and you can't take care of NYCHA? 164  
13 billion dollar, 10-year capital budget. About the  
14 cuts, let's cut the nonsense, PEGs, savings. You  
15 sound like Donald Trump. That's what he says when he  
16 was doing the federal budget. We're not cutting  
17 Medicare. It's savings. You're cutting. You're  
18 cutting the agencies, and the Speaker was correct.  
19 You heard them, you heard, we don't have to present  
20 you with anything. You heard the hearings. People  
21 said there will be service cuts. Matter of fact, in  
22 your presentation you said every agency submitted  
23 savings, cuts, that met their target. However, after  
24 reviewing cut submissions, you said PEG, the Mayor  
25

determined that some agencies could only make their target by reducing services. That's in your presentation so don't come here insulting us like that. Matter of fact, my message to the Council. We should use the Council's power. We pass the budget, not him, so that we put his arrogance in check and let him humbly come to the table and seek a budget that is people-friendly, not a Republican, conservative, austerity budget. I don't have any questions for you because you're arrogant, and I don't like arrogance. It's all right to be assertive. It's all right to be passionate, but to be arrogant is uncalled for, and the way you spoke to the Speaker and our Chair, I don't appreciate it, and I have problems, I fight with them too, but with you coming like that, I feel funny defending them because I'm going to be battling them. This Chair don't even want me to talk half the time, so you know...

CHAIRPERSON BRANNAN: Charles, you can have as much time as you need.

COUNCIL MEMBER BARRON: You know I must be livid because any time you can get me to defend him I must be very livid, but on a very serious note, there's a different picture of the City. This City



will have a surplus this year, we'll have a surplus next year. In the 14 years, you have two, in the 14 years in doing budgets, every projected budget, it never stood up to the projection. We've always wound up with a surplus, and the 8.3 billion that you're projecting that we have and you project there will be a surplus next year, and when you say later down the road 4 to 5, 6 billion, the economy is recovering, and I know capitalism is cyclical, that's why I'm a socialist, capitalism is cyclical, it has its ebbs and flows, but we are not in the position that you're saying we're in. This is a budget surplus year. The agencies are being cut unnecessarily. You don't have to pit the agencies versus the asylum-seeker money, and that's the way you have us fighting each other and then you're throw in the union money, but there is enough money in this budget to take care of the struggling working people of this City.

Finally, if we want to bring crime down, we don't need an 11-billion-dollar police budget. Matter of fact, when you add the fringe benefits onto the 56 or 61, they have an 11-billion-dollar budget, they have a billion-dollar-plus capital budget. I think that that's bloated, and we could bring down as

poverty, there's no real amounts of money to deal with poverty, unemployment, and mental health. This is what creates crime. I don't know of a person in New York City that gets up in the morning and decides to be a criminal because there's not enough police. They're desperate. They don't have jobs. These are the things, this budget is a disgrace. When we have this kind of money. Even the 229 billion from the State should've been way better for the people of this State to deal with poverty and unemployment, and you make it so convoluted and confusing to people because people don't sit down and read these budget documents, nobody has time to do that, so I think that you are arrogant, I think you're off in your analysis of the budget, I think there is money to take care of poverty, unemployment, mental health, and we don't need agency cuts, and I'm not asking you a question. Thank you.

CHAIRPERSON BRANNAN: Okay, we have Council Member Restler followed by Krishnan.

COUNCIL MEMBER BARRON: Oh, I'm sorry. I do have one. I'm sorry. The other thing you said, we're swapping. Did y'all hear that? We're swapping capital money with expense money. Now, every time I

called up OMB to try to use some of my capital money for expense, I was told that could not happen, but here you're saying oh, the capital money is going to be swapped for the expense money in NYCHA. Really? Well, I have a bridge to sell you. It's the Brooklyn Bridge.

CHAIRPERSON BRANNAN: Council Member Restler followed by Krishnan.

COUNCIL MEMBER RESTLER: There is no harder act to follow than Council Member Barron. Thank you for expressing those points and thank you to Chair Brannon for your leadership. Jacques, Ken, Latonia, and the whole OMB staff, it's good to see you all. Thank you for your work.

I was impressed by a Fiscal Policy Institute brief that came out this morning that recognized for 10 years in a row, every single one, NYC's projected budget gaps have been completely and fully, totally eliminated by revenues that exceeded expectations, 10 years in a row. Conservative budgeting for the outyears is a reasonable fiscal practice for sure. It is not a rationale for harmful cuts that are hurting our communities, that are undermining our recovery, but, tragically, that's

exactly what your Executive Budget does. You want to talk about eliminating re-entry programming in our jails with no real replacement at all on 45-days' notice, eliminating millions of dollars in home meals for seniors who have no other way to get their food, eliminating congregate meals in our senior centers, hundreds of Parks opportunity program workers who were cut. These are people on public assistance who are cleaning our parks. ACS, mental health services, and family courts, 50 million dollars for supportive housing, the most effective evidence-based solution to addressing the homelessness and mental health crisis that we face in this city. These cuts are indefensible, and they don't make sense in the fiscal climate that we're in. We have the resources to fill these gaps.

The first question I just want to ask is how is OMB determining whether programs have low usage or lack of demand or if they've just been starved by the fact that you've dramatically reduced the head count and hiring in New York City and we don't have the staff to actually implement the programs that we need? Just brief answers if you could because I know the Chair is going to try..

DIRECTOR JIHA: All these programs just mentioned and the savings that we're taking from these programs are underspending savings. So what do you want us to do if an agency for a particular year underspends their budget? What do you want to do? Keep the money in the agency budget? I'm asking you a question. I'm asking a simple question.

COUNCIL MEMBER RESTLER: I'm going to answer it. No, it's a real question.

DIRECTOR JIHA: I'm asking a simple question.

COUNCIL MEMBER RESTLER: Director Jiha, your job title is the Director of Office of Management and Budget. It's not just the budget part, it's the management part, and so if the Department for the Aging needs help executing on their programs then we're looking to OMB and the Mayor's Office for help in providing that support. It's not to eliminate meals for seniors that have no other place to get them. We need you to help execute on these programs more effectively. That is what we are asking you to do.

DIRECTOR JIHA: What I just asked you, a simple question.

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2 COUNCIL MEMBER RESTLER: Yes.

3 DIRECTOR JIHA: The underspent budget, so  
4 what do you do? Just keep the money in the budget or...

5 COUNCIL MEMBER RESTLER: I'm asking you to  
6 work with the agencies...

7 DIRECTOR JIHA: A simple thing I'm asking  
8 you (INAUDIBLE)

9 COUNCIL MEMBER RESTLER: (INAUDIBLE) Work  
10 with the agencies to make sure that they have the  
11 support that they need to execute on these programs.

12 Look, this is the real point. We have  
13 25,000 vacancies in City government. That's not to  
14 mention the thousands of positions that you all have  
15 eliminated altogether. We're talking about nearly 10  
16 percent of the City workforce that has just gone.

17 Now, the thing that troubles me so much in the  
18 budgeting documents that we've reviewed from you is  
19 that a majority of the expense budget is personnel  
20 cost, wages and salaries, fringe, pension. Yet, with  
21 all of these vacancies, with all of this clear  
22 underspending, we're not seeing any of it reflected  
23 in the budgeting documents. Shouldn't we see 8 or 10  
24 percent with the vacancy rate that we have in the  
25

City of New York underspend on personnel cost for this Fiscal Year and reduced spend for next year?

DIRECTOR JIHA: Yes. There is underspending. We took all the savings. We took about 4.7 billion dollars in savings since last June, and, listen, all this new spending we're doing, whether it's for asylum-seekers, labor settlements, basically have been paid for by savings, they have been paid for by better-than-anticipated tax revenues so the notion of, it's not like we take the savings and don't reallocate them somewhere else. Those savings have been reallocated so far, despite all the crises that have been thrown at us, we have not raised taxes one penny, we have not cut services to citizens of the City. There are no cuts to classrooms. Nothing, so from my perspective, you have to understand the decisions that have been made, if resources are not spent here and we took those resources and reallocate them, what's wrong with that?

COUNCIL MEMBER RESTLER: With all due respect, Director Jiha, to say that there have not been cuts is to lie to our faces.

DIRECTOR JIHA: No, no, no. Don't call me a liar. Please.

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2 COUNCIL MEMBER RESTLER: I have a lot of  
3 respect for you, but that's just not true.

4 DIRECTOR JIHA: No, no, no.

5 COUNCIL MEMBER RESTLER: It is  
6 disingenuous.

7 DIRECTOR JIHA: Don't say I'm lying under  
8 oath.

9 COUNCIL MEMBER RESTLER: How are you  
10 saying (INAUDIBLE) cuts?

11 DIRECTOR JIHA: Because I'm saying to you...

12 COUNCIL MEMBER RESTLER: There are cuts to  
13 our programs. You want to talk to the folks who do  
14 yoga at my neighborhood library who've had that  
15 program eliminated because the Brooklyn Public  
16 Library has experienced cuts. These are cuts.

17 DIRECTOR JIHA: Listen, I have all respect  
18 for you, but don't call me a liar.

19 COUNCIL MEMBER RESTLER: Okay.

20 DIRECTOR JIHA: Okay. I'm telling you what  
21 we did is basically take underspending, all right,  
22 you have a program, the program doesn't spend all the  
23 resources for the particular year, there is money  
24 left over. We took the savings and reallocate them to  
25



other places. You don't like that we take the savings so what do you want us to do with that?

COUNCIL MEMBER RESTLER: I apologize for my word choice, but I don't...

DIRECTOR JIHA: Keep those resources...

COUNCIL MEMBER RESTLER: The point that I'm making is clear.

DIRECTOR JIHA: Is that what you're saying?

DIRECTOR JIHA: I apologize for my word choice, but the point I'm making is clear. What you all are calling efficiencies, our communities are experiencing every single day as cuts. These are cuts, and these are cuts that are harmful, and what I am really struggling with is you all are saying that you're prioritizing hiring, you're saying there's a big push around hiring halls. When we review the data in the City record, we see that agencies are shrinking, not growing. DSS had a net loss of 20 people in the first few months of 2023 because their new hiring is not keeping up with the folks that are leaving so what I'm struggling with is why we have 25,000 vacancies, when we're not making any progress on hiring, why when we look to next year's budget

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2 does our personnel cost go up? Shouldn't we have  
3 savings right now to spend to fill all of these cuts  
4 and fill all of these gaps? Shouldn't we have savings  
5 next year that are shown in the personnel cost?

6 DIRECTOR JIHA: Of course, we took the  
7 savings. You want to take this on?

8 FIRST DEPUTY DIRECTOR GODINER: What  
9 you're suggesting then is that we eliminate all of  
10 the vacancies, right?

11 COUNCIL MEMBER RESTLER: I'm not  
12 suggesting we eliminate all the vacancies.

13 (INAUDIBLE)

14 FIRST DEPUTY DIRECTOR GODINER: How else  
15 can we allocate the money to...

16 DIRECTOR JIHA: It's just mindboggling.

17 FIRST DEPUTY DIRECTOR GODINER: To what  
18 you want unless we eliminate the vacancies, right?  
19 That's where the money would come from. We say to an  
20 agency well, you have a budget of 200, you have 10  
21 vacancies, but you're not going to fill those so  
22 since you're not going to fill those...

23 DIRECTOR JIHA: We took them away.

24 FIRST DEPUTY DIRECTOR GODINER: So we take  
25 them away and then...

DIRECTOR JIHA: We took them away from you. That's what you're saying. I mean it's mindboggling. I'm listening to you. It's mindboggling.

COUNCIL MEMBER RESTLER: I'm trying to get an understanding of where we are and where we're going. We're not seeing any of the savings from this year in the underspending where there should be 8 or 10 percent of personnel cost that we have saving that we have savings that we can be reinvesting to fill all these gaps and holes.

DIRECTOR JIHA: How do you think we are paying for the asylum-seekers? How do you think we're paying for all of these other things that we're doing?

COUNCIL MEMBER RESTLER: We want to see that reflected in the agency budgets.

FIRST DEPUTY DIRECTOR GODINER: Where else would it be?

DIRECTOR JIHA: Where is it going to be? Don't you look at the budget themselves and see where the money has been reallocated to? That's what we do. You take money from one place and then reallocate it

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2 where there's a need. That's what we've been doing.

3 This is not magic.

4 COUNCIL MEMBER RESTLER: So there's 8 to  
5 10 percent in savings on the accruals that we've had  
6 in underspending on personnel costs that have been  
7 reinvested in other resources? Could we get a  
8 breakdown of how those resources have been spent,  
9 where the underspending has occurred at each agency,  
10 and how it's been reallocated?

11 DIRECTOR JIHA: Of course, we'll provide  
12 you all that information.

13 COUNCIL MEMBER RESTLER: That would be a  
14 very helpful breakdown for us to have because I think  
15 we've been in the dark on how the migrant spending is  
16 actually occurring, and, unfortunately, the  
17 Administration has tried to pit migrant spending  
18 against the other needs in our communities which we  
19 don't want to do in this Council. We celebrate our  
20 sanctuary city status in New York City. We want to  
21 make the necessary investments to welcome asylum-  
22 seekers while also continuing to support our  
23 communities.

24 FIRST DEPUTY DIRECTOR GODINER: With a  
25 fixed level of revenue, right?

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2 COUNCIL MEMBER RESTLER: Sure.

3 FIRST DEPUTY DIRECTOR GODINER: There's  
4 always going to be a tradeoff. If you only spend 100  
5 dollars, right, you can only buy so much chewing gum  
6 and so many baseball cards. You can't get the most  
7 you could of both, and that's the problem. We only  
8 have the revenue we have.

9 COUNCIL MEMBER RESTLER: We welcome to  
10 review a clear breakdown...

11 DIRECTOR JIHA: We will share with you all  
12 the information that you want. We'll provide you the  
13 PEG books so you can see exactly the savings, the  
14 kind of savings that we had, and you could have your  
15 Staff review the savings, and you could form your  
16 opinion about whether or not there were cuts to  
17 services like you said or there was underspending  
18 that we took those savings and then reallocate those  
19 savings to fund other things that are priorities  
20 right now.

21 COUNCIL MEMBER RESTLER: One last question  
22 and then, I apologize for going over. Just on the  
23 Department of Correction, there are a number of  
24 investments that we as a City could make to reduce  
25 the rates of incarceration in New York City, to

invest in supervised release, to invest in justice-involved supportive housing, to invest in alternatives for incarceration. All of these investments could allow us to reduce DOC spending, which costs hundreds of thousands of dollars per year to hold the detainee, and we, of course, have seen a growing number of detainees in DOC custody. Are those investments that you all are considering, could we see more proactive investments that could reduce the DOC population and save the City money and improve safety in our communities?

DIRECTOR JIHA: We all agree with you (INAUDIBLE) the objective that you have in mind. That is the reason why we have invested so much money in the CMS programs that we have to make sure that we try to eliminate the problem we have of people leaving and coming back and staying in the jail system at Rikers. Again, we'd be more than happy to sit down with you to work to see what better solutions, better programs that you are working on to develop. We're all ears because we all have the same objective, the same goals.

COUNCIL MEMBER RESTLER: I appreciate that. These are not new programs or new ideas.

Justice-involved supportive housing has been underfunded for years. We haven't gotten the number of units brought online that we need. Supervised release is an evidence-based successful model. We need to develop expanded capacity in that program. We need more re-entry hotels so that judges have housing solutions other than sending people away to incarceration. These are investments that we can make. We have to spend to save, and they'll deliver better outcomes for the people who we're trying to help as well as for safety in our communities.

DIRECTOR JIHA: Very happy to continue to discuss with you in terms of funding levels going forward.

COUNCIL MEMBER RESTLER: Thank you.

CHAIRPERSON BRANNAN: Council Member Krishnan followed by Dinowitz.

COUNCIL MEMBER KRISHNAN: Thank you so much, Speaker Adams, Chair Brannan. Thank you, Dr. Jiha and OMB staff, for your testimony today.

My first question is there is, as we've heard before, a 1.8-billion-dollar difference in revenue projections that we as the Council sees and that OMB sees, 926 million in FY23, 909 million in

FY24. Before going to the expenses, I'll get to that in a minute, I'd just like to understand, Director, do you plan to recognize that immense budget difference, that difference in projections for revenue and, more critically, because the timing does matter, if you do plan to recognize it, when do you plan to recognize it?

DIRECTOR JIHA: At this point in time, as I said, we are monitoring closely the tax collections because, as you can imagine, we had a very good month of April. When I say very good month of April, it's because we were very conservative in our forecast so it's not like we have a decline in personal income taxes. Let's get it right. We had a decline but because we were more conservative so therefore we have better expected revenues, but year-over-year we have a drop so we're monitoring to see what's going on because we had a good month of April but what we're seeing in the month of May is an uptick in refunds so at the end we don't know where we're going to land. There is likely to be better resources than anticipated, but, at the same time, as I said earlier, we're also seeing some things that we have to fund right away. We have a shortfall in federal



aid, and we had half a billion dollars in cuts that the State imposed on us that were not reflected in the Executive Budget so we will see where we land at the end of the day, but we're constantly monitoring the tax revenue forecast. If we have more than expected revenues, we will recognize it at adoption. We have no choice but to recognize it before adoption.

COUNCIL MEMBER KRISHNAN: I think that revenue difference is critical because it's the difference between where we're really seeing investments can be made in agencies and in programs rather than cutting from them, and when the timing of that recognition of that difference in revenue projections is also very critical too so I think it is urgent and important that, at this point the Council's estimates, IBO's estimates, they've all converged around the same thing so I just think that it's pretty clear what the revenue is going to be, and the sooner that OMB recognizes that it can make a huge difference in how we look at this budget.

DIRECTOR JIHA: Of course.

COUNCIL MEMBER KRISHNAN: On that point, I think Council Member Restler cited the Fiscal Policy

Institute report that came out this month too, which I think is very instructive, because one of the things that you had mentioned before was about conservative budgeting. When we're looking at conservative budgeting, regardless of how you see it as an economic practice, the truth is we're not talking about structural deficits. Oftentimes with conservative budgeting as is the case here, we're talking about an undercount of revenue which is exactly what we're talking about, but in this situation that undercount of revenue is resulting in preemptive unnecessary cuts to agencies, to programs and services that we need.

My next question is zooming out at the larger picture, we know the next quarter, real GDP will slow, unemployment will rise, not significantly, but New York City's unemployment rate will still remain higher than the rest of the country's, so given the practice here with the lack of structural deficits, given the larger economic picture that we're seeing, what was the reason behind the choice with this forecast to cut and reduce funding and institute PEGs from agencies rather than invest in let's say expanding outreach for early education

services, filling vacancies or leaving the money there for agencies to fill them. I do think that was a deliberate choice, and, in my view and given the economic realities we face now, you invest your way to create that prosperity, you don't cut from it or engage in austerity measures to get to that prosperity so my point is why was that choice made and how do you feel, more importantly, that taking that choice will actually, when you take away vacancies, when you prevent the ability for agencies to hire, how will that increase worker productivity and increase the tax revenue that you all I assume would want to see too to make sure that our City has a thriving economy?

DIRECTOR JIHA: At the highest level, put it this way, OMB is the only institution in the City that has the sole responsibility to make sure that the budget is balanced so, therefore, this is the premise we start with. The budget has to be balanced. Otherwise, the State takes over, which is what everybody is trying to avoid since the fiscal crisis. All right, that's the first concept. Our goal now is to try to make sure that the Mayor's and the City Council's priorities are funded within the context of

a balanced budget. All right? So this is always the starting point. You start with a general framework where you have a big constraint which is your budget has to balance every year, and, at the same time, you have to fund the Mayor's and the City Council's priorities within that balanced budget constraint so what you have to do at that point in time is you have to say to yourself, okay, should I be very liberal in my forecast and, if I'm liberal in my forecast and I turn out to be wrong, what do I do? I'm going to have to cut. Or should I be more or less conservative and add as I'm getting more and more revenues? The State just did a budget, the first month, they missed the forecast by 4 billion dollars because they had a wrong forecast of personal income tax, they already missed the forecast by 4 billion dollars, which means if you have another two or three bad months, the State is going to have to redo their forecast, they're going to have to do cuts or tap into their reserves for whatever reason. The point I'm making to you is that's one thing.

The second thing you also have to understand, a PEG is not what people see as...

COUNCIL MEMBER KRISHNAN: Sorry, Director, I don't mean to cut you off. I'm just conscious of time too. I do think the balanced budget, there are multiple ways to get to a balanced budget, and I'm going to get to that in my final question.

Specifically, in the way that you all have chosen, which I mentioned is to cut rather than invest at this time, I'd like to know, I think you all should look at the balanced budget and I think you all would in the context of ultimately what will increase worker productivity and drive up tax revenue to make for a successful economy in New York City so how do you see, in the choice that you made to approach the balanced budget this way, how do you see the cuts to Libraries, the lack of investments in early education, not allowing the agencies to fill their vacancies, how do you see that leading to increased worker productivity and an increased tax revenue?

DIRECTOR JIHA: I take issue with the premise of the question to begin with because you start with the question saying that we don't allow agencies to backfill their vacancies and, as a result, they're going to be less productive. What I'm

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2 saying to you is all agencies have budget authority.

3 They have...

4 COUNCIL MEMBER KRISHNAN: Right. I don't  
5 want to just get the premise of the question

6 (INAUDIBLE)

7 DIRECTOR JIHA: Listen (INAUDIBLE)

8 COUNCIL MEMBER KRISHNAN: I don't mean to  
9 interrupt you, but I don't want us to get into the  
10 premise of the question because we're not going to  
11 get anywhere on that. I'd just like to know the  
12 approach that you've taken, however you see these  
13 PEGs, the vacancies, the approach that you've taken,  
14 ultimately how do you see it increasing productivity,  
15 increasing tax revenue, and ultimately allowing for a  
16 successful City economy? That's all I'd like to know.  
17 Forget about how we see the premise differently. Just  
18 how do you see this, because I think that is one of  
19 the prime responsibilities of OMB, what is the  
20 justification for these measures that you've taken to  
21 actually increase productivity and increase tax  
22 revenue for the City?

23 DIRECTOR JIHA: By taking a PEG, we are  
24 making the City budget more efficient. The PEG  
25 doesn't necessarily mean cuts to services and

programs. PEGs is a lot of things. You have the estimate of a lot of the costs that we have. Like I just said earlier, you have fringe benefits. You budgeted your fringe benefits of 10 percent. You realize you're spending only 4 percent a year. What do you do? You do a new estimate. You take those savings and reallocate those savings somewhere where it's better spent based on the priorities of the Council and the priorities of the Mayor. A PEG also means revenue raisers. A PEG doesn't necessarily mean cuts to programs. It is one part of that PEG program, which is cuts, but you could also cut, if you have a big, huge vacancy pool, an agency has like 200 vacancy positions for two, three years. They cannot backfill all these positions. Cutting some of the positions is not going to hurt anything in terms of services because you're cutting vacant positions. You're not cutting heads out of the budget.

COUNCIL MEMBER KRISHNAN: Right, but I think, given the crisis that Council Member Brewer mentioned before too that New York City is having a hard time retaining and hiring workers given the lack of remote policy, so my point is the granular look that you're taking in looking at the PEGs, I think

misses the mark on the larger problem of how these measures will actually help stimulate the New York City economy given the larger economic forecast, the decrease in GDP, a slowdown coming in employment, I'm not seeing how these measures connect to that. I'm hearing a more dispassionate look at PEGs, I'm hearing balancing a budget, but I also think you have to look at that within the larger context of your job as OMB too to make sure that we have a thriving New York City economy, and I'm not sure how these measures, by omitting vacancies you're blocking their ability to hire because if they had the money they could fill them, but that's not going to increase worker productivity and it's not going to increase the tax base so I just think you have to look at these granular details in the larger context of what will help New York City's economy, but I'll move on.

I have one last question. Before getting to that, I just want to make one comment which is you mentioned Right-to-Counsel, the Speaker mentioned it before as well, as someone who fought as a lawyer for the creation of this program and understands it intimately, not just from a policy measure but also how you actually represent tenants as part of this



program, I know the issue here, for example, isn't the need isn't being met, you've got to cut back. The program itself, the strictures on the program make it very difficult to get tenants signed up for it and to be a part of the program so the issue here isn't to put less money behind it. It's to put more and allow the legal services organizations to do the work and represent the tenants they should so I just want to make that point as an important measure that we should be focusing on with the Right-to-Counsel program.

My final question and then I'm done, Chair, I promise. My final question is given all that we've talked about up to here, you've talked about expenses and that the importance of looking at the expenses too and a balanced budget. With what we're looking at with the City right now, the combination of our tax revenue plus our reserves, there are surpluses each year to carry a balanced budget through FY25 so if we assume, again I'm making the assumption, I don't agree with the assumption, but if we assume all the expenses that OMB is projecting, there is a way to balance that budget without cutting, and that is to look at our tax revenue plus

our reserves so my question, I think I know the answer but I'd like to know from you all too, given all that we're talking about, the asylum-seeker crisis, why has not OMB considered going into our reserve and getting extra from our reserve to add to the revenue if the expenses are weighing us down this way. The choice you can make is to cut or you can increase revenue and one way to do so is from the reserve so I'd like to know why OMB has not considered that.

DIRECTOR JIHA: We did. We had to deal with 10 billion dollars of expenses between the asylum-seekers, the labor costs, and other needs that the City had to pay for, 10 billion dollars, so we raised our revenue estimate by 4-some billion dollars. We tapped 1.8 billion dollars into our annual reserves. We took down on our annual reserve by 1.8 billion dollars. With the PEG for about 1.2 or 1.3 billion dollars, we used some billion dollars from the State as part of the aid given to the City, and we made some assumption about the federal government so this is a package of things that we used to close, to finance the 10 billion dollars of expenses that we had to do between preliminary budget

and the Executive Budget so we tapped into the reserve for about 1.8 billion dollars.

COUNCIL MEMBER KRISHNAN: My view is you could look more into the reserves, you could look into the Rainy Day Fund as well, and I know that it's going to seem radical and not appropriate to do, but, given the uniqueness of the issues we're facing now, the fragility of the New York City now after the pandemic, the asylum-seekers who are coming here, there is a strong argument to make to go further into those reserves to create the revenue that's needed to cover all these so-called expenses or in looking at the Rainy Day Fund as well. My point is this is a choice made by OMB and this Administration to approach things this way. I think the unspoken piece of this is that OMB and this Administration, if you dip into the reserves and you do it more so than you're already doing, you'd let the federal government and state government off the hook with the asylum-seeker issue. In other words, if you solve the problem, then they're not going to see it as an issue. I think that's an unspoken thing of what's going on here. There's no doubt the State and Feds have a role to play, but I would also argue cutting

your way to a balanced budget also sends the same signal to the State and the Feds that New York City can handle its own crisis so when you're faced with this issue about cutting to make that point or investing in revenue and taking more from the reserve to do so, I think you all should strongly consider looking at that reserve because, ultimately, what you all should be guided by is what will actually increase, again, revenue, productivity, and create a thriving economy in this City, and I'm not sure this is doing that. In fact, I'm not not sure; I know it's not doing that.

DIRECTOR JIHA: I hear you. The Rainy Day Fund basically was designed to protect the City against some economic shocks so that we don't cut services so you can imagine you start chipping, cutting, taking money from the Rainy Day Funds, you have nothing left. My worst nightmare is a scenario in which I have to deal with a recession and the chart that was on the screen where you have a huge divergence between our forecast of 4.3 billion dollars and the new forecast that we see where we believe now that 4.3 billion dollars is very optimistic so you have a scenario where if a

recession and you don't have tax revenue coming in, at the same time you have a huge spike in spending to deal with this crisis.

COUNCIL MEMBER KRISHNAN: I'll just close by saying that these are the arguments to make to never look at our reserves, never look at the Rainy Day Fund, but there is a strong compelling reason to do so now. On top of that, it goes back to my first point. Recession, all these issues, I think that these policies are going to lead us to that point. I can't understand OMB's justification as to how these measures will avoid the recession or the economic hits that we're talking about. At a moment like this, you can make a choice, and OMB has made, in my opinion, the wrong choice when it comes to how we prevent against these economic unfortunate events. Thank you.

DIRECTOR JIHA: You're welcome.

CHAIRPERSON BRANNAN: We have Council Member Dinowitz followed by Schulman.

We've also been joined by Council Members Nurse, Rivera, and Abreu.

Dinowitz followed by Schulman.

COUNCIL MEMBER DINOWITZ: Thank you, Chair Brannan.

Hello, Director. I was a little surprised to hear you say a PEG doesn't necessarily mean a cut. I guess I get what you're saying. It can be a cut, and I think in the case of CUNY, it is a cut. I think 61 million dollars you've cut CUNY by in the recent PEG, and what I'm hearing in your testimony is you saying it doesn't mean the services are being cut, but that's not the case for CUNY. In line with what Council Member Krishnan was saying, it's not smart fiscal policy so we have programs that are going to be cut from CUNY like ASAP, which has shown for every dollar it brings back about \$3.50 in returns, so you're saving a little money on the front end, but it's very financial policy so I'm interested to hear your response and your thoughts about actually cutting programs, which this cut would do.

DIRECTOR JIHA: We are as dedicated as you are to higher education, and we appreciate what all CUNY has to do. Consistent with that, there were no cuts to classrooms, to head count, and programming at CUNY.

COUNCIL MEMBER DINOWITZ: But that's not true.

DIRECTOR JIHA: Can I finish?

COUNCIL MEMBER DINOWITZ: No. I'm sorry, but I know you think you're telling the truth, but we have hearings on this, and CUNY told us very clearly this will result in the cutting of programs.

DIRECTOR JIHA: Can I finish, please?

COUNCIL MEMBER DINOWITZ: Yes, please.

DIRECTOR JIHA: Okay. It was a re-estimate of fringe costs. What we did, we added money to CUNY. Let me give you what we did. We added 5.8 million dollars for CUNY Reconnect. We added a million dollars for Brooklyn Recover Corps at Medgar Evers College. We baselined 4.9 million dollars for CUNY Inclusive Economy. As I said, the cuts that were at CUNY were basically a re-estimate of the fringe costs, but, indeed, we added money to CUNY...

COUNCIL MEMBER DINOWITZ: So just, I don't need a calculate, you don't need a calculator to tell you that a 61 million dollar cut with an 11.7 dollar increase is still a net decrease, and I would just point out that the 5.8 million dollars for CUNY Reconnect was actually a Council initiative last

year. I was very glad to see that in the budget although it should've been baselined because that's another great example of not just something that's morally right for our students and our City but something that brings in revenue dollars. The fact is this cut does cut programming. That is what CUNY shared with us. It's cutting the ASAP programming, it's cutting CUNY Tutor Corps, and a number of other programs. They have already shared that they're going to have to reduce the number of students participating in those programs, and so if you believe that the programs aren't being cut, I would ask that you go back to your ledger, to CUNY, to whatever place you're getting your information from, and reevaluate it because it's just simply not true to say. I hear what you're saying, but the actual CUNY who's doing the work and providing the programs is saying something different.

DIRECTOR JIHA: Listen. I hear you and, as I said, this were cuts to fringe benefits so there were not cuts to classrooms or head counts. Indeed, we added money to CUNY. As I said to you, they could tell you the story. Tell them to come and talk to me.



COUNCIL MEMBER DINOWITZ: It's not a story. It's a number.

DIRECTOR JIHA: Because when they come and talk to me, they can't tell me the (INAUDIBLE)

COUNCIL MEMBER DINOWITZ: Director, it's a very straightforward...

DIRECTOR JIHA: Okay.

COUNCIL MEMBER DINOWITZ: The cool thing about math is like numbers, they don't lie. The number is a number. It was...

DIRECTOR JIHA: Trust me (INAUDIBLE)

COUNCIL MEMBER DINOWITZ: The number is down, and it is very clear that these programs are being cut, and the problem again, forget about the moral value of it, these programs are money makers, and as someone who said earlier that we don't care about revenue, which was really surprising, or we don't consider revenue, which was really surprising to hear, remember when you said it.

DIRECTOR JIHA: No, you don't expenses.

COUNCIL MEMBER DINOWITZ: We don't consider expenses. Okay, we're considering revenue.

DIRECTOR JIHA: You look at one side.

COUNCIL MEMBER DINOWITZ: (INAUDIBLE) a money maker. I have one other, same with HRA. Forgetting the fact that people need to be housed and need all the support they can get, we're talking about an agency that gets money from the federal government in SNAP benefits, in HUD VASH programs for our veterans, and from the State in the Homeowner's Energy Assistance Program, and so I'm confused as to the vacancy rate is 15 percent at HRA and what role OMB has in terms of ensuring that that agency has the staff members in order to again just get money from the federal government, money that exists that we're leaving on the table which is, to me, foolish financially.

DIRECTOR JIHA: It's not a funding issue. DSS has the vacancies, the funding authority, the budget authority to hire. They've been hiring people. They've been hiring workers on the frontline, but, again, it's a challenge that we're dealing with in an economy with a very tight labor market. It's not as easy because everybody is complaining about the same thing, whether it's private sector employers, public sector employers, everybody is having the same issue with recruiting and retaining employees. We've been

doing a major push as part of working with DCAS,  
working with the City Council, to hire with workers.  
We're making progress, but it is a major push that  
we're doing to bring those people online.

COUNCIL MEMBER DINOWITZ: I'm sorry. You  
said your vacancy rate was 2 percent? What did you  
say your vacancy rate was at OMB?

FIRST DEPUTY DIRECTOR GODINER: I said it  
was less than 20.

DIRECTOR JIHA: Less than 20 people.

FIRST DEPUTY DIRECTOR GODINER: We have  
like a 4 to 5 percent vacancy rate.

COUNCIL MEMBER DINOWITZ: Then HRA has 15  
percent?

FIRST DEPUTY DIRECTOR GODINER: Every  
agency has their own staffing challenges.

COUNCIL MEMBER DINOWITZ: Right.

FIRST DEPUTY DIRECTOR GODINER: But I know  
that at OMB that part of the reason that our vacancy  
rate is low is because we are constantly in the  
process of getting employees, and that's not just our  
HR shop going out and having the relationships they  
do with the universities, but every one of our task  
forces is basically constantly out there actively

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2 recruiting people, sifting through, getting people,  
3 getting contacts, any way we can, and I know that HRA  
4 has focused on hiring frontline workers and has made  
5 some progress recently. Overall, the City is making  
6 progress. We're up, whatever, 1,200, 1,300 from our  
7 low point which was last December, and the head count  
8 is starting to nudge up, but it's going to take, in  
9 this labor market, it takes consistent effort over a  
10 long period of time to really close those kinds of  
11 vacancies because as fast as you recruit people, you  
12 lose people.

13 COUNCIL MEMBER DINOWITZ: No, no. I  
14 understand it's a lot of, and I don't mean to  
15 interrupt to be rude. I mean to just be respectful of  
16 the time for everyone. It's a tough labor market. You  
17 seem to be doing a great job with 4 or 5 percent. Who  
18 approves HRA's hirings? When HRA says we want to hire  
19 someone? They just, poof, and then they can hire them  
20 or does it have to go through another agency?

21 FIRST DEPUTY DIRECTOR GODINER: They have  
22 budget authority to hire. If you're question is  
23 supposed to be eliciting that OMB approves the PARs,  
24 it's true...

25 COUNCIL MEMBER DINOWITZ: Yeah.

FIRST DEPUTY DIRECTOR GODINER: And that we do so. There's not a huge number of PARs awaiting OMB approval. If you ask HRA why they're having the vacancies, they're going to tell you...

COUNCIL MEMBER DINOWITZ: No, I understand.

FIRST DEPUTY DIRECTOR GODINER: They're not going to tell you it's because OMB is holding up their hires.

COUNCIL MEMBER DINOWITZ: Of course they wouldn't. I'm asking you, I'm not blaming you, we're here to ask questions...

FIRST DEPUTY DIRECTOR GODINER: We're not holding up hires.

COUNCIL MEMBER DINOWITZ: And I'm asking, does anyone approve your hires? Does it go through another agency or do you directly approve your own hires at OMB?

FIRST DEPUTY DIRECTOR GODINER: Just like you guys, we don't have a separate oversight.

COUNCIL MEMBER DINOWITZ: Yeah, okay. So how many people are waiting right now at OMB at HRA to be hired? Do you have a number?

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2 FIRST DEPUTY DIRECTOR GODINER: Number of  
3 HRA PARs sitting at OMB? I don't have it offhand.

4 DIRECTOR JIHA: I don't have it offhand,  
5 but we know for sure since March we approved like  
6 1,000 PARs for DSS.

7 COUNCIL MEMBER DINOWITZ: What's the  
8 average timeline between when HRA says we want to  
9 hire someone and you approve it?

10 DIRECTOR JIHA: Right now, if it falls  
11 within the guidelines, it's 10 days. If it falls  
12 outside of the guidelines, it's 21 days.

13 COUNCIL MEMBER DINOWITZ: Okay. What are  
14 those guidelines?

15 FIRST DEPUTY DIRECTOR GODINER: It's the  
16 salary guidelines from the labor contracts.

17 COUNCIL MEMBER DINOWITZ: Okay. I would  
18 suggest that there's a lot of federal money and state  
19 money being left on the table because OMB with all of  
20 your great expertise in hiring people it seems is not  
21 doing enough as Council Member Restler said to manage  
22 our budgets and our City agencies. There's management  
23 involved. If you're doing wonderful, wonderful,  
24 amazing things to recruit and to hire people, then I  
25 would request that you do the same things for our

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2 City agencies because beyond the right thing to do to  
3 keep people housed and to make sure that they have  
4 every opportunity to succeed, New York City is  
5 leaving money on the table, and that's hitting us in  
6 our budgets. Thank you, Chair.

7 CHAIRPERSON BRANNAN: Okay, Schulman  
8 followed by Sanchez.

9 COUNCIL MEMBER SCHULMAN: Thank you. Hi,  
10 Director and staff of OMB, and I want to thank you  
11 for being here today. I know that you have a tough  
12 job, but there are people's lives at stake in terms  
13 of our whole city and the asylum-seekers and the  
14 constituents that we represent.

15 Director, did you say a little bit that  
16 PEGs make the City more efficient? Am I  
17 mischaracterizing that?

18 DIRECTOR JIHA: Yes.

19 COUNCIL MEMBER SCHULMAN: Okay.

20 DIRECTOR JIHA: City budget more  
21 efficient, yes.

22 COUNCIL MEMBER SCHULMAN: So I don't see  
23 how it's more efficient to reduce programs for  
24 seniors and people who are food-insecure or for those  
25 who are relying on re-entry services from community-

based organizations, people who can't get their SNAP applications done. I have one question, and we want to, as a Council, we really want to work with you. I'm saying that, I'm presuming that my Colleagues feel the same, but the best way for us to do that is to have information from you, and so what I'm hearing and my Colleagues are hearing from the Finance Division is that when we ask for specific information about PEGs, we don't seem to get it so can I ask you on the record and under oath if you would agree to give the information that's needed so that we can partner with you and make the City a better place.

DIRECTOR JIHA: Listen, I'd be more than happy to share any information that you need because at the end of the day the more you know about our suffering the better you could help us because, trust me, we are in the midst of a crisis, okay, we are in the midst of a crisis where we have to basically find every single dollar somewhere to make sure we fund the big, big, big problems that we're dealing with right now which is the asylum-seeker. For instance, we're going to budget negotiation with the Council. We have to find resources to fund the City Council priorities so all these things require that we be as



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2 aggressive as we can be in terms of findings savings  
3 and, if there is new tax revenue as well, to put on  
4 the table to negotiate with the Council.

5 COUNCIL MEMBER SCHULMAN: Okay, so if we  
6 can get information specific on PEGs and everything  
7 else, I think (INAUDIBLE)

8 DIRECTOR JIHA: Of course, we would  
9 provide them to you.

10 COUNCIL MEMBER SCHULMAN: Okay. The other  
11 question I want to ask because as Chair of the Health  
12 Committee, for this Fiscal Year DOHMH is working with  
13 Public Health Solutions to manage all of the  
14 discretionary contracts funded by the Council. This  
15 created some confusion regarding communication,  
16 submission of documents, and other contracting issues  
17 which we hope to resolve for this year. However, it's  
18 not a sustainable model for managing these contracts.  
19 Why is DOHMH contracting for the services? Is this  
20 tied to vacancies at the agency?

21 DIRECTOR JIHA: Not that I'm aware of,  
22 but, again, I would defer to DOHMH because I don't  
23 know anything specific about a specific contract.

24

25

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2 COUNCIL MEMBER SCHULMAN: Okay. I was  
3 going to ask if OMB plans to continue the  
4 arrangement, but since (INAUDIBLE)

5 DIRECTOR JIHA: It's the (INAUDIBLE)  
6 agency that deals with these things.

7 COUNCIL MEMBER SCHULMAN: Okay. Thank you  
8 very much.

9 DIRECTOR JIHA: You're welcome.

10 CHAIRPERSON BRANNAN: Okay, we have  
11 Council Members Sanchez followed by Williams.

12 COUNCIL MEMBER SANCHEZ: Thank you, Chair.  
13 Good afternoon, Director and team. Thank you for  
14 answering all of our questions today.

15 I have a couple. New Yorkers are  
16 struggling, and I think that what you're hearing from  
17 so many of my Colleagues today is just the core  
18 believe that the way that we come out of this is to  
19 invest in our people and invest in their resilience  
20 and make sure that we're protecting programs that  
21 help them to thrive, and so Council Member Dinowitz  
22 talked about CUNY. CUNY's own internal analysis shows  
23 that a 60-million-dollar investment in CUNY can  
24 result in a 15-fold return on investment and cause  
25 900 million dollars in economic output. Libraries are

the safe havens for so many in the City of New York, and so in that spirit of partnership, my question is about whether we have unnecessary spending. In particular, at the DSS hearing, at my hearing with HPD, we asked about 147 million dollars being dedicated to HPD's spending on HERRCs, but we didn't get many answers about how that would be spent, and I heard you say today that it's a max level of funding, but my concern here is about how the City in this crisis is spending on emergency contracting. How much more are we spending due to using emergency contracting vehicles versus what we would spend if we were using our normal procurement processes so that's first. Could there be savings there? Can we have partnership with the Council? We can help speed things up and not use emergency vehicles if that can save funds.

Just want to get in secondly, but unrelated, in its totality. Thinking about HPD, thinking about vacancies, HPD's Office of Development figures are bad. Approximately 30 percent vacancy rate in the agency that's supposed to be pushing projects along and building more affordable housing in the City of New York. What is OMB doing to clear

the path for HPD to recruit in these vacancies and, in particular, why isn't HPD a part of the hybrid work pilot when we know that architects, project managers, and others are precisely the kind of titles that could benefit from remote work.

Finally, we're being told by the agency that OMB is taking up to a month to approve job offers that are outside of the hiring guidelines so this was just brought up by a Colleague so you're saying it's a priority to hire, but when you get candidates it seems that OMB isn't getting them across the finish line so, one, unnecessary spending and, two, vacancy reduction within HPD.

DIRECTOR JIHA: Ken, do you want to take these?

FIRST DEPUTY DIRECTOR GODINER: Let me just try to get on your first question about the scope of the beginning of the pilot on remote work. We've been working closely with DC37 to identify some areas to start our pilot in. I think everybody expects that there's going to be a certain level of bumpiness as we start the rollout. We've largely agreed on where we're going to start. We want to work through those issues when the size is controllable

and figure out what's working and do that and figure out what's not working and solve the problem. The expectation here is that this pilot is going to be very successful and that we'll be expanding to other DC37 titles and then when other groups settle, assuming their agreements contain this kind of provision, then we'll expand there, but that's the short answer to your question of why not HPD. This just doesn't happen to be where we started, but those are certainly kinds of titles that might be something we look at as we roll forward.

I'm trying to remember what your other questions were.

COUNCIL MEMBER SANCHEZ: It's taking a month for OMB to...

FIRST DEPUTY DIRECTOR GODINER: Oh, I'm sorry. On the PARs. Part of the problem is that with PARs that are outside of the salary guidelines, we have to review these because we have to look not only at whether the salaries are appropriate for the people but also how that fits into their internal equity. We get, not through anything bad intention, but we get requests to hire people at a salary of X and X is greater than the salary that several of the

incumbent employees in the title are making, and we have to understand why you're hiring someone new, paying more than what you're paying people similarly situated who have been at the agency. Sometimes it's a great reason like you're hiring someone who has a lot of experience outside, that may make sense, but we need to make sure that those are addressed. Also, a little bit, we have to deal with external equity too. We can't have people in the same job make more at one agency than another so we work through those issues. Unfortunately, that can take time because there's a back and forth between the two parties.

COUNCIL MEMBER SANCHEZ: Thank you. What about the question on emergency contracting?

FIRST DEPUTY DIRECTOR GODINER: Obviously, we would rather not be doing emergency contracting because we have an emergency, and to the extent that we can lower costs, get them more in line with our DHS contract levels, that's something we want to pursue, we're happy to work with you guys on that, but I just want to emphasize that with this flow rate that the Director spoke about earlier we are scrambling pretty much every day, right, to make sure that we're providing shelter and there's not time for

an RFP and all of that to take place. We really are rushing.

COUNCIL MEMBER SANCHEZ: I appreciate that. Sorry, just because I'm over time, but there can be entities out there that are ready, willing, and able to take advantage of New York City's generosity, and so we should just be working together to identify how we keep those costs down. I know you all drive a hard bargain, but this is a place where I would say we definitely want to see you do that and drive costs down.

Finally, not a question, just a statement. As we look to come out of the COVID crisis and the economic crisis, I appreciate the Administration's partnership on the Kings Bridge Armory, and I think that next year in the next budget we'll be looking toward a major capital investment from the City of New York and I look forward to talking with you all about that. Thank you.

FIRST DEPUTY DIRECTOR GODINER: Thank you.

DIRECTOR JIHA: Thank you.

CHAIRPERSON BRANNAN: Okay, we have Williams followed by Osse.

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2 COUNCIL MEMBER WILLIAMS: Thank you.

3 Hello.

4 DIRECTOR JIHA: Hello.

5 COUNCIL MEMBER WILLIAMS: Hi. As of the  
6 end of April, the City had a head count of just  
7 280,000 full-time employees with a budgeted full-time  
8 head count for the current year of roughly around  
9 300,000. Even with the elimination of nearly 3,000  
10 vacancies taken in the PEGs, this still translates to  
11 a vacancy rate of 7.6 percent. Few agencies have  
12 taken PS accrual savings in the most recent PEG, but  
13 in general there have not be savings assumed from  
14 underspending of PS costs. Can you provide an  
15 estimate of how much PS underspending agencies have  
16 accrued in the current Fiscal Year?

17 FIRST DEPUTY DIRECTOR GODINER: In very  
18 rough terms, we have looked at the levels of  
19 underspending on the PS side, and, in the Executive  
20 Plan, we took about 108 million dollars of PS  
21 underspending.

22 COUNCIL MEMBER WILLIAMS: Okay. The Fiscal  
23 2023 budget includes 33.5 billion dollars for  
24 salaries and wages with fringe benefits cost budgeted  
25 at nearly 21 billion. If we were to assume that the



current number of vacancies, around 23,000, were unspent all year, would it be appropriate to say that 7.6 percent of salaries and wages, approximately 2.5 billion, would be unspent at the end of the year?

FIRST DEPUTY DIRECTOR GODINER: I think it's an important note, right, that even when we look at the vacancies to 23,000, of those, only about 17,000 are City-funded so that's the place where money could be saved. In order to take the savings that you're talking about, we would have to take the vacancies. That would mean eliminating 17,000 vacancies from the agencies. If you did that, undoubtedly that would produce substantial savings. If you assume that the vacancies would only come out of civilians, not pedagogical or uniform vacancies, you're down to about 7,600. If we eliminated all 7,600 vacancies, the savings would be about 550 million dollars. If we did the whole thing, it's about a 1.4 billion. Again, that's taking all of the vacancies that we have.

COUNCIL MEMBER WILLIAMS: Okay. What would you say is an appropriate way to estimate the underspending resulting in the City's vacancy rate, like how are you estimating that, how should the

Council be estimating that, you sort of provided your assessment around how we could estimate it but what is the actual appropriate way of estimating underspending?

FIRST DEPUTY DIRECTOR GODINER: When we authorize the agencies to hire, we leave the money in their budget sufficient so that they can pay the salaries. We take underspending based on actuals as we progress through the Fiscal Year, and certainly many of the PEGs we saw were in fact taking into account those PS underspendings. If we start to anticipate it and take it as savings, that means that we would have to remove the budget authority from the agency. Otherwise, we're telling them we're counting this as savings and telling them they can spend it anyway so when we establish the authorized head count, we want to make sure that the agencies have sufficient funds to pay them.

COUNCIL MEMBER WILLIAMS: Okay. Thank you. I just have one very, very quick question. Thank you so much, Chair. I am the Chair of the Civil and Human Rights Committee, and EEPC and CCHR, I love them very much and the work that they do. The EEPC is one of the smallest agencies in New York City, and they lost

three positions. How are you accounting for that, especially when it's such a small agency. They have to audit every single agency in New York City, and they really do not have the staff resources available, and it is my understanding that OMB subjected them to a PEG which is extremely harmful to an organization that only has about 12 people tasked with auditing every single agency that we have in New York City?

DIRECTOR JIHA: Again, as I said earlier, which is always a philosophy, if an agency has vacancies, we tell them hire up. Once you hire all these folks, it's a lot easier to come to us and have a discussion about you need more heads.

COUNCIL MEMBER WILLIAMS: Yeah, but they've told me that they're unable to hire because they didn't get whatever proper authorization and they were told to cut those positions from their budget.

DIRECTOR JIHA: I believe they have vacancies right now, but I would get back to you exactly to tell you how many vacant positions that they have.

COUNCIL MEMBER WILLIAMS: And to that point, do you make any assessments, it's kind of like a little futuristic, but do you make any assessments on lawsuits in comparison to providing agencies with the proper resources to mitigate lawsuits. For instance, the City has well over 100-plus million dollars in lawsuits around employment practices, and this agency is tasked with addressing those issues and helping with agencies, technical assistance to make sure their practices are up to par, and so do you make those types of calculations when you think about funding these particular agencies that are doing work to assist and help the City agencies to not get lawsuits?

DIRECTOR JIHA: We take all of these things into account as we negotiate and discuss with the agencies. They tell us about the challenges, and we listen to them. We take those challenges into consideration when we make a decision about whether or not we should have a PEG instituted on a particular agency.

COUNCIL MEMBER WILLIAMS: Okay, thank you. I just hope you all properly fund EEPC and CCHR. Thank you.

CHAIRPERSON BRANNAN: Council Member Osse followed by Joseph.

COUNCIL MEMBER OSSE: Thank you, Chair Brannan, and good afternoon, Director Jiha. Good to see you.

I'm a bit frustrated here this afternoon. I think we've been hearing multiple questions from my Colleagues as well as the Chair and the Speaker about some discrepancies in numbers that IBO has compared to what OMB has in terms of predicting the overall cost of the migrant crisis. You are saying that there are no service cuts that some of these agencies are seeing. Throughout the past 10 days, we've been hearing about multiple service cuts that these agencies are seeing. I know that the Mayor likes to say that he runs this Administration like a sea sweep company, but to me it seems like he's running this city like a farm. I see silos everywhere. He says he wants to make sure that every single agency is on the same page, but what we're hearing from you is that there are discrepancies in some of the predictions and assessments that we have in terms of what these cuts are doing to our City agencies and then what you are seeing throughout your point of view so my

question to you is why are there discrepancies between the predictions that IBO has on this cost that the migrant crisis is going to be compared to what OMB and what this Administration is saying?

DIRECTOR JIHA: Let's not do this, because as I said to you earlier, I don't have their data, I don't have their assumptions. Your staff doesn't have their data and their assumptions either, so therefore I cannot tell you for sure how they came up with their 2024 forecast. What I can tell you is when they shared with us their draft report, we told them their Fiscal Year 2023 numbers were way too low because they had it at 900 million dollars when we already a billion dollars with two months left. As a result, they raised their forecast for Fiscal Year 2023 to from whatever it is, 900 million dollars, to 1.4, closer to our forecast. 2024, they're like it's uncertain, we don't know what's going to happen so we will create a range, and I don't know because I don't have their data..

COUNCIL MEMBER OSSE: So who's responsible for this mismanagement because this..

DIRECTOR JIHA: No, no, no. IBO is not under the City's admin. IBO is an independent office.

COUNCIL MEMBER OSSE: Okay, I do understand that.

DIRECTOR JIHA: It's an independent office. There is no mismanagement here. OMB gave you from the City perspective what we believe the case to be. As I said earlier, our forecast was based on an assumption of 40 households a day coming to the system. Right now, we're seeing 189 households. I guarantee you both the City Comptroller, the State Comptroller, and the Financial Control Board will come out with a report and say our forecast is very optimistic.

COUNCIL MEMBER OSSE: When do you think you will have that data and assumptions from IBO?

DIRECTOR JIHA: We asked them. They didn't share with us.

COUNCIL MEMBER OSSE: Okay, noted. I remember in hearing some of your answers to the questions that Chair Brannan was asking mainly around the service cuts to the libraries, you said that most of those cuts are because of vacancies but, if you listened to the hearing that we had last week, that's certainly not true. We're seeing that there will be cuts to existing staff as is with the proposed cuts

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2 from the November plan so what is your explanation on  
3 that?

4 DIRECTOR JIHA: This is the job of the  
5 Libraries, the Cultural, this is their job to  
6 advocate on their behalf.

7 COUNCIL MEMBER OSSE: So you think they're  
8 lying?

9 DIRECTOR JIHA: No, I'm not saying they're  
10 lying. They advocate. They're advocating for their  
11 agencies, for their thing, but what I'm saying to you  
12 is if we cut vacancies, if you have 200 vacancies for  
13 two or three years and you have not been able to  
14 backfill those 200 vacancies, which is the history of  
15 every agency, they have huge vacancies, we come out,  
16 we say you're sitting on, let's say, a billion  
17 dollars' worth of resources that the City put in your  
18 budget. The City needs that billion dollars to  
19 reallocate somewhere else where we have a crisis, we  
20 have needs. Do you think it makes sense to have the  
21 agency have those resources in their drawers, or do  
22 you think the City should take those resources and  
23 reallocate them somewhere else where it's most  
24 needed? I was a Commissioner, I was a Commissioner.  
25 I'm going to say to you I want to have those



resources. I use to create this program, I use to create that program, I had that flexibility, which you're taking away from me. Of course, I'm going to advocate...

COUNCIL MEMBER OSSE: Director, it seems a little bit like we're being gaslit. We're hearing from multiple City agencies that there are service cuts that are going to be made. Agencies with this Administration from HRA to DHS to DFTA to our three library systems. I do not believe that each and every single one of these agencies and systems is overestimating the impacts that these proposed cuts are going to have on the services that they provide to the people of New York City, right. If they're advocating, then I would expect that OMB is maybe advocating in a way that is akin to your projection of how they're advocating so these cuts are going to harm our communities. I'm already seeing those services impact our three library systems as Chair of the Committee on Cultural Affairs and Libraries, and I really, really hope that the numbers that IBO is putting forward, some of the projections that we have on this financial forecast is looking like is similar

to what you guys are projecting or I hope at least your projection is similar to what we're projecting.

DIRECTOR JIHA: Listen, we have a larger responsibility than every single agency head. They're all looking at their particular agencies, their particular needs. We have to balance the City's budget, at the same time make sure that we have resources to fund your priorities and the Mayor's priorities. As we go into budget negotiation, you're going to come back to us with a list of your priorities. We have to find resources to fund them.

COUNCIL MEMBER OSSE: Listen, I completely agree with you, and I think that...

DIRECTOR JIHA: If resources have been wasted, listen to me for a minute, if resources have been wasted, for instance, I'm going to give you an example. As I said to you earlier, if you said to me you have a 100-million-dollar budget to do X, Y, and Z. You only spend 80 million dollars. There are 20 million dollars at the end of the Fiscal Year that's left. You want me to leave that money in that agency's budget or you want me to take that savings and reallocate it somewhere else? That's what we're doing. (INAUDIBLE)

COUNCIL MEMBER OSSE: Director, I hear you. I've been listening to you for the past hour and change and I hear you, right. We're just hearing some contradictions right now. The Mayor has been a huge advocate for making sure the agencies are not operating in silos, but it seems like they are continuing to do so under his Administration.

DIRECTOR JIHA: You know the frustrating part here? The frustrating part here is we're dealing with a huge crisis on our hands, and we're trying to find ways to fund that crisis.

COUNCIL MEMBER OSSE: Absolutely, but it seems like your agencies aren't on the same page as you though.

DIRECTOR JIHA: We're trying to find ways to manage that crisis without raising taxes, without cutting services...

COUNCIL MEMBER OSSE: I hear you. I hear that the intention is in the right place...

DIRECTOR JIHA: All right.

COUNCIL MEMBER OSSE: But we've been having these hearings for the past 10 days...

DIRECTOR JIHA: I'm telling you...

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2 COUNCIL MEMBER OSSE: And all of these  
3 agencies aren't on the same page as you.

4 DIRECTOR JIHA: Listen to me. I'm telling  
5 you. I'm the architect, okay. I know where to cut. I  
6 know where to cut...

7 COUNCIL MEMBER OSSE: So these agencies  
8 are wrong then? These agencies are wrong in the  
9 projected service cuts?

10 DIRECTOR JIHA: Listen to me. Have your  
11 Finance Staff do an analysis of all the cuts, and  
12 they will come back to you and tell you one thing for  
13 sure. Most of the cuts were re-estimates or  
14 underspending.

15 COUNCIL MEMBER OSSE: Director, listen, I  
16 hear you.

17 DIRECTOR JIHA: Why don't you do me a  
18 favor?

19 COUNCIL MEMBER OSSE: I've been listening  
20 to you...

21 DIRECTOR JIHA: Do me that favor.

22 COUNCIL MEMBER OSSE: But my issue is that  
23 we've been having these hearings for (INAUDIBLE)  
24 days...

25

DIRECTOR JIHA: You have a staff for a reason, but you have a staff for a reason.

COUNCIL MEMBER OSSE: I hear you, but they're not on the same page as you it seems.

DIRECTOR JIHA: No, but you have a staff for a reason. Have them do an analysis for you, please. Please.

COUNCIL MEMBER OSSE: I do have a staff for a reason. My staff is great, but I'm just saying your agencies aren't on the same page as you. Still seems like this Admin is running through the system of silos which is disappointing at a time where we should all be on the same page in handling a crisis as large as this one. Thank you.

DIRECTOR JIHA: Okay. Thank you.

CHAIRPERSON BRANNAN: Council Member Joseph followed by Lee.

COUNCIL MEMBER JOSEPH: Hi, Jacques. How are you?

DIRECTOR JIHA: Doing very well.

COUNCIL MEMBER JOSEPH: We're going to talk about my favorite agency. The DOE meeting its PEG requirement primarily through a 305 million PEG in Fiscal Year 2024, increasing in the outyears. They

also said they want a re-estimate to go through DOE's fringe benefits. The City's explanation has been that the amount allocated for the fringe has been exceeded, has been exceeded actual fringe expense. However, in the response to the Council questioning at yesterday's hearing, the Education budget hearing, DOE said that when DOE has extra money in the fringe benefits this year, they have transferred the funds so can you tell me how much funding did the DOE transfer in Fiscal Year 2022, Fiscal Year 2023 from fringe to other purposes?

DIRECTOR JIHA: Again, I will provide you that information because I don't have it at the top of my head, but, again, you communicated exactly the point I'm making. Decisions about budget allocation should be made by the Mayor and the City Council, not by individual Commissioners, so if you have additional resources sitting in your drawer and you're saying to me I have a crisis, I cannot take those resources to re-deploy them to somewhere else, it's almost like a game, it's a joke almost. The fringe were overestimated. We took the savings. Of course, the agency loves to have those resources in their drawer.

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2 COUNCIL MEMBER JOSEPH: So where did you  
3 transfer them to?

4 DIRECTOR JIHA: Because we have to pay for  
5 the migrant crisis, we have to pay for a huge labor  
6 settlement.

7 COUNCIL MEMBER JOSEPH: That was a crisis  
8 you guys also slept on. This was a crisis..

9 DIRECTOR JIHA: We slept on, what do you  
10 mean?

11 COUNCIL MEMBER JOSEPH: Yeah, it was  
12 brewing for a while.

13 DIRECTOR JIHA: It's a year.

14 COUNCIL MEMBER JOSEPH: More than a year.  
15 They've been coming here since 2021...

16 DIRECTOR JIHA: Yeah, but as you saw on  
17 the chart that I showed you, it's very little at the  
18 beginning and all of a sudden it exploded...

19 COUNCIL MEMBER JOSEPH: 2021, they came  
20 in.

21 DIRECTOR JIHA: So it's not sleeping.

22 COUNCIL MEMBER JOSEPH: The only thing,  
23 they were not in your care. They were not in your  
24 care in 2021 when they came in because I, myself, and  
25 Council Member Louis went down to the borders, and we

saw the numbers, and they came in, they were set up with host families. We set up our own communities to take care of them. They were not in care so the difference now when we're seeing this as a crisis to us is because we're now taking care of them.

DIRECTOR JIHA: Yes, and by law we have to, and the numbers, the volume is huge.

COUNCIL MEMBER JOSEPH: And they're going to continue to come with 42 expiring so we must be ready.

So 305 million is removed from the DOE, you said you don't know where the fringe benefits are and how will the DOE fund (INAUDIBLE) item throughout the year funded through transfers from fringe benefits so how does this...

DIRECTOR JIHA: We've been working with DOE to make sure that we have a small transition and things work like they were supposed to. We're in constant communication with them, we're working with them constantly to make sure that, like they announced yesterday, we're going to hold all the schools harmless...

COUNCIL MEMBER JOSEPH: But we haven't put money yet in the mid-year adjustment so we must also



talk about that, and we must also talk about our appeal pot...

DIRECTOR JIHA: You are six months ahead of me.

COUNCIL MEMBER JOSEPH: Oh, yeah, always. I have to be ready for New York City kids. I don't want any surprises on my principles or educators so how are we looking for mid-year adjustments, how is that pot looking, how is the appeal pot looking?

DIRECTOR JIHA: Right now, as I said to folks, I cannot make any promise to anyone because we're dealing with a major crisis. Our goal is always trying to hold the school harmless as best as we can, but, again, we cannot make any promise because we have a big crisis on our hand we have to deal with, we have to fund, and so therefore we're going to continue to work with the schools to make sure that they have the resources that they need to operate as good as they can.

COUNCIL MEMBER JOSEPH: Can OMB commit they would work with the Council to make sure that the pot of appeal is...

DIRECTOR JIHA: We will work with the Council, as we continue budget negotiation, we will

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2 work with the Council to make sure the schools, again  
3 as I said, have the resources that they need as long  
4 as we have those resources.

5 COUNCIL MEMBER JOSEPH: Yeah, that's what  
6 we want to do. Also, for student transportation, what  
7 is the DOE's budget for student transparency for  
8 Fiscal 2024?

9 DIRECTOR JIHA: Let me see. I'll get back  
10 to you on the specific answer.

11 COUNCIL MEMBER JOSEPH: You have a lot of  
12 homework for Miss Joseph, huh?

13 DIRECTOR JIHA: Yes.

14 COUNCIL MEMBER JOSEPH: A lot of homework  
15 so that means you won't be able to answer my other  
16 set of questions so we will send them over for you to  
17 be answered.

18 DIRECTOR JIHA: Right now, it's 1.6  
19 billion dollars. It's funded 600 million dollars by  
20 the City and 1 billion dollars by the State.

21 COUNCIL MEMBER JOSEPH: Is any of that  
22 reimbursable by the State?

23 DIRECTOR JIHA: The State is funding 1  
24 billion dollars.

25

COUNCIL MEMBER JOSEPH: Have there been expenses that the State has not reimbursed DOE for students' transportation?

DIRECTOR JIHA: I remember during COVID they didn't pay us for some bus transportation...

FIRST DEPUTY DIRECTOR GODINER: We didn't get reimbursed when essentially we weren't bussing the kids and we still had the responsibility to pay the contractors, and the State said you're not providing people transportation so we're not giving you the money.

DIRECTOR JIHA: That's the only time I recall.

COUNCIL MEMBER JOSEPH: That's when the State didn't reimburse you was during that period?

DIRECTOR JIHA: Yes (INAUDIBLE)

COUNCIL MEMBER JOSEPH: Okay, so what is the added cost to the City on students' transportation if these expenses are not reimbursed? What do we pick up if these are not reimbursed?

DIRECTOR JIHA: They typically reimburse us. I don't see any reason why they wouldn't. I don't see any reason why they wouldn't.

COUNCIL MEMBER JOSEPH: Okay, thank you. I look forward to getting answers to my questions that were not answered. Thank you.

DIRECTOR JIHA: Okay.

CHAIRPERSON BRANNAN: Okay, we have Council Member Lee followed by Abreu.

COUNCIL MEMBER LEE: Hi. I'm on this side. Thank you so much, Director and Chairs, for allowing me to ask my questions.

I'm going to actually focus on my favorite topic which is mental health, and I know that this is an area that the Mayor has a lot of interest in helping and improving and increasing services around mental health as well as the Council does and myself personally. Just wanted to ask a few questions about the Mental Health Continuum as well as some of the numbers that are included in increased funding. For example, I know that the Clubhouse capacity expansion was only 2 million. I believe at minimum 7 million was requested. For the Mental Health Continuum, correct me if I'm wrong, I believe 5 million is baselined, but is there a way to add that and increase that baseline including the Council's funding portion because that is a program

we heard yesterday during DOE that is really impactful and effective and is working across three of the City agencies so just wanted to know if there were plans to increase the baseline for those funding sources.

DIRECTOR JIHA: Again, as part of budget negotiations, as we head towards budget negotiation next month, we will be sitting with the Council and discuss funding levels to see if it's appropriate, if it needs to be baselined, and that's what we'll be doing.

COUNCIL MEMBER LEE: Okay. It's only 5 million so that's...

DIRECTOR JIHA: Yes.

COUNCIL MEMBER LEE: The other question I heard though, because I understand what you're saying about the vacancies, like I understand the sentiment behind it which is why I'm still a little confused about the B-HEARD program is because my understanding is that at 50 million it was only 20 percent capacity, and I know that staffing has increased but then my question is why has the funding expansion gone so high? I believe it's increasing by 27 million if I'm not mistaken so my question is is why is that

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2 program, that one sticks out to me in particular, so  
3 in other words my question is there's other programs  
4 that we know are more impactful like the IMTs and the  
5 outreach street programs and ICTs and the ACTs, AOTs,  
6 (INAUDIBLE)

7 DIRECTOR JIHA: I think the increase is  
8 basically because the FDNY piece of the B-HEARD was  
9 never baselined.

10 COUNCIL MEMBER LEE: Okay, so you're...

11 DIRECTOR JIHA: It was never baselined so  
12 H and H was baselined, but the FDNY was never so we  
13 baselined.

14 COUNCIL MEMBER LEE: So that wasn't  
15 included in the, so the baseline you're saying was  
16 not...

17 DIRECTOR JIHA: It was funded one year at  
18 a time.

19 COUNCIL MEMBER LEE: Right, so it wasn't  
20 included in the original 50?

21 DIRECTOR JIHA: Exactly, so that now is  
22 baselined going forward.

23 FIRST DEPUTY DIRECTOR GODINER: There is a  
24 targeted expansion in the program.

25 DIRECTOR JIHA: As well, yeah.

COUNCIL MEMBER LEE: Right, the expansion is what I'm talking...

FIRST DEPUTY DIRECTOR GODINER:  
(INAUDIBLE) to more areas of the City.

DIRECTOR JIHA: Yeah.

COUNCIL MEMBER LEE: Okay.

DIRECTOR JIHA: (INAUDIBLE) fully covered.

COUNCIL MEMBER LEE: But my question is though with the staffing challenges, have you spoken to OCMH about how they're planning on ramping up those hirings?

DIRECTOR JIHA: That's the challenge we all are dealing with.

COUNCIL MEMBER LEE: Yeah.

DIRECTOR JIHA: That's the challenge we all are dealing with. It's hiring in this environment, in this labor market. What we're seeing is agencies stealing from each other. They're poaching each other's employees. This is what you're dealing with. It's a very tough environment.

COUNCIL MEMBER LEE: So can you also, speaking of OCMH, would you be able to provide us with a clearer breakdown because I know it was Thrive NYC which then got transitioned to OCMH and there's a

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2 budget of I believe of 325 million and so how is that  
3 being broken out because I know some of that is  
4 getting funneled through City agencies for various  
5 program like B-HEARD, but then how is the rest of  
6 that being spent out and is there wiggle room in that  
7 budget to focus more on preventative services because  
8 I'm all about prevention because I believe it  
9 actually saves the City and State dollars. There's  
10 plenty of research that shows if we can catch people  
11 earlier on in whatever their healthcare needs are or  
12 diagnoses are then it actually saves funding, and so  
13 I'm just wondering how much of that budget can be  
14 broken down into preventative services that focus on  
15 the non-profits as well?

16 DIRECTOR JIHA: We probably would have to  
17 come back to you with the breakdown of those things,  
18 and I will share your sentiment and I would agree  
19 with you that to the extent that you could prevent  
20 things on the frontend we should add resources to  
21 those areas because this is an area of concern to  
22 everyone.

23 COUNCIL MEMBER LEE: Okay, and if you need  
24 recommendations, I have some recommendations of where  
25 that extra funding could go...



DIRECTOR JIHA: Sure, be more than happy to listen to you.

COUNCIL MEMBER LEE: On the mental health side.

Also, for Mayor's Office for People with Disabilities, as Chair of also the Disabilities Committee, I have to urge and make a plug because their budget is like 800-something thousand dollars, and Commissioner Curry is amazing I think, and here's where when you talk about workforce issues and filling seats, the people in New York City who have disabilities, you're talking about approximately a million people, and one thing I think that the disabilities community has shown is that you can work remotely, and they knew that earlier on than we did during COVID, and so my question is is there a way to really, I would actually say investing a relatively smaller portion into this agency would bring tremendous impact in ROI when it comes to workforce, when it comes to recruitment within the other City agencies and so I'm just wondering if this is also a creative way where we can look at how dollars can be better spent?

DIRECTOR JIHA: We added resources in this Executive Budget, about 2 million dollars I think, to MOPD with this plan.

COUNCIL MEMBER LEE: Okay. How much was it increased by?

DIRECTOR JIHA: I think it's 2 million.  
1.2 or 2?

FIRST DEPUTY DIRECTOR GODINER: It's 1.2.

DIRECTOR JIHA: 1.2.

COUNCIL MEMBER LEE: Okay, that's awesome to hear because I know that she only has about seven or eight staff and they do a lot with the little staff that they have.

Okay, and then my final I guess sort of last series of questions is I know that at OMB, and this is not really more so a budget question, but I'm really curious to hear because you all have a very bird's-eye view on all the different City agencies, and, for me, one of the biggest things in working with multiple agencies on the non-profit side were just all the silos that existed, and so I remember during one of the hearings on the asylum-seekers, I asked all the Commissioners what would you say, because in a crisis there's also a lot of opportunity

to learn and rejigger things and build things from the ground up, so one of the questions that I asked all the Commissioners was what is something that you're taking away that we can learn from this, and the thing that they kept saying was the whole-government approach to these situations and having more interagency communication, and so I guess my question to you is from your perspective at OMB what can be done or what do you think are the top three things that can be looked at in order to better streamline, save resources, have better efficiency across agencies?

DIRECTOR JIHA: I could give you not only from an OMB perspective, from my days as Commissioner of Finance as well. There is a mindset to begin with. There has to be a paradigm shift in the mindset, the way we approach problems, because you're dealing with limited resources and unlimited needs, which is what we're dealing with which is an economizing problem, we all have to deal with, and the allocation of resources as best as you can do it. Therefore, to the extent that we could avoid to have resources being wasted and use those resources for other productive

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2 means, things, initiatives, from my perspective, the  
3 better off the City is always.

4 COUNCIL MEMBER LEE: Thank you.

5 CHAIRPERSON BRANNAN: Okay, we have  
6 Council Member Abreu followed by Hudson.

7 COUNCIL MEMBER ABREU: Thank you, Chair,  
8 and thank you, Director.

9 The Right-to-Counsel law is very much  
10 under a lot of threat, and we've heard from Speaker  
11 Adrienne Adams, we've heard from my Colleague  
12 Krishnan as well speaking about this issue. I was a  
13 tenant lawyer under the Right-to-Counsel program. I  
14 know how important this program is, and I'm very  
15 concerned that given the level of cases and non-  
16 profits having to reject cases because of their lack  
17 of capacity, because of the lack of pay parity, and  
18 really with the lack of investment that the City is  
19 putting forward, I'm really concerned about what this  
20 program means. The Right-to-Counsel as it used to be  
21 is not the one that we know, and so I'm just  
22 imploring this Administration to really work with  
23 this Council to make sure that we get this right. I  
24 have no questions. I just wanted to make sure I echo  
25

my Colleagues on this issue. It is a massive issue for this Council in this budget cycle. Thank you.

DIRECTOR JIHA: Okay. We look forward to working with you.

CHAIRPERSON BRANNAN: Council Member Hudson followed by Hanif.

COUNCIL MEMBER HUDSON: Thank you, Chair, and hello, Director.

Does OMB use population data like census data or any projections from reputable sources when budgeting?

DIRECTOR JIHA: Yeah, we use all kinds of data dealing with population, the tax base to do budgeting, yes.

COUNCIL MEMBER HUDSON: Okay, so you then might be aware that the older adult population across the state is going to increase by 25 percent in the next 15 years and by 40 percent in the next 15 years just in New York City alone.

DIRECTOR JIHA: And I'm one of them.

COUNCIL MEMBER HUDSON: There you go. All the more reason not to cut NYC Aging. Can you tell me what your justification was for including NYC Aging in the additional 4 percent PEG when it has one of

the smallest agency budgets which means that every dollar that's cut is more impactful, especially when we have other agencies that are bloated?

DIRECTOR JIHA: Again, I hear you, and it's always a concern, and we always work with the Commissioner to make sure that she has the resources that she needs to address the needs of the aging population. Again, as I said, the PEGs that we took from that agency were basically tied to underspending as a result of underutilization of the program so we'll continue to work with them, and we'll continue to make, as you know, we made some significant investments to the program, and we'll continue to work with the agency to make sure that they have the appropriate resources. Again, I just want to reiterate that there was underspending as per the program throughout the year because of lower than expected utilization of those programs so therefore we took those resources and reallocate them somewhere else, but their baseline budget (INAUDIBLE) is the same.

COUNCIL MEMBER HUDSON: Like all of my other Colleagues, I hear what you're saying. It's not what's translating on the ground, and I'll just leave

it at that. Should the number of older adults needing Home Delivered Meals or congregate meals at older adult centers increase during Fiscal Year 2024, how will OMB work with NYC Aging to provide funding for these programs?

DIRECTOR JIHA: Again, we will continue to work with them to make sure that, as I said, that they have the appropriate resources and...

COUNCIL MEMBER HUDSON: But what does that mean, that you'll work with them to make sure they have adequate resources?

DIRECTOR JIHA: Typically, trust me, the Commissioner is not shy, when she needs resources...

COUNCIL MEMBER HUDSON: I'm aware.

DIRECTOR JIHA: You're fully aware, when she needs resources, she's a big advocate for her agency, and she will come to us and we will sit down, within the constraints of the budget, within the constraints of everything else we have to do, and, as I said, this is a population we'll not let them go hungry. This is...

COUNCIL MEMBER HUDSON: Okay. We heard it here first so I just want to make sure...

DIRECTOR JIHA: Yeah, this is not going to happen...

COUNCIL MEMBER HUDSON: Okay.

DIRECTOR JIHA: So, therefore, what we usually do, as I said, is sit down with them and she tells us the needs that she has and then we try to work with her as best as we can, be as creative as we can be to provide the resources that she needs.

COUNCIL MEMBER HUDSON: Okay, so if I have any older adults that are going hungry, I'm coming to you first.

DIRECTOR JIHA: Yes.

COUNCIL MEMBER HUDSON: Thank you.

CHAIRPERSON BRANNAN: We have Council Member Hanif followed by Nurse.

COUNCIL MEMBER HANIF: Thank you so much and good afternoon, great to see you and hear from you.

I'll jump right in. Are you able to break down how the Administration developed the 4.3-billion dollar number related to the spending for asylum-seekers, and are you able to share it in an itemized way for us?



DIRECTOR JIHA: Of course. We provided the Council Staff the methodology that we used, provided them the data that we have. If you need for us to sit down with you, we'd be more than happy to sit down with you to show you the forecast, how we came up with our forecast.

COUNCIL MEMBER HANIF: That's wonderful. Are you able to just summarize...

DIRECTOR JIHA: To be quite honest with you, right now, our forecast is understated, and the City Comptroller, the State Comptroller, and Financial Control Board will all come out with their report today or sometime this week, and they're all going to say the same thing.

COUNCIL MEMBER HANIF: So you're saying the Comptroller, does this also relate to the IBO which I know said that the Admin's number has been inflated.

DIRECTOR JIHA: IBO is going to be an outlier.

COUNCIL MEMBER HANIF: Why is that?

DIRECTOR JIHA: Because our forecast was basically based on 40 households a day.

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2 COUNCIL MEMBER HANIF: Could you give the  
3 timeline for that because I know you mentioned 100...

4 DIRECTOR JIHA: (INAUDIBLE) timeline  
5 between I believe October and March. That's what we  
6 were trending. Right now, we're at 189...

7 COUNCIL MEMBER HANIF: 189?

8 DIRECTOR JIHA: Households a day. I had a  
9 chart. I don't know if you had a chance to see our  
10 forecast and the year divergence from the trend. If  
11 that trend continues, we're going to have to update  
12 our forecast. I believe the Comptroller's is based on  
13 the new trend we're seeing. They're updating their  
14 forecast, because ours right now based on the City  
15 Comptroller's report, we are very optimistic.  
16 Financial Control Board is going to say the same  
17 thing, and most likely the State is going to say the  
18 same thing.

19 COUNCIL MEMBER HANIF: I look forward to  
20 hearing a little bit more from (INAUDIBLE)

21 DIRECTOR JIHA: I'd be more than happy to  
22 share that with you.

23 COUNCIL MEMBER HANIF: Yeah, I'd love to  
24 see that (INAUDIBLE)

25

DIRECTOR JIHA: Sit down with you and share our own analysis with you because we're not hiding anything. (INAUDIBLE)

COUNCIL MEMBER HANIF: That's what we need. We need transparency.

DIRECTOR JIHA: We don't need people questioning, to be honest with you. It doesn't help us when people are questioning the number because everybody's like oh...

COUNCIL MEMBER HANIF: I think it's a fair question to ask how that number was arrived.

DIRECTOR JIHA: Exactly.

COUNCIL MEMBER HANIF: We deserve to know and work together.

DIRECTOR JIHA: It's a fair question to ask, but what we see is, first, people ignore the problem then they lowball the problem. It's a manufactured problem, it's not a real crisis, it's not costing that much really. It becomes part of a (INAUDIBLE)

COUNCIL MEMBER HANIF: Sure, and I think we can just avoid the outside noise right now and...

DIRECTOR JIHA: And to me, to us, that's very frustrating.

COUNCIL MEMBER HANIF: Focus specifically on how this number arrived.

DIRECTOR JIHA: We'd be more than happy to share them with you, and I believe the State Comptroller, City Comptroller, they all accepted our numbers and believe our numbers are very low at this point in time.

COUNCIL MEMBER HANIF: Does the 1 billion dollars recently allocated by the State impact this number?

DIRECTOR JIHA: Yes. The 4.3 is funded by 1 billion dollars from the State, we had 2.7 billion dollars from the City, and 600 million dollars from the federal government. Unfortunately, the federal government is not giving us the 600 million dollars. We're only getting probably 70 million dollars max so, therefore, we have to backfill that half-billion-dollar shortfall that we have so therefore the City is going to have to come up with another 500 million dollars on top of the 2.7 billion dollars we already have in the budget.

COUNCIL MEMBER HANIF: Understood.

DIRECTOR JIHA: That's the chart. You see, the black line is the actual. The red line is our

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2 forecast. As you can see, there is a divergence from  
3 the forecast...

4 COUNCIL MEMBER HANIF: Based on that 109  
5 number that you just shared?

6 DIRECTOR JIHA: 189.

7 COUNCIL MEMBER HANIF: 189.

8 DIRECTOR JIHA: If that trend were to  
9 continue, God bless us, seriously. It is hard to  
10 fathom the idea of this could be more than 4.3  
11 billion dollars over the next year.

12 COUNCIL MEMBER HANIF: No, and I'm not  
13 disagreeing here. I'm just asking for more  
14 transparency on how this number arrived and for the  
15 Council to have those details, and I'm looking  
16 forward to reviewing that more...

17 DIRECTOR JIHA: Be more than happy to  
18 share them with you.

19 COUNCIL MEMBER HANIF: And also seeing  
20 that up close since I already have bad eyesight.

21 I want to get into better understanding  
22 what percentage of the 4.3 billion is allocated to  
23 shelter costs?

24

25

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2 DIRECTOR JIHA: Right now, our policy  
3 going forward has been to basically try to move folks  
4 to shelter because it's cheaper.

5 COUNCIL MEMBER HANIF: Right.

6 DIRECTOR JIHA: Unfortunately, when you're  
7 dealing with the emergency, you have to resort to  
8 emergency measures because you're moving people in  
9 real-time, and you don't have enough capacity in the  
10 shelter so therefore you have to expand other  
11 capacity, which is what we've been doing through  
12 NYCEM moving folks to the police academy, moving  
13 folks to gyms.

14 COUNCIL MEMBER HANIF: Understood.

15 DIRECTOR JIHA: We don't have the  
16 breakdown for the different buckets yet because of  
17 the emergency that we're dealing with, but our  
18 strategy, as always has been, is to try to move folks  
19 in the shelter system.

20 COUNCIL MEMBER HANIF: So there is no  
21 itemized breakdown of how much...

22 DIRECTOR JIHA: Not right now. I could  
23 give you...

24 COUNCIL MEMBER HANIF: Gone towards  
25 shelters? I'd love to hear that.

DIRECTOR JIHA: No, no. At this point in time, as of the billion dollars I've already spent, we spent 566 million dollars on the shelter system, DSS...

COUNCIL MEMBER HANIF: Okay.

DIRECTOR JIHA: And then 434 million dollars on the HERRCs.

COUNCIL MEMBER HANIF: On the HERRCs?

DIRECTOR JIHA: Yeah.

COUNCIL MEMBER HANIF: And then what percentage of the 4.3 billion dollars is going towards services that will help these families and individuals become self-sufficient and not reliant on the shelter system such as the legal services.

DIRECTOR JIHA: I don't remember exactly how much we have, but we added resources, I believe it was 6 or 7 million dollars, (INAUDIBLE) we added 5 million dollars in resources to help them with those legal costs.

COUNCIL MEMBER HANIF: So at my recent Executive Budget hearing, we pressed on better understanding how the 5 million has been allocated, and we've actually been doing that over most of my recent hearings, and what we learned is that the 5

million hasn't been allocated yet, that there's a program being created centering on pro-se clinic, which the City supports, but curious as to what new funding has actually been spent already to support asylum-seekers seeking legal services because the 5 million hasn't been spent according to...

DIRECTOR JIHA: Yeah, because the budget hasn't been voted on yet.

COUNCIL MEMBER HANIF: But we were told that that was going to be money allocated, and there was an RFP process and legal services providers in our city said this is not enough, which is why we have come out and said we actually need 70 million dollars and would love to know if the Admin can commit to increasing the legal services allocation to 70 million dollars to focus on the pro se clinic and to ensure that everybody has the full representation they need right now.

DIRECTOR JIHA: It has not been spent, but it will be spent. Again, the providers did not bid on the procurement, but I believe we will have conversations with folks and (INAUDIBLE) that we will provide and they will spend the 5 million dollars that we currently have in the budget.



COUNCIL MEMBER HANIF: I really hope so. We've been asking about this and to hear from you again the uncertainty of whether or not that money is spent is not okay for those of us determined to supporting asylum-seekers who are on a timeline, they're on a legal timeline.

DIRECTOR JIHA: Yeah, and also the State also allocated 10 million dollars also for asylum-seekers. Again, the resources are there because we're trying to push as hard as we can to get these folks to get their paperwork.

COUNCIL MEMBER HANIF: Absolutely.

DIRECTOR JIHA: So they can (INAUDIBLE) the system.

COUNCIL MEMBER HANIF: I appreciate the cooperation because we know that at the core of this, aside from housing, is the legal services component to ensure that we are not reinforcing another generation of undocumented people.

I want to go into the work that the Administration did with Council on launching Promise NYC. This is such an integral program to support undocumented families with childcare access. I was disappointed to see that this program isn't renewed,

hasn't been renewed, was not included in the Executive Budget, and the Council is calling for a 20-million-dollar investment because of the need. Right now, we are seeing, as you mentioned, the 189 number, more families, and childcare is one of the ways to ensure that these families can work, and so does the Administration have any plans right now to add 20 million dollars to continue the important work of Promise NYC?

DIRECTOR JIHA: As you know, we added one-time funding last year, and, as we work with the Council toward adoption during budget negotiations, we will review that particular program because it has some promise. This is a very good program. This is not one of those programs that are not working. This is a very good program so we will work with the Council during budget negotiations to see what can be done in terms of funding for that program going forward.

COUNCIL MEMBER HANIF: I urge that we get there. It was such, to your point, an integral part of keeping families whole and showing what care in our city looks like, and we were unique in creating

that program so that 20 million dollars would go a long way to support these families.

I'd like to just wrap up by saying I was hoping for more of an itemized breakdown of the ways in which this 4.3 billion dollars from the Admin has been spent, where it's been spent, but I look forward to followup and continued engagement to ensure that we do our fair share to continue to support asylum-seekers across all levers of government.

DIRECTOR JIHA: Be more than happy to work with you to share whatever information we have so at least you have all the information that you need.

COUNCIL MEMBER HANIF: Thank you, Director. Okay. Thank you, Chair.

CHAIRPERSON BRANNAN: Okay, we have final questions from Council Member Nurse.

COUNCIL MEMBER NURSE: Wow. Last but not least.

CHAIRPERSON BRANNAN: No pressure.

COUNCIL MEMBER NURSE: I want to talk about climate. In the new PlaNYC press release and announcement, it talked about a new climate budgeting initiative so I wanted to understand a little bit more about that, how far along on defining that and

operationalizing that you all are. Just for the record, the way it's described is New York City will be the first big city in America to launch a climate budgeting initiative to ensure that it remains laser-focused on prioritizing climate change and environmental justice in investments and decision-making. Climate budgeting is a process that incorporates science-based climate considerations into the City's budget-making process by evaluating how actions and spending today contribute to meeting long-term climate targets. How will climate budgeting change the way OMB conducts the City's budgeting process, and, also, are you looking at the Oslo model?

DIRECTOR JIHA: We've been working with different municipalities throughout the world, and we created, as part of an OMB initiative, a task force within OMB the first time to basically ensure that every decision that we make is climate-friendly. We should sit down with you and show you the new process we're going to have at OMB in terms of our own review to make sure that it's done before we make any decision.

COUNCIL MEMBER NURSE: Is this a process that's active right now?

DIRECTOR JIHA: We are about to roll out that process.

COUNCIL MEMBER NURSE: So you're rolling it out?

DIRECTOR JIHA: It's going to take some time. It's a huge enterprise.

COUNCIL MEMBER NURSE: When do you expect a little bit more concrete details about how this...

DIRECTOR JIHA: I'd be more than happy to have our staff give you a briefing in terms of where we are in terms of the timeline, how we're rolling out things over time because we cannot make a mistake as we roll out this thing. There are a lot of issues that we have to take into consideration, but I'd be more than happy to have the staff sit down with you to show you exactly, we map the out the entire process, when we're going to launch each piece along the way, and we're going to work with the agencies to make sure that the agencies understand the kind of questions we're going to be asking them, the kind of input we will be looking for from them as they submit

requests to us, and how these requests will be reviewed from the lens of climate.

COUNCIL MEMBER NURSE: So this will include, I imagine, obviously capital because we're just going to be constantly having to spend as mitigation measures are needed and probably always be very well behind the infrastructure investments we need, and this will also include like a social services component, an expense component, for how we are getting people to good landing spots?

DIRECTOR JIHA: We're probably going to start with the capital first...

COUNCIL MEMBER NURSE: Right, okay.

DIRECTOR JIHA: Broken down in terms of sustainability and resiliency. We have metrics for each one of these two groups because it's more difficult to measure certain things with respect to resiliency work, but, sustainability, we have more tools to deal with the kind of metrics to ensure that we are successful at what we do in terms of measuring progress. Again, as I said, we will have the staff sit down with you because we want to have a lot of Members from the City Council interested in the process, and the more education we provide, the more

information we provide, I think people will see the benefit.

COUNCIL MEMBER NURSE: I think we all see the benefit. I think it's just more of a question of how long before this process starts to be activated because you could argue that investments in people now, setting them up to be successful in education, in housing, healthcare, allows them to experience the impacts less negatively as we come under increasingly challenging circumstances.

DIRECTOR JIHA: It is something that we will be rolling out beginning of next budget cycle, but, as I said, we have (INAUDIBLE) timeline. Lia is here. Lia will chat with you (INAUDIBLE) with you exactly on the process and the timeline (INAUDIBLE)

COUNCIL MEMBER NURSE: How does this relate to this idea of the Rainy Day Fund? If an New Yorker just looks up a Rainy Day Fund and looks up all these reserves, several of them are just unspecified or just not designated so how does a regular New Yorker understand what type of rainy day is it where we can dip into these funds to deal with multiple different crises if there's not much definition to this, or at least publicly? If I said

hey, what is a rainy fund? Is today the rainy day?

We're getting all these cuts. When is it and how does that get triggered? Can you just elaborate just a little bit on the (INAUDIBLE)

DIRECTOR JIHA: Yeah, the Rainy Day Fund was set up basically to deal with an economic crisis, like we had during COVID. We shut down the economy, the tax revenue collapsed, so therefore you had to lay off employees, cut services, and you say instead of me doing all of these bad things let me tap into the reserve basically to cover the shortfall (INAUDIBLE) tax revenues because of the collapse of the economy. It was not mean to fund initiatives or to fund current expenses, and I hear folks telling me this is a rainy season because you have a huge crisis on your hands, I get it, but I'm always worrying about the chart that you see here going in the wrong direction at the same time that you have a recession. Many economists are currently predicting a recession coming so you can imagine you have a recession, when you have tax revenue coming down, you have expense going up, and you don't have that Rainy Day to tap into to basically help you balance your budget and,



as a result, you have to end up laying off employees, doing a lot of tough decisions.

COUNCIL MEMBER NURSE: Do you think it's time to put some definition on that so that we can better determine what is a crisis in the eyes of New Yorkers and when these types of cuts or belt-tightening are more justified than not and based on different types of crises because you say you have a complete social crisis or you could have an economic crisis or you could have a climate crisis, what are those parameters? Do you think it's time to put some more specificity on that?

DIRECTOR JIHA: There are parameters in terms of when you're tapping into it. There are certain parameters that we have to establish. I believe right now you could tap in 50 percent without any crisis, if I remember correctly, but beyond that 50 percent the Mayor has to provide justification to the City Council why there's a crisis, why we need to do it, but your suggestion is well-taken. We will discuss it, review to see whether or not we need to put some parameters in place and to define exactly what it means when do we tap into it. As I said, our goal has always been that you tap into this reserve

when there is an unexpected economic shock to the system so, therefore, instead of laying off employees, cut services, you could you use these resources to backfill the revenues.

COUNCIL MEMBER NURSE: My last question is just to backtrack to that climate budgeting initiative. Given that so many of the investments which are infrastructure-heavy, they take forever, and there's contracts and workforce and pipeline issues, how are you integrating the delay or just the fact that we're so far behind by decades into the upfront investments we're going to need to start making and are making, but even the ones that we're making now are so delayed, how are you going to accommodate that into this new type of initiative?

DIRECTOR JIHA: This is a great question because it's very challenging because, as you know, as other folks, very often people don't realize how many constraints that we have, and one of the major concerns that we have is the limit in terms of how much we can borrow, and that limit is basically tied to the value of property in New York City because property values in New York City, particularly commercial property values, have declined so,

therefore, the limit that we have in terms of our borrowing capacity has also dropped, which means we have major concerns in terms of how much we can borrow to invest, to not only to catch up but also to do preventative measures to prepare for the future. Again, as I said, it's a bunch of moving pieces that we have to take into account. We understand the challenges that we're behind, and we have to do things to not only to catch up but to also prevent, particularly when we know that Sandy taught us a big lesson. Again, we also have to do all of these things within the constraints that we have.

COUNCIL MEMBER NURSE: Okay. I just have one other question. DSNY snow training. In the budget, the snow training is listed as a PEG with a reduction of 6.7 million in City funds in the Executive Plan. It's also simultaneously 6.7 million in City funds is added in other adjustments for what appears to be a net zero cost adjustment. DSNY had a similar PEG in the November plan. Can you explain the rationale behind this PEG?

FIRST DEPUTY DIRECTOR GODINER: Part of this is, in terms of the training, they used to do training out of the snow budget. We don't think that

training is required, but the actual size of the snow budget is set by a formula in the Charter so the money had to go back in. While we expect the savings to materialize in actuality because they won't do the training, the size of the snow budget is unfortunately set by the formula in the Charter.

COUNCIL MEMBER NURSE: Okay. Thank you so much.

DIRECTOR JIHA: Thank you.

CHAIRPERSON BRANNAN: Director and your team, thank you so much. Thank you for answering our questions, and we look forward to landing this plane with you in the next month.

DIRECTOR JIHA: Looking forward to it as well.

CHAIRPERSON BRANNAN: Thank you so much.

FIRST DEPUTY DIRECTOR GODINER: Thank you.

CHAIRPERSON BRANNAN: We'll take a brief break and then we're going to hear from the Comptroller.

[GAVEL] Good afternoon and welcome to the second portion of today's Executive Budget hearings. I am still Council Member Justin Brannan, and I Chair the Committee on Finance.

Welcome to Comptroller Brad Lander and your team. Thank you for joining us today to answer our questions.

In the interest of time, I'm going to forego an opening statement and let us here directly from the Comptroller and his team, but first I'm going to turn you over to Committee Counsel Mike Toomey to swear you in and we can get moving.

COMMITTEE COUNSEL TOOMEY: Good afternoon. Could you raise your hands, please?

Do you affirm that your testimony will be truthful to the best of your knowledge, information, and belief, and you will honestly and faithfully answer Council Member questions? Comptroller Lander.

COMPTROLLER LANDER: Yes.

COMMITTEE COUNSEL TOOMEY: Executive Deputy Controller Brindisi.

EXECUTIVE DEPUTY COMPTROLLER BRINDISI: I do.

COMMITTEE COUNSEL TOOMEY: Deputy Comptroller Olson.

DEPUTY COMPTROLLER OLSON: I do.

COMMITTEE COUNSEL TOOMEY: Thank you. Please begin.

COMPTROLLER LANDER: Good afternoon,  
Chair Brannan, Deputy Speaker Ayala, and Members  
of the Finance Committee and the City Council.  
Thank you for the opportunity to comment on the  
Fiscal Year 2024 Executive Budget. Joining me today  
are Francesco Brindisi, our Executive Deputy  
Comptroller for Budget and Finance, and Krista  
Olson, our Deputy Comptroller for Budget. Congrats  
on your endurance making it this far.

The Executive Budget, as you know,  
provides a more candid look at where the City  
stands financially than the Preliminary Budget,  
incorporating several large expenses that were  
previously unaccounted for, including 16 billion  
dollars for collective bargaining increases, and  
the cost of providing shelter to asylum seekers  
without adequate reimbursement from the federal  
government through FY 2025. On the positive side,  
the budget recognizes some of the increased  
revenues my office had early projected. The result  
of these adjustments is that OMB's stated outyear  
budget gaps increased to 7 billion dollars by FY  
2027. We project those gaps will be higher still,  
over 10 billion dollars by 2027, when other risks,

underbudgeting, and the drop-off of federal stimulus funds are accounted for.

While these fiscal challenges are meaningful and significant, New York City is on more solid economic footing than you might expect from listening to the news. Year-to-date revenues through April are 5.8 percent above last year. We project that tax revenues will dip slightly in FY 2024 before regaining growth in each successive year of the plan. We do need a serious, long-term savings program to address large outyear budget gaps, and I'll have more to say on that in a moment, but we do not need to cut essential services like supportive housing, CUNY, public libraries, or meals for home-bound seniors.

At the same time, strengthening New York City's economic position in the years ahead will require new investments in childcare, affordable housing, mental health care, workforce development, and climate readiness. These critical investments will require new revenues, which should be raised from the wealthiest New Yorkers, so we can confront challenges of affordability, grow the economy, and share its benefits more

widely. I'll come back to that at the end, but I'll start by reviewing the City's economic forecast and financial plan.

The local economy continues to recover. New York City is now at 99.7 percent of pre-pandemic job levels. The healthcare, technology, and business sectors are above pre-pandemic levels, while hospitality, construction, retail, and entertainment remain lower with room for growth. Our projections assume that the economy will slow down but avoid recession. We project modest growth over the Plan period but remain mindful of potential risks from federal debt ceiling negotiations, banking sector turmoil, and the Federal Reserve's interest rate hikes. Locally, commercial real estate remains a key concern as hybrid work settles into a new normal with commercial vacancy rates about double before the pandemic.

Although the Executive Budget addresses several major items that were outstanding in the Preliminary Budget, many risks and underfunded expenditures remain, including overtime costs and MTA contributions. Summer Rising, Special



Education Pre-K, Universal 3-K, and Community Schools face gaps when federal COVID-19 funds expire. Special education Carter Cases, pupil transportation, and charter schools are chronically underbudgeted.

The cost of providing shelter to asylum seekers is the largest unknown in the budget planning process. Costs will be high but impossible to predict with precision with so many unanswered questions and the federal government so far failing utterly to provide necessary support. We dig deeply into the question of asylum-seeker cost projections and assumptions on pages 68 to 75 of our Executive Budget Report. There is so much good stuff in here, might have a quiz afterwards and give somebody bonus if you can explain the very excellent Chart 4. You'll like the head count chart, Chart 8, and Krista and Francesco are here to explain any questions you might have about it.

If OMB's current projections for asylum-seeker costs and reimbursements prove accurate, then when factoring in our analysis of other risks and adjustments, the Comptroller's Office estimates a Fiscal Year 2024 gap of 2.14

billion, which is roughly in balance with the 1.69 billion Fiscal Year 2023 surplus we project that will be rolled over largely to cover it. Projected outyear gaps though grow each year to we project 10.38 billion or 9.6 percent of the budget by Fiscal Year 2027, and, if more asylum seekers steadily migrate here, if additional state and federal funding does not materialize, and if daily costs remain high, that gap grows larger still from 3.29 billion dollars next year and then up to as much as 14 billion dollars or about 13 percent of the budget in Fiscal Year 2027.

As many new arrivals fast approach the one-year deadline to submit asylum applications, the City, as Council Member Hanif said towards the end of the time with the Business Director, must do more to assist them to submit their applications for asylum and then six months later for work authorization. So far, over 99 percent of asylum-seeker spending, which my Office did the most detailed report on back in March and we've actually updated the chart of contracts on our website today, so 99 percent of that spending, more even, has been for emergency shelter, far

less than 1 percent on legal and support services. This is shortsighted. While keeping pressure on Washington and Albany, we must scale up the services that help people get on their feet, enable them to exit shelter, and contribute to our city. I refer you to an article in today's Politico about work that (INAUDIBLE) and the New York Legal Assistance Group are doing which we must scale up quickly. The Council should add at least 70 million dollars to the budget and insist that the Administration stand up a comprehensive program for outreach, pro-se clinics, and direct legal representation immediately. This will save hundreds of millions of dollars in downstream shelter costs.

Despite the uncertainties ahead, the Mayor's proposals to cut critical services are a strategic misstep. At a time when one in five people who need supportive housing, only one in five, can get it, the Executive Budget cuts supportive housing rental assistance by 5.2 million dollars in 2024 and 8.2 million in FY 2025. Jordan Neely's killing calls us to improve our existing systems for housing and care for

people struggling with mental illness on the streets, not to cut it. Yet additional cuts to DHS of 29 million and DSS of 12 million will reduce funding for human services nonprofits that provide mental health care, substance abuse treatment, childcare, and job training. The Department of Correction plans to nix trade skills and financial literacy classes, drug relapse prevention, and re-entry services for detained people. These cuts are a risk to public safety. CUNY, as Council Member Dinowitz spoke to, faces 41 million dollars in additional cuts annually on top of funding reductions totaling 155 million dollars for this year. Half of the city's new nurses and a third of our new teachers graduate from CUNY. I hope the Council will follow the Governor and the State Legislature's example and invest further in proven programs like ASAP, ACE, and CUNY Reconnect.

While the Administration held public libraries harmless in the PEG, the 21-million-dollar cuts from prior PEGs and the failure to baseline last year's Council funding means shorter hours and fewer programs for New Yorkers yearning to learn.

DFTA, as you have well-explored, as Council Member Hudson explored, plans to cut back on meals for home-bound seniors despite delivering nearly triple the meals in the first four months of FY 2023 compared to last year, and the Administration, although I was encouraged to hear the Budget Director show some optimism for it, eliminated funding for the highly successful PromiseNYC program, created last year by the Council to provide childcare for undocumented children. That program should be continued at the full year cost of 20 million dollars. The modest sums that would be saved by these cuts pale in comparison to the damage they would do.

We do need more strategic and longer-term savings to address those outyears budget gaps. The Administration gave agencies just 10 days to submit PEGs during the April Plan. This last-minute call for savings made the Program to Eliminate the Gap too blunt, too short-term. OMB pulled down vacant staffing lines without regard for whether they were essential positions like cybersecurity specialists or social service claims processors. This blunt approach has limitations.

The Administration already rightly had to reverse 339 cut positions from the Department of Social Services in the January Plan, but staffing declines continue, as you can see in Chart 8 of our report, despite the step towards more hiring halls.

What we need, given the fact that next year's budget is near balance, and the challenge we face is in the outyears, is a more strategic, long-term savings exercise that encourages wise budgetary planning. Assigning agencies savings targets that build across the years of the financial plan would allow a more strategic approach to attrition to identify positions that could be taken down or repositioned by Commissioners. Another way to achieve savings strategically is to hold agencies accountable for claims settled against them, which totaled 1.5 billion dollars in FY 2022. Since settlements are currently paid out of the General Fund, agencies have no budgetary incentive to reduce them. If agencies were held fiscally responsible for projected settlement costs, each agency would be incentivized to root out the cost of claims

against them. In February, our office published a report on motor vehicle crash claims, which cost the city more than 600 million dollars over the past decade, 130 million in FY 2022 alone, and we made recommendations for how we could significantly reduce those claims going forward.

Other savings opportunities include utilizing technology, leveraging the City's purchasing power, and identifying federal Inflation Reduction Act funds for sustainability investments.

Finally, I urge the City Council to adopt legislation that would require a formula for deposits and the conditions for withdrawals from the Rainy Day Fund. Last year's deposit was the largest ever, but we are still well short of what is needed when the next recession comes. I strongly discourage tapping into those long-term reserves when we still only have two-thirds of what we would need for a recession. What the Council should do is pass legislation that would require codifying formulas for both deposits and withdrawals.

Now, as the Council and Mayor focus negotiations on the FY 2024 budget in the coming weeks, this is also an important moment to think about the longer-term future. As we emerge from the pandemic to face new uncertainties, we will need strategic investments to ensure that New York City is a place where people can afford to grow families, to buy homes, to launch new businesses, to create the ideas and culture that make our city the best on the planet. That was the recommendation you may remember of the New New York panel convened by the Governor and Mayor and chaired by former Deputy Mayors Doctoroff and Buery. They argued that to fulfill the promise of 3-K for all kids, we have to make sure that every child has a seat available in their neighborhood, to conduct outreach fill every seat, to pay providers on time, and to pay childcare workers a living wage. As New York City's families face a housing affordability crisis that severely drags our economy, it's not only Albany that we need to see act, though surely they need an ambitious plan to combat exclusionary zoning, increase housing supply, protect tenants with good cause



protections, and create a large-scale Housing Access Voucher Program, but New York City we will need in the coming to act much more ambitiously as well. We urgently need a new program to create permanently affordable, multifamily cooperative homeownership for low-income, working-class, and middle-income families. That was essential to building New York City's middle class through the Mitchell-Lama program in the 1960s, and it is no less critical today. The crises of mental health and homelessness reveal, revealed painfully in the killing of Jordan Neely, require that we invest significantly more in systems of care and support, drop-in and respite centers, mental health screening in our schools as proposed by the Public Advocate, in supportive housing, and new housing first programs that have proven effective elsewhere.

Building New York City's thriving and inclusive future will also take long-term investments in workforce and economic development, transportation and the public realm, and of course sustainability and climate resilience.

How will we afford these much-needed new investments? With looming out-year budget gaps and the need to maintain essential services, a savings program alone, while necessary, will not enable us alone to make ambitious and needed new investments. We will require new sources of revenue.

As we outline in a new brief that we are releasing today, new revenues can and must be both progressive and effective. They should not put additional burdens on low-income or middle-income New Yorkers already struggling with rising costs, but should instead be borne by the wealthiest households, who have seen their incomes skyrocket in recent years. For example, our recent monthly economic newsletter revealed that the top 0.02 percent of New Yorkers, fewer than 1,000 households, saw their incomes grow by 62 billion dollars in the first two years of the pandemic, 62 billion dollars. Yet currently, single filers in New York City making 50 million dollars, or 5 million dollars, or 500,000 dollars face the same marginal city income tax rate as those who earn just over 50,000 dollars. If we set a very

modestly higher tax rate on households who earn over 500,000 dollars per year, the City could see nearly 1 billion dollars in additional revenues. Another 400 million could come from fairer taxation of high-value properties, through a luxury pied-a-terre surcharge, partial repeal of the tax abatement on luxury co-ops and condos, and, of course, the elimination of the Madison Square Garden tax exemption. Yes, permission from Albany would be required for any of those, and that is not coming this session, but that's okay, because next year's City budget is close to balanced, as I outlined above. The investments we need are for the longer term, but we need to start the conversation now, and that's why we've released our Raising Revenues Brief alongside today's budget report.

With wise investments in our infrastructure, core services, and public goods, the City of New York can ensure that people can afford to raise their families, buy a home, start a business, and build communities here for generations to come.

Thank you very much.

CHAIRPERSON BRANNAN: Thank you,  
Comptroller.

I'm going to ask you about the asylum-seeker response cost and funding details. The Council has only received really large-print high-level details. Has your office received detailed information on the asylum-seeker response efforts and agency-by-agency cost breakdown?

COMPTROLLER LANDER: I'll give you this answer in two parts. I'll speak a little to our contract analysis, which is updated today on our website, and then I'll hand it over to Deputy Comptroller for Budget Krista Olson to talk about the budget projections that she did in our report.

Look, when you do emergency procurement, you have a lot less early information on what you're going to be spending. We gave prior authorization to the Administration when the Mayor issued his Executive Order because obviously if you're going to bring 140 new hotels online to house asylum-seekers you have to be able to move quickly. We started putting online in March as comprehensive a list of what those contracts are as we could, anything not just that our office had

registered but that we could find in PASSPort or we asked a lot of questions of the Administration so if you link it, I'll make sure that we tweet or send you the link. It's on our website and through the Budget Report the most up-to-date information we have on that contracted so far and then, for this Budget Report, Deputy Comptroller Olson prepared as in-depth of an analysis as we could of what the projections for those costs might be.

DEPUTY COMPTROLLER OLSON: In addition to the contract information we got periodically from the Administration, which Brad alluded to, we also can look into FMS and look at expenditures cashed or budgeted that are lagged compared to what we hear from the Administration that gives us some additional detail. We used for our analysis a combination. We are also very reliant on what the Administration tells us so our per diem rates are based on what they are saying their year-to-date expenditures were and then just some assumptions that we made about those costs going forward that are different than theirs, and then we chose to look backwards at the average rate of increase of households over the past year to kind of smooth

out some of the higher times of increases with some of the lower times knowing that there is going to be a lot of variation in the coming year.

CHAIRPERSON BRANNAN: A question for you, Comptroller. Understanding this needs an all hands on deck approach, but do you think it makes sense to have so many different City agencies involved?

COMPTROLLER LANDER: I think it's confusing to have two different agencies running shelter systems so having DHS run one and H and H run another is confusing, and I'll give one example of how I think that's going to be a challenge. This program that Chair Hanif and I are hoping to see stood up of a much more ambitious effort to do outreach and help people file their asylum applications and then get their work authorizations, we don't have any database that helps us know whether people have filed those applications or not. Now that makes sense because traditionally we didn't want to ask people their immigration status at the front door of the shelter system, but now we need at least to be able to say would you like help filing that

application, can we get you in touch with a legal service provider and keep track of that until you get your work authorization and maybe provide some workforce development supports, but H and H has one system and DHS another and there's so many multiple service providers. One think that I hope they'll do going forward is make that effort more coordinated and strategic.

CHAIRPERSON BRANNAN: Do you think two weeks is an appropriate amount of time for agencies to do PEGs?

COMPTROLLER LANDER: As I said in my testimony, I really think what that made it was a kind of short-term slashing exercise. We need a thoughtful long-term savings program. We do have looming outyear budget gaps but rather than say come up with this year's cuts in two weeks, let's say to folks here's the challenge over the next four years you're going to have attrition over that time, you can make better long-term decisions about what lines and programs and positions you might be able to phase out through attrition as people retire so I think we'll need to start that clock ticking again, but I agree that what you get

when you give people two weeks is something more like slashing than like thoughtful strategic savings.

CHAIRPERSON BRANNAN: Do you think OMB should be more proactive with studying tax breaks and if they've extended past their useful...

COMPTROLLER LANDER: I can't avoid the chance to say thank you on this final round of budget hearings to Ray Majewski from whom I learned more about what happens when you let tax breaks stick around long past their useful life, and I think the program the Council has of picking one a year to dig in and try to analyze them is a good one. I think OMB could do more of that. We could probably do more of that too.

CHAIRPERSON BRANNAN: A question I asked OMB as well about audits. The Executive Budget forecasts that the City will collect about 720 million dollars in tax audit revenue. Do you think those estimates are realistic?

EXECUTIVE DEPUTY COMPTROLLER BRINDISI: Looking at history, I heard the Business Director's answer, and, from my own experience, these audits can be very lumpy, and so you can



have very high revenue one year and not as high revenue the next, but we baselined them at least 900 million in each year of the plan based on the fact that historically they haven't come in at 720, and so that's how we approached this offset to all the various risks of the budget.

CHAIRPERSON BRANNAN: Have you seen any progress from the City in terms of filling vacancies since the report you published the end of last year?

COMPTROLLER LANDER: Chart 8 of this report, on page 56, the blue is the adopted budget head count and then the green is actual head count, and you can see it was in precipitous decline through 2021 and the beginning of 2022. It's leveled off, but I guess what we can tell is sort of, what we've seen full-time head count has decreased very slightly by 313 positions from December 2022 to February 2023 which is our latest month of finalized numbers to 280,674. Hiring gains were made at NYPD, 165, Parks and Recreation 145, DEP 58, HPD 55, and DOHMH 37. Things went the other way with teachers, 122, civilian titles at the Police Department, 196, ACS, 117, uniformed

titles at Correction down 105, Fire down 88, and Sanitation down 79, and preliminary March numbers are basically relatively flat so that's better than when things were going down, but I think that basically suggest for every person they're hiring one person is leaving and we're just essentially treading water.

CHAIRPERSON BRANNAN: All right. I'm going to turn to my Colleagues for questions.

We have questions starting with Council Member Barron followed by Hanif.

COUNCIL MEMBER BARRON: Thank you. Hi, Brad, Mr. Comptroller.

COMPTROLLER LANDER: Brad is fine.

COUNCIL MEMBER BARRON: I was looking at some of the revenue ideas that you had plus that's State-dependent on it. The pied-a-terre tax is about what, 400 or 500 million I think, and the millionaire's tax I think you have in there might be 900 million. What about the stock transfer tax? That's my favorite one, the stock transfer tax. When I was up in Albany, it used to be like 14, 16 billion, and all of it was rebated back to Wall Street and, of course, they said if you don't do

that they're going to close down the Stock Market just like all the corporations are going to leave if we tax the corporations. What about the stock transfer tax?

COMPTROLLER LANDER: I asked our Budget Department to take a look at the ones that they thought met really two tests. One that they were genuinely progressive, that they hit wealthy households and businesses and not working-class folks, and, second, that they were effective, that we could actually collect them, that it would be straightforward to set them up and that we would have confidence that we could collect them, and that's what led them to choose these. We didn't do an analysis sort of beyond that.

COUNCIL MEMBER BARRON: But the stock transfer tax is rebated all back to Wall Street. Why? It's just not making any sense to me. I used to try to, because they say I don't compromise, I don't understand that politics is the art of compromise and all of that stuff, so I said okay, we'll just take 50 percent and leave Wall Street with 50 percent. I don't even think they should have any, but what about that? I mean that one has

to be looked into because it's a massive amount of money.

COMPTROLLER LANDER: We did not analyze that for this report, but I guess what I would say is this. We think it's important to open this dialogue up. Generally, the conversation about revenue takes place in Albany because we need Albany's support to do it, but what we thought was, as we look at the outyear budget gaps and as we think about all these places where we need new investments, we're going to need to be pushing for Albany to allow the City to do some things that provide us with the resources that we need

(INAUDIBLE)

COUNCIL MEMBER BARRON: And that could be the stock transfer tax.

COMPTROLLER LANDER: And we wanted to start that conversation so I'm glad we've started.

COUNCIL MEMBER BARRON: All right. We shouldn't have to start it. That should've been a part of it in my opinion because it's such a good source of revenue.

Secondly, the real property tax structure, Class 1, 2, 3, 4. I didn't see the

corporate, the business, Class 4. I see you mentioned co-ops and condos and homeowners, but what about the utilities and the commercial property?

COMPTROLLER LANDER: For property tax reform actually, we've been fighting hard to get Albany to take some steps there, and I think a look at the inequities between homeowners because homeowners in my neighborhood have a much lower effective tax rate than homeowners in your neighborhood, and that inequity has to be addressed. Rental property is taxed much higher than condo and homeownership property. That has to be looked at. I think it's reasonable to look across the four Classes as well so we're actually working with Senator Comrie and Assembly Member Braunstein to try to explore what a next step can be in pushing Albany towards...

COUNCIL MEMBER BARRON: And is it true that you can't separate the classes? There has to be a rate for all four classes? There can't be just a commercial and just utilities? It has to be for all four, or could it be separate?

EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

The City Council can adopt a tax rate that is split among Classes based...

COUNCIL MEMBER BARRON: Oh, they can split it?

EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

According to a statutory formula. There is a level of overall tax rate and then there is a formula that distributes it to the Classes so, without the intervention of Albany and statutory changes, there is no way to target a change in the rate to a particular Class.

COUNCIL MEMBER BARRON: Let me just get clear on that. There can't be, like say we just do 3 and 4, utilities and commercial? You have to do all four?

EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

There is a tax-fixing resolution that, given the amount of revenues that need to be raised to balance the budget, then there is a formula that is statutory that distributes the burden across the Classes so that cannot be addressed by the City Council.

COUNCIL MEMBER BARRON: Just in terms of some of the pension fund. Talk to me about that. I know there's a huge amount of pension fund investment, and I was always concerned that it's not progressive enough, it's not black enough, it's not Latino/Latina enough. Even in other countries, sometimes the investment tax rate, tell me more on how the pension fund could be beneficial to low-income poor communities, black/brown people?

COMPTROLLER LANDER: First, the 256 billion dollars that are in the City's five pension funds are the retirement security of a whole lot of black and brown people, and we have a fiduciary obligation to every one of them to invest those dollars in a way that achieves the maximum risk-adjusted rate of return. That's a legal obligation on the Comptroller, the Bureau of Asset Management, and all the other trustees of the funds. We can't say we would like to see this money do some good over here and we're, therefore, willing to take a lower rate of return. We're obligated to invest (INAUDIBLE)

COUNCIL MEMBER BARRON: Where is it invested in terms of black and brown communities? I know it's our pension money, but where is it invested specifically?

COMPTROLLER LANDER: We put out a first-ever report, I'll separate this into two parts. First is who are the asset managers because all of that money is invested with asset managers who then invest it in companies. In the United States as a whole, according to the Knight Foundation, I think it's 1.4 percent of assets of this type that are invested with black and brown asset managers. We put the first report out of how we're doing, and it's 11.65 percent, which is a lot better than 1.4 percent, but not nearly close to the 52 percent of New York City residents that are black and brown...

COUNCIL MEMBER BARRON: Exactly.

COMPTROLLER LANDER: But I will say we put in October the first-ever report out identifying those numbers, making them public, saying who our managers are. We will put a second annual report out in October. This time, we will set goals...



COUNCIL MEMBER BARRON: But I would definitely like to see that because sometimes you can have black and brown asset managers that invest in white enterprises and then you'll tell us but look, they were black, they were brown, but the investments sometimes doesn't get to the right places.

What do you think of the, the Mayor is going to give us a letter of revenue soon, and it's always a challenge, I know in the State, there was a partnership on determining the revenue, and on the Federal level it's the Congress that determines, but here the Mayor, without any real partnership sometimes, is determining the letter of revenue and how can we know that that's accurate or what disadvantage are we at that we cannot determine that letter of revenue?

COMPTROLLER LANDER: We do our best to give you an honest assessment of what we think the revenues are going to be so that you can negotiate with the Mayor and, as I said, in the preliminary budget we had revenue estimates that were a good deal higher than the Administration's, and I was

encouraged to see that they have mostly adopted those for Exec, what the Comptroller does is provide an independent estimate on those numbers. Obviously, that's not the one that controls the budget, but we'll keep an independent assessment coming.

COUNCIL MEMBER BARRON: Would you say the expense and revenue that the Mayor is putting forward is accurate?

COMPTROLLER LANDER: That's what this entire report is so the places where we think they're short, I mean we think they understate revenues, but we also think they understate expenses.

COUNCIL MEMBER BARRON: Thank you.

CHAIRPERSON BRANNAN: Council Member Hanif followed by Brooks-Powers.

COUNCIL MEMBER HANIF: Thank you, Comptroller and to the team, for being here.

First, I just want to share my gratitude in your approach to this budget and prioritizing asylum-seekers first and foremost and really sharing what a dignified welcome looks like and the urgency for the 70 million dollars for

1 legal services, the 20 million for PromiseNYC to  
2 ensure that families have childcare access, are  
3 really what would make their arrival and living  
4 here successful and a demonstration of what a  
5 sanctuary city means in a very contrast to the way  
6 in which the Administration handled my questions  
7 around wanting more transparency on just how they  
8 came to the 4.3 billion dollar number and how  
9 exactly that is being spent with no clarity along  
10 the legal services piece, and we've been hearing  
11 the 5 million dollars for some time now and that  
12 money hasn't rolled out yet, so I appreciate that  
13 there's leadership here that is showing where  
14 money is and how that money can get spent as  
15 opposed to being opaque and not transparent.

17 I'd like to know if you could go into  
18 just what the positive economic impacts are in  
19 investing in services like legal services. You  
20 reported that 99 percent of funding related to  
21 asylum-seekers in FY 2023 has gone towards shelter  
22 costs while less than 1 percent is going towards  
23 people getting out of the shelter system so would  
24 love to hear from you the positive economic  
25 impacts.

COMPTROLLER LANDER: A couple of thoughts here and then maybe Francesco or Krista will have more.

First, the most direct one is anybody that we can help get out of shelter, we will just save a lot of money not having to continue providing shelter costs, and I think the fastest path for asylum-seeker families out of shelter is work authorization, and it makes sense to call on the federal government to use humanitarian parole to skip the six months, but you still have to file your application, and, if people don't do that, they won't be eligible, and if they don't do that until after their one-year deadline has expired, they'll be out-of-status, and then, of course, many of them will still look for work but we will wind up with less tax revenue and just what people make if they're undocumented tends to be less than what they make if they are documented so we'll be foregoing revenues that we could earn as a City. Under the prior Comptroller, there was a good report done just on the economic benefit of immigration to the City which shows up in all kinds of ways.

COUNCIL MEMBER HANIF: Then the 4.3 billion dollar number that has been shared consistently, does your office believe that this is an accurate number?

COMPTROLLER LANDER: The short answer is yes. Krista's team did a pretty deep dive on assumptions, both of what they daily rate of growth will be and what the per diem cost will be on page 70 I think, you can see the chart that she and her team prepared, 74 it looks like. We go through all of our assumptions and how we got to those numbers, but the short answer is yes. We think, if anything, their projections are somewhat optimistic.

COUNCIL MEMBER HANIF: Understood. We've been concerned that the Admin is not getting the best per dollar value on its expenditures and contracts related to asylum-seeker shelters. Has your office identified any areas in this regard where the City can improve cost efficiencies?

COMPTROLLER LANDER: This is a good and important question, and I've raised it with the Administration as well. I was encouraged in one of my visits to one of the HERRCs to hear one of the

folks from H and H say that they were concerned that they were overpaying on their staffing contract. There's three different staffing contracts at least with DOTGO, with SLS, and with Garner (phonetic) so that's an easy place to compare what are we paying on a daily rate for the same thing and either get the folks that are high to come down or just go with the folks who are giving you the lower number so, on staffing, you have some comparability and you can actually push people lower. That's harder with hotels because each time you take one more, you're in some ways kind of signaling what you paid last time, and there's no doubt that the per diem rates we're paying on more recently procured hotels is more than it was on the hotels we started procuring a year ago, and you're not in a good spot when you're looking every night to get one more and you don't have several that you can get to bid against each other. That's a real challenge of emergency procurement.

COUNCIL MEMBER HANIF: I super agree. Is this information, you think, one that would be

shared with us or your team from the Admin. How is this information that we can find out?

COMPTROLLER LANDER: Everything we have about the contracts we put online, updated as of today. The thing I just said about talking with them about staffing was just an anecdote from a HERRC visit so we don't really have data there. They told us that they were concerned about this and were putting pressure on the contractors to do better. I think there needs to be more work here. One challenge, in general with emergency procurement, is you start spending long before the contract is even with us and registered, and so additional oversight is needed. Some audits should start getting underway of those contracts, and we're starting to look at that. Those audits, unfortunately, take a while so as we find things in the interim we'll raise them to the Administration and, as appropriate, to you, and I hope they will also do more proactive, when you're spending so much money on emergency procurement, you really do need to stand up a strong process of investment and oversight.

COUNCIL MEMBER HANIF: Finally, as we continue to welcome more asylum-seekers and battle with the Administration for transparency around these numbers, what specific information does your office need to do be able to carry out your office's responsibility around this issue effectively?

DEPUTY COMPTROLLER OLSON: I would just say more information about the details of the contracts, particularly at H and H since we don't receive those to know how we can derive accurate per diems. We just have aggregate costs for those contracts.

COUNCIL MEMBER HANIF: Could you just share for the public why you don't receive H and H contracts?

DEPUTY COMPTROLLER OLSON: They're a public benefit corporation, and they are not required to submit their contracts for our review.

COUNCIL MEMBER HANIF: Thank you. Just wanted to shed some light on some of the other lack of transparency on this issue and circumvention. Thank you. Thank you, Chair.



CHAIRPERSON BRANNAN: Okay, Council Member Brooks-Powers followed by Brewer.

COUNCIL MEMBER BROOKS-POWERS: Thank you, Chair. Hi, Comptroller. Hope all is well.

I wanted to just touch really quickly on M/WBE procurement. In February, you issued a report on M/WBE procurement that was pretty unsettling. M/WBEs accounted for only 2 percent of the value of all New York City contracts and purchase orders registered in Fiscal Year 2022. Obviously, we all know we need to do better, and I'm interested in getting your perspective on how we chart our course forward so can you talk through what you see as the most effective ways for the City to improve M/WBE utilization, how can the City be more effective at holding agencies accountable. I've introduced legislation that would require the Comptroller to do yearly audits of each agency focused on their M/WBE utilization plan, and I'm interested in also knowing if you would support this, which is like more audits specifically tied to an agency's plan for M/WBE utilization. I'm especially concerned, like we had a hearing earlier recently with MOCJ and hearing

about some of the struggles with even some of the subcontractors and them not being able to get paid because of something dealing with the prime. Also wanting to know if there are recommendations, because that also impacts that overall utilization number as well, but we're seeing that a lot of these businesses have not been getting paid from the City, and so really wanting to understand that because this makes contractors and companies not want to do business with the City because we're not paying them.

COMPTROLLER LANDER: These are all very important issues, and I also, when we did our M/WBE Procurement Report, was just stunned by how far we still are from anything that would look like parity, especially when you look at what's sometimes called the disparity within the disparity because of M/WBE contracting white women and Asian men have the significant majority even of counts as M/WBE and black and Latino New Yorkers, both women and men very little in a city where 52 percent of folks are black and Latino procurement is under 5 percent, and that is distressing.

Now, I will say one encouraging thing here is that that report when we put it out hit around the same time that Mike Garner started as the Mayor's Chief Business Diversity Officer, and he came to the event at which we released it, and we've had a really good back and forth with him. He is eager to drive progress on this, and so I was encouraged by that.

You mentioned subcontracting, which if I had to pick one area, it might be the one I would start with because the way things work currently, we don't have any visibility basically into subcontracting so we don't have good measurements of when we've got M/WBE subcontracting goals, who are those contractors, are they registered M/WBEs, did they get paid, and agencies are using both different systems and in many cases the agency itself, though it can see information about the contractor, who they are and when they get paid, cannot see anything like that about the subcontractors, which is where there is just enormous opportunity to help grow, especially in construction, but in IT and other areas as well so we recommended that the City move to a new

technology, a new IT system for making subcontracting more visible, who they are, are they registered M/WBEs, did they get paid. We think that would be one way to drive a lot of progress. There's a lot of other recommendations. You and I actually had a great conversation about a specific procurement from the Council and we wound up talking about, I didn't know there were so many procurement methods, we got a great primer on procurement methods in our Annual Procurement Report, but the noncompetitive small purchase M/WBE procurement method, which started at 150,000, is now up to a million dollars and we're actually pushing for it to go to 1.5 million is a great way of supporting M/WBEs to grow their businesses so there is no silver bullet. There's a lot of steps that are needed. We outlined them in that report. We will be working with Mike Garner and his team.

On the idea of doing individual agency audits, every agency is covered with just what the top line numbers say. We'd be proud to do a deeper dive. We'd probably need some resources if we were going to increase our audit capacity, but I would

make one other point here. In addition to doing more M/WBE auditing, I'd love to be able to do more contract and procurement and vendor auditing in general. The Charter assigns us to audit every City agency once every four years so the vast majority of our audit resources go to agency audits, and that makes sense, but as procurement and contracting has grown as a way of providing services both on emergency procurement like asylum-seekers but on all kinds of other procurement as well, we'd love to do more in that area, but it would probably be an area where either additional resources or you could do the agency audits a little more at your discretion.

COUNCIL MEMBER BROOKS-POWERS: Thank you for that. I would love to spend some time really doing a deeper dive and what systems can we put in place to address this so that we could see an improvement. I've known Mike Garner for a number of years, and his work at MTA speaks for itself and looking forward to working with him too, but recognizing there's a number of different issues when you talk about M/WBE utilization and, like you hit on the head, you see a lot more white

women and white men getting opportunities on these City contracts and then when we're not paying out the businesses that already don't really have access to capital in that way, we harm the businesses with many of them either at risk of closing or actually closing down so thank you for making it a priority and issuing a report, and I look forward to talking to you more about it.

COMPTROLLER LANDER: Thank you.

CHAIRPERSON BRANNAN: Council Member Brewer.

COUNCIL MEMBER BREWER: Thank you. I want to pick up on the hiring because we were told earlier about 1,000 people are in the process. That still leaves, I don't know, 22,000, 23,000, I've lost track so my question to you is because it seems to me the problem is from all of the testimony agencies cannot hire. It's not that they don't want to. Yet, when you talk to OMB, they state well they're not hiring. Well, they are trying to hire so they get cut because they are not hiring but they can't hire because no virtual, salary's wrong. They say it doesn't take too long. I think it does in some cases, etc. So my question

to you is is that something that we can quantify, is there some other way of looking at it? It really disturbs that this is the reason why people get cut, the programs is because they're not filling the staff. Well, they can't fill the staff. You cannot hire an attorney if you are not providing hybrid.

COMPTROLLER LANDER: Yeah. This is a really important. We did these Title Vacant and Understaffed/Underserved Reports that picked up on some work you had analyzed, and I think, in particular, the move of OMB to cut half of all vacancies irrespective of what those vacancies were, it might in some cases be that a longstanding vacancy is evidence that you could without that thing, but it might equally be that the private sector is hiring that thing in tremendous numbers, like cyber security. I use that as the example. We know that there was I think it was like 33 percent vacancy in cyber command, we know that's not because we don't need cyber security. That's because the private sector pays people more and lets them work remote five days a week, and so people leave and they had

vacancies, but cutting half those vacancies as a budget measure doesn't protect us better from cyber threats. This is what I was trying to get at with this longer-term attrition plan. If you give people four years and you say you're going to have attrition, figure out what things you can shrink and what things you need more of and not just we're going to slice half of your vacancies when that might be an indication that that thing is really needed. I brought for you, because I thought you might ask this, we have new dashboards just in the Comptroller's office, new KPIs, and our own vacancies are upper left and then you can go through and see each unit, and the two units in the Comptroller's office that have significant vacancies at the moment are the Bureau of Asset Management where we're competing with Wall Street firms and so that's a challenge to keep people, and our Audit Bureau where we hire off civil service lists and the tests are not refreshed as often as we would like and it's not easy to find someone that meets the title requirements, and our challenge isn't that OMB, we don't need OMB approval to make our hires. It's hard in this



market to hire people. Obviously, OMB requirements can delay agencies even further, but I think your point that we just need a more data-driven comprehensive look so we can distinguish what the issue is in different sectors is critical.

COUNCIL MEMBER BREWER: The other question I have, a few minutes ago you talked about different kinds of analysis. DOE, as an example, that's the one I'll use, they obviously have a bus contract, that's important, they have IEP contracts, that's important, but they have other kinds of contracts for reading and god knows what that I just don't see how they are needed, some of the book contracts they have, etc., so how would you distinguish because if we're looking for money, because we are, in addition to figuring out some of these other bigger issues, how would you go about looking for, I don't know, I call them unnecessary contracts, even the ones, when I go to the HERRCs, they're fabulously well-staffed. I don't know they need all that staff. That would be somewhat cynical perspective. The question is how do you, or do you, think about some of these contracts that really are not necessary? Some of

the book contracts they have, why do you need to have somebody to tell you what books to read? I think I can figure that out as a teacher, etc. Is that something that you're thinking about, about where to pocket some money that don't need to be spent?

COMPTROLLER LANDER: That's a great point. We've done some digging in on the claims just because we do claim settlement in our office, we have a lot of data and information to go after, but I think a deeper dive on contracts to try to figure, because obviously there's no doubt that the contractors would like to sell you more. One that I fought hard against as a good example was Department of Correction was pitched this contract to digitize the mail for people in detention, and it was easy to see where that had come from. That was a service the contractor was selling, and they came and sold it and said it'll ease up the work of your staff delivering people their letters from their loved ones but we would've paid through the nose for it.

COUNCIL MEMBER BREWER: I agree. The other question is we have some out-of-state non-

profit contractors, now these are probably emergency contracts, they're not going to go through you, but I find it strange that we have to hire from out of state to work with the asylum-seekers. Why can't we use local so I just want to put that on your radar. It's happening too many places.

Finally, Aetna, we've got the managed care, seniors, etc. Is that something that's going to come across your desk at some point?

COMPTROLLER LANDER: It is on our desk. It arrived May 8th, I believe, which means we have until June 9th to review it, and we're thoroughly reviewing it right now. This is one that, I'll confess, I'm wrestling with and troubles me a lot. You may have seen my dear friend Ady Barkan, this activist with ALS, had an op-ed in The Nation this week about the fact that at this point now more than half of Medicare enrollees nationwide are in HMO or PPO plans through Medicare Advantage, and he's worried that there's not going to be anything left of Medicare as a result. The Comptroller's job in contract registration is ministerial, it's to look and see was it properly procured and is

the money in the budget, but, as an issue, it is one that I'm genuinely grappling with.

COUNCIL MEMBER BREWER: Okay. Thank you.

CHAIRPERSON BRANNAN: Comptroller and your team, thank you so much. Look forward to working with you.

COMPTROLLER LANDER: Thank you, Chair. Great to see you as always, and thanks for your hard work digging through this budget and making sure we get to the best one possible.

CHAIRPERSON BRANNAN: Right on. Thank you so much.

Okay, we'll take a break, and we're going to hear from the Department of Finance.

[GAVEL] Okay, good afternoon. Welcome to the third portion of today's Executive Budget hearings. I'm Council Member Justin Brannan, Chair of the Committee on Finance.

Welcome to Commissioner Niblack and your team. Thank you all for joining us today to answer our questions.

In the interest of time, I'm going to forego an opening statement so we can hear directly from the Commissioner so I will now turn

it over to Committee Counsel Mike Toomey to swear  
in our witnesses.

COMMITTEE COUNSEL TOOMEY: Good  
afternoon. Would you raise your right hands,  
please?

Do you affirm that your testimony will  
be truthful to the best of your knowledge,  
information, and belief, and you will honestly and  
faithfully answer Council Member questions?

Commissioner Niblack.

COMMISSIONER NIBLACK: I do.

COMMITTEE COUNSEL TOOMEY: First Deputy  
Commissioner Shear.

FIRST DEPUTY COMMISSIONER SHEAR: I do.

COMMITTEE COUNSEL TOOMEY: Deputy  
Commissioner James.

CHIEF FINANCIAL OFFICER JAMES: I do.

COMMITTEE COUNSEL TOOMEY: Thank you.  
You may begin.

COMMISSIONER NIBLACK: Thank you. Good  
afternoon, Chair Brannan, Members of the 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. The last Commissioner on the last day, you saved the best for last. I commend you. I'm joined by the Department of Finance's First Deputy Commissioner, Jeffrey Shear, and our Chief Financial Officer and Deputy Commissioner for Administration, Jacqueline James. Jackie and Jeff are key members of our leadership team, and I am grateful for their presence and support today.

Speaking of our leadership team, I'd like to begin by sharing some happy news from the Department of Finance. Two longtime agency leaders have been promoted to new roles in which we will continue to benefit from their wisdom and experience. Annette Hill has assumed the title of Deputy Commissioner for Customer Operations, overseeing our borough business centers, parking ticket adjudications, the Land Records Office, and our Collections Division. Leslie Zimmerman has assumed responsibility for treasury and banking operations, Citywide Payment Services and Standards, and payment, billing, and refund operations, as Deputy Commissioner for Treasury and Payment Services. Both of these divisions will report

directly to me. Annette and Leslie are true public servants with decades of experience, and I wanted to take this opportunity to acknowledge and congratulate them on this new chapter in their distinguished careers.

The focus of my testimony today will be updating you on important Council priorities, highlighting new developments since I last appeared before the Committee in March, and speaking briefly about the Department of Finance's plans for the coming year.

First, we have a few updates to the customer service initiatives and benefit programs that I know are important to you and your constituents, and let me start with a state-level issue. We continue to advocate at the state level for our proposal to simplify eligibility for the Rent Freeze Program and the Senior and Disabled Homeowner Exemptions. We would like to see the legislation pass before the end of the current session. This proposal would make up to 20,000 more households eligible for benefits while making the application process significantly easier. Unfortunately, without this important change, the

language modifying these programs in the state budget will result in a more complex application process and a reduction or loss of benefits for up to 3,000 current recipients. As we work with the State Legislature to help New Yorkers access and retain the benefits they're entitled to, we are also continually improving the services we provide across our agency. Our current efforts include giving customers the ability to easily look up the status of their benefit applications online, which is one of the most common inquiries we get. An online application lookup function is already available for the Rent Freeze Program for initial applicants, and we expect to launch it for Rent Freeze renewals and the Senior Citizen and Disabled Homeowner Exemptions by the end of the calendar year. We have also introduced a new online appointment scheduling feature for customers visiting our Tax Map Office. This ensures that property owners looking to merge or apportion tax lots can receive prompt in-person assistance to navigate the process.

Finally, we are excited to announce that applications for the first year of the



Mayor's childcare property tax abatement have been received. We are still in the process of reviewing applications, but already we have approved applications that will add almost 1,800 seats across the city. We expect that we will have additional success as we launch the childcare business tax credit applications this fall and continue to build on this signature initiative.

Turning now to other key priorities, ensuring that New Yorkers have access to parking near their homes, providing efficient and fair adjudication of tickets, and addressing illicit and obscured license plates. We are engaged in several efforts to strengthen our enforcement tools and increase compliance in these areas. At the State level, DOF continues to advocate for a Parking Ticket Reform Package that would strengthen our enforcement tools. This includes giving traffic agents and police officers the ability to issue parking summonses against cars with missing or obscured plates by using the car's vehicle ID number. In addition, improved enforcement against commercial vehicles parked overnight in residential

areas will improve residents' quality of life by protecting their ability to park near their homes.

We look forward to working with the Council, the Law Department, the Department of Transportation, and the NYPD on local legislation that will improve our enforcement capabilities against illegal license plates. We will be seeking to increase fines and penalties for the use or sale of concealed or illicit plates. Stronger enforcement in this area would protect New Yorkers from drivers who currently use unidentifiable plates to get away with unsafe driving practices.

Additionally, before we leave the subject of parking tickets, because who doesn't love talking about parking tickets, I would like to update you on the continued success of our new self-serve online parking ticket payment plan enrollment option. Since its debut in early February, approximately 17,000 customers have enrolled in payment plans online and made down payments of 3.2 million for violations totaling 17.7 million dollars.

With more time to pay, vehicle owners can avoid booting or towing. In addition to

helping customers, this allows DOF to focus enforcement efforts on chronic scofflaws.

As you know, the Mayor is pursuing every option to address the proliferation of smoke shops selling unlicensed products across the city. This effort is being led by the Sheriff's Office with key support from DOF's Tax Audit and Enforcement and Legal Affairs divisions and with the participation of other agencies, including the State Office of Cannabis Management, the NYPD, the Office of Special Enforcement, and the Department of Consumer and Worker Protection. This partnership, known as the Joint Compliance Task Force, has conducted 270 inspections since last November, resulting in the seizure of illegal tobacco and cannabis products valued at over 14 million dollars. We are working with the Department of Taxation and Finance, our State counterpart, and the Office of Cannabis Management to take advantage of the recently enacted amendments to the Marijuana Regulation and Taxation Act and strengthen our ability to ensure that the cannabis industry operates safely and legally in New York City.

Let me now move to an overview of the Department of Finance's budget for Fiscal Year 2024. Our proposed budget is 340.7 million dollars. That includes 180.9 million dollars in personal services funds to support an authorized headcount of 1,878 full-time staff and 159.8 million dollars for other-than-personal services.

As the Council is aware, the City continues to pursue gap-closing measures, and our agency has done its part by finding ways to encourage compliance and protect revenues. This includes our proposal to expand the Sheriff Road Unit. Vehicles in the Sheriff Road Unit are outfitted with license plate reader technology used to enforce unpaid commercial motor vehicle taxes. The license plate reader technology also allows DOF to identify vehicles that evade our booting operations because, for example, they're parked out of the city overnight. We are also working to ensure that the Cooperative and Condominium Property Tax Abatement is provided only to the intended beneficiaries of the program, resident owners. Last year, we conducted a pilot program that resulted in the identification and removal of 4,500 abatements, worth 8 million dollars

annually, from property owners who were not using their condo or co-op apartment as their primary residence as required by law, and we plan to continue and extend that effort in the coming year. By constantly working to improve compliance and ensure that the programs we administer are targeted to their intended participants, we protect the revenues that enable all of the City's services and programs.

Finally, I want to highlight our continuing focus on improving customer service to make sure that paying taxes, fees, and fines is as convenient and accessible as possible. We are pursuing every opportunity, large and small, to improve our customer service. This includes working to automatically include customer data when calls are transferred from 3-1-1 to the Land Records call center. We have already applied this approach with personal exemptions, Rent Freeze, and business tax calls from 3-1-1, and it has improved customer service operations and outcomes. Other improvements include returning to in-person outreach across the city, launching a digital signature capability for our SmartFile applications

for property tax payment plans and the PT-AID program to reduce the burden on consumers of printing and scanning documents back to our staff, and adding scanners at all of our Property Exemption Administration customer intake desks to assist customers faster in person.

We have also redesigned the property tax statement of account so that customers can more easily understand their bills. This includes the usage of color and design elements that 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. Most customers will receive the new version of the statement of account for their property taxes due on July 1st, those will go out the beginning of June, and additional property owners will receive it in future billing cycles. I've actually included examples of the current and redesigned statements of account with my testimony that we gave you.

Finally, by the end of the year we will introduce a new hearing-by-video option for customers who wish to dispute parking tickets.

That adds to the existing options, which include online via the Pay-or-Dispute mobile app, in person, or by mail. We will share additional information when it is available.

In closing, I'd just like to reiterate how grateful we are for the support and partnership of this Council. As you can see, the coming year will be quite busy and productive for the Department of Finance, and we look forward to your support in ensuring the success of the initiatives I've mentioned today plus the many others underway throughout our agency.

Thank you for the opportunity to testify, and we would be happy to answer any questions.

CHAIRPERSON BRANNAN: Thank you, Commissioner Niblack. Appreciate your dedication to the kinder, gentler Department of Finance.

COMMISSIONER NIBLACK: There's been a huge mistake, Council Member.

CHAIRPERSON BRANNAN: Let me talk about the PEGs. I appreciate you provided the vacancy reduction details by titles, 116 vacant positions. I noticed just something like the clerical

associate. Why is something like that seemingly so difficult to hire for? I see 37 vacancies there.

COMMISSIONER NIBLACK: I will let CFO James speak to our hiring efforts here, especially in the clerical associates.

CHIEF FINANCIAL OFFICER JAMES: Retention and recruitment. We have to use the civil service list. That's the list process, and so that is of constant re-applying. It's just the civil service process. It's hard to recruit.

CHAIRPERSON BRANNAN: What does that position pay?

CHIEF FINANCIAL OFFICER JAMES: Roughly about 38,000 dollars.

CHAIRPERSON BRANNAN: 38,000 dollars.

COMMISSIONER NIBLACK: The DC37 will raise that, but it is the lowest paying starting salary in the Department.

CHAIRPERSON BRANNAN: Wow.

COMMISSIONER NIBLACK: Yes, for full-time.

CHAIRPERSON BRANNAN: Do you need to have a college degree for that job?

COMMISSIONER NIBLACK: I don't think so.



CHIEF FINANCIAL OFFICER JAMES: I don't think so. Just a high school diploma.

CHAIRPERSON BRANNAN: Are there plans to hire additional revenue-generating positions like assessors and that kind of thing?

CHIEF FINANCIAL OFFICER JAMES: Yes, there are. We currently just hired about 30 auditors within the Department of Finance, and we are continually aggressively recruiting for auditors. The civil service list just expired so we are working with DCAS on how to go about hiring provisionally to get those employees, once we hire them, back on the civil service track. We're also working to hire city assessors, sheriffs, and other positions within the agency.

CHAIRPERSON BRANNAN: Let's stay on audits just because you mentioned it. OMB has deferred to DOF in saying that they rely on DOF's baselined forecast for audits. The Executive Plan added roughly 480 million in additional audit revenue for FY 2023, which is an indication to us that the audit revenue projections in the preliminary plan were not realistic after all. Can you provide us with some perspective on audit

revenue projections in the preliminary plan and what might have changed?

COMMISSIONER NIBLACK: Our role is to perform audits and collect funds for when we settle audits. Let me speak specifically to the changes between the preliminary and the executive. You may recall, Mr. Chairman, there was a very large audit settlement of a single case for 480 million dollars. At the time that the preliminary budget was locked down, we knew the case was settled, we didn't have the money in hand. OMB typically does not recognize money until it's in the bank so it was not included then. It was added subsequently. That's the difference. That's that 480-million-dollar difference roughly between the preliminary and the executive.

CHAIRPERSON BRANNAN: Got it.

COMMISSIONER NIBLACK: That explains that. We provide our daily or weekly updates on audit collections to OMB, but, until the money is in the bank, they are reluctant to recognize it of course.

CHAIRPERSON BRANNAN: I want to ask you about the commercial motor vehicle tax. The Sheriff

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2 Road Unit, which will fund the installation of 75,  
3 I believe, additional license plate readers. Do we  
4 have a projected gross in net revenue from those  
5 cameras?

6 COMMISSIONER NIBLACK: Yes, the projected  
7 gross revenue is 5.5 million dollars, and the net  
8 is 3.9 million, and correct me if I'm wrong Jackie,  
9 but I think the net goes up a little bit because we  
10 have some one-time costs in the first year.

11 CHIEF FINANCIAL OFFICER JAMES: That is  
12 correct.

13 CHAIRPERSON BRANNAN: Will the Sheriff be  
14 focusing on highways or city streets?

15 COMMISSIONER NIBLACK: Currently, the  
16 pilot program that we started with just had three  
17 vehicles, it was really focused on where there are  
18 high-traffic commercial vehicles and especially  
19 where they're bottlenecking. We did an operation  
20 last week at the Queens Midtown Tunnel for example.  
21 With the license plate technology, the Sheriff's  
22 vehicles are all over the city so I think it's  
23 really, it's just having the ability to capture  
24 more vehicles where they are rather than having to  
25 just do a targeted operation in order to get it.

There's not any particular area that we will be focused on, highways versus streets, one borough over another, it's really just wherever Sheriffs are.

CHAIRPERSON BRANNAN: Do we have an estimate of how much currently exists in arrears for the commercial motor vehicle tax?

COMMISSIONER NIBLACK: We're working on that. I'll get that to you later on.

CHAIRPERSON BRANNAN: Okay. Will DOF share information gathered by the license plate readers with PD or DOT?

COMMISSIONER NIBLACK: The license plate readers don't exactly gather information. They're matching the license plate to a database of taxes that are owed that we have already so it's a tax enforcement tool. It's not really designed, at least at this point, for law enforcement or other purposes.

CHAIRPERSON BRANNAN: Okay. I want to stay on Sheriffs and talk about the illegal marijuana shops. Did whatever they did in Albany make life any easier for the Sheriff's Office?

COMMISSIONER NIBLACK: We're still looking at that. The Law Department is working with our Legal Affairs Division, and we've been speaking with our counterparts at State Taxation and Finance and the Office of Cannabis Management. The language that was in the bill was not exactly what we had proposed so we're looking at, but we think we can make it work for us and I don't actually have yet the details.

CHAIRPERSON BRANNAN: In a perfect world, what would it have said or done?

COMMISSIONER NIBLACK: In a perfect world, they would've basically said the Sheriffs could do cannabis enforcement.

CHAIRPERSON BRANNAN: Short of that, what does it say?

COMMISSIONER NIBLACK: It says the Department of Taxation and Finance can do enforcement, and there is some language in there about, I can't remember exactly what it is, but there's some language in there about sort of agents from the Department of Taxation and Finance so we're kind of trying to understand could that mean us.

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2 CHAIRPERSON BRANNAN: Okay. Could you  
3 tell us so far in Fiscal Year 2023 how many illegal  
4 shops have been raided by the Sheriff's Office?

5 COMMISSIONER NIBLACK: Yeah, there have  
6 been 270 inspections as of the end of last week.  
7 It's probably more as of today, a few more, but 270  
8 inspections since last November when the task force  
9 was stood up. We have taken 14 million dollars'  
10 worth of goods out of those stores...

11 CHAIRPERSON BRANNAN: 1-4?

12 COMMISSIONER NIBLACK: 14, 1-4, yeah.  
13 There have been 93 arrests, lots of summonses have  
14 been issued, and notices of violations, 6.3 million  
15 dollars in civil penalties assessed.

16 CHAIRPERSON BRANNAN: How many illegal  
17 shops does DOF believe to currently operate in the  
18 City?

19 COMMISSIONER NIBLACK: In our database  
20 currently, we have about 1,600.

21 CHAIRPERSON BRANNAN: Wow. 1,600 compared  
22 to 5 legal shops in the City.

23 COMMISSIONER NIBLACK: Correct. Something  
24 like five now.

25

CHAIRPERSON BRANNAN: I think 1,600 opened up since we started this hearing.

Walk us through, if you get a tip or something, not that you need a tip because they're everywhere, but if you zero in on an illegal shop, what's the process there? You have to apply for a warrant? How does that work?

COMMISSIONER NIBLACK: It depends. The shops opened up under the pretext of basically the marijuana deregulation, but the things that they sell are across a big spectrum of (INAUDIBLE) it's vapes, it's edibles, it's cannabis, but it's also untaxed cigarettes, etc., so that's why there's this joint task force is because different people have different authority so, for example, we see a shop that's open that advertises cigarettes. The Sheriff can go in to identify untaxed cigarettes. There is allowance under certain circumstances for warrantless searches, and other times you need a warrant. Really, it spans the spectrum depending upon what we're looking for in a particular store. Last week, for example, the Health Department went with us on some operations, and we shut down two branches of a bakery that were selling laced

products, baked goods, and, under the Health Code, we were actually able to shut those down.

CHAIRPERSON BRANNAN: What I've been told from the Sheriff is it seems to be almost easier for the Sheriff's Office to shut down an illegal marijuana shop if they're selling stuff in addition to, like if they have untaxed cigarettes and illegal vape products, it's easier to shut that down whereas a store that just sells marijuana.

COMMISSIONER NIBLACK: First of all, there are very few stores that just sell marijuana that are unlicensed so that's actually rare. I think because the enforcement authority has been a little fluid or undefined..

CHAIRPERSON BRANNAN: Very diplomatic.

COMMISSIONER NIBLACK: Then we don't really have clear authority to go specifically after a store that sells unlicensed marijuana store. It's the fact that these stores represent kind of a broad-spectrum nuisance that allows us to do the inspections right now that we do.

CHAIRPERSON BRANNAN: So are you confident that after you get a full understanding



of the legal interpretation, you'll be able to do more?

COMMISSIONER NIBLACK: I would say I'm hopeful.

CHAIRPERSON BRANNAN: Okay. I have a couple more. Something you mentioned at the preliminary budget hearing about the agency making more outreach efforts including sending letters to potentially eligible people for different tax breaks, whether it's the expanded EITC or Enhanced STAR. Could you give us an update on how successful those efforts were?

COMMISSIONER NIBLACK: Yes. Let me talk about EITC specifically. We mailed notices to 14,000-plus seniors who are receiving the Senior Citizens Homeowner Exemption but not STAR to let them know that they could qualify for ESTAR. We had 8,000 seniors had the option to apply for the ESTAR exemption actually because the basic STAR exemption already existed on their property in a prior year. Of those 8,000, we've gotten response from about 42 percent of them directly to us, and the rest of the population was actually required to go to New York State to apply so I don't know what those stats

were, but we got a pretty substantial response from the people who could come to us.

CHAIRPERSON BRANNAN: Last year, the Council was proud to deliver the first property tax rebate in 15 years. Do you have a number of how many households received that rebate?

COMMISSIONER NIBLACK: Yeah, we have processed to-date 403,000 rebates. I think roughly 93 percent of them have been cashed or credited. There are some bad addresses, checks returned, etc., so there was some of that, and there are a few outstanding checks, but we've essentially stopped at this point issuing new ones, but more continue to get credited to the taxpayer's account. If somebody comes to us and says you say you sent me a check but I never got it, we will credit it to their property tax account.

CHAIRPERSON BRANNAN: What was the total cost of that? I know it came in less than what we allocated.

COMMISSIONER NIBLACK: 60 million dollars.

CHAIRPERSON BRANNAN: Okay. I just have one more about the final assessment roll. Can you

share ahead of time to the degree of which the total assessed values might differ from the tentative roll, and should we expect a typical-sized reduction or something more dramatic?

COMMISSIONER NIBLACK: We will release the final roll on Thursday. It's not going to be substantially different from the tentative roll, and I will let First Deputy Commissioner Shear talk a little bit more about that. Let me just say, first of all, my appreciation to Deputy Commissioner Tim Sheares and Assistant Commissioner Carmela Quintos who work extremely hard every year to put this thing to bed, and they are on-track as always, and we will see it come out on Thursday as scheduled. I'll let Jeff talk a little bit more about what the changes look like.

FIRST DEPUTY COMMISSIONER SHEAR:

Overall, the roll is virtually unchanged, but that mass changes within the different classes. New York State made adjustment to utility properties that increased their overall assessments by 3.7 billion. If that is taken out of the roll, however, the other classes had their market value reduced by 1.3 billion dollars, and that includes a reduction in

Class 1 properties of over 500 million dollars, Class 2 properties, the value increased by 660 million dollars, and Class 4 properties decreased by 1.4 billion dollars.

CHAIRPERSON BRANNAN: Okay.

COMMISSIONER NIBLACK: Those all sound like large numbers, of course, but in percentage terms, the overall change was 0.16 percent up.

CHAIRPERSON BRANNAN: One last question from a Member that had to leave about the stipulated parking fine program. I know in the past DOF has said the program saves New Yorkers money by cutting down on administrative cost. Others argue we're losing millions by giving these discounts. Is DOF still supportive of this program, and are we convinced that it still saves the City money?

COMMISSIONER NIBLACK: We don't actually believe that we're giving away money here. We are setting the rates for stipulated fines where there is a stipulated fine allowed at a rate that reflects what the outcome of an adjudicated hearing is for those offenses so, if you'll allow me to use a statistical term, on an expected value basis, we're getting the money that we would have gotten

had they gone to adjudication without going to adjudication, and that saves money because then we don't have to have the salaries of administrative law judges and support staff and related OTPS costs.

CHAIRPERSON BRANNAN: Most importantly, what did you think of my day fines idea?

COMMISSIONER NIBLACK: This is primarily for ECB and OATH so they will be the ones who really have to speak to it. I'll just to say if it were applied to parking tickets, I think we'd struggle with how we were going to verify people's incomes.

CHAIRPERSON BRANNAN: Okay.

COMMISSIONER NIBLACK: I think that's an administrative hurdle that would be challenging to meet.

CHAIRPERSON BRANNAN: Okay. I'm going to give it now, questions starting with Council Member Brewer followed by Barron. Thank you, Commissioner.

COUNCIL MEMBER BREWER: I don't like that bill. A couple of questions.

First of all, thank you to Rita Genn for all her work and to the Sheriff. When we had the

1 legal smoke shops, I've obviously been in a lot of  
2 the illegal ones, but are you getting money from  
3 the four or five legal shops or is it all going to  
4 the State?

5  
6 COMMISSIONER NIBLACK: I don't know that  
7 we actually have tax filings from them yet so I  
8 don't know that we know. I'm sure we're getting  
9 some sales tax revenue, but the sales tax is  
10 collected by the State. I don't know that we have  
11 it at the establishment level.

12 COUNCIL MEMBER BREWER: Okay. Do you have  
13 any idea what it might be per shop because I hear  
14 500,000 for Housing Works as an example.

15 COMMISSIONER NIBLACK: I don't know,

16 COUNCIL MEMBER BREWER: Second question  
17 is obviously IBO did an Uncollected Report. Do you  
18 have any sense of that 2.1 billion that's  
19 collectible or how do we go about it? It is hard to  
20 leave it there and say sorry, we can't collect.

21 COMMISSIONER NIBLACK: A couple of things  
22 about that report. One, if we take parking tickets  
23 as an example, typically about 3/4 of parking  
24 tickets are paid within 30 days. Within two years,  
25 you've collected about 91 percent on average. After

two years, it becomes harder and harder to collect. It's harder to find the people who owe you the money. After three years, as a matter of practice, we write it down to zero. The process is different depending on each type of debt, but debt that's newer obviously, and this one criticism we had of the IBO report, debt that's newer is obviously going to have a lower collection rate because it's newer than stuff that's been out there for longer. Conversely, debt that's older, after a while it becomes difficult to collect so business taxes or ECB debt against a business that's no longer operating, that's closed, etc. is essentially uncollectible. I do want to give recognition to our Collections Division, which is run by Pam Parker-Cortijo as the Assistant Commissioner, and they do an amazing job, they're very innovative, creative, resourceful, and work very, very hard to collect every penny that is owed to the City. That said, there's always going to be some amount that is not collected for one reason or another because you find the person, and we can't always take action, we can't go out and arrest somebody and bring them

in and put them in debtor's prison so there are limits to what we can actually do.

COUNCIL MEMBER BREWER: Maybe it's not a good idea, but does the City use collection agencies or is it all done by City staff?

COMMISSIONER NIBLACK: City staff initially take it, and then it's turned over to collection agencies, and I'll let actually First Deputy Shear talk about that.

FIRST DEPUTY COMMISSIONER SHEAR: We now use three collection agencies in succession for outstanding debt. That includes parking ticket debt, ECB debt, and also business tax warrants. After we try to collect, we assign it to the first collection agency. They hold it for six months. To make sure that we're still working it hard after six months, they must return it. It goes to the secondary collection agency, and then after six months it goes to a third collection agency. This makes sure that the debt is being constantly worked and being worked by multiple parties in case one agency is not working it as vigorously as it should.



COUNCIL MEMBER BREWER: Okay. The other thing is 6.3 million you said in civil penalties to the smoke shops at least assessed. Do you have any sense of whether that's been collected? That'll be an example of, I don't know what's going to happen. I haven't been in them and been part of the raids. I don't know what they're doing in terms of actually paying that.

COMMISSIONER NIBLACK: I would have to get back to you about how much of that has been paid. Again, some of it may be returnable to the Department of Health, some of it will be returnable to ECB. I don't know exactly all the details of it, but we can get back to you.

COUNCIL MEMBER BREWER: Obviously, you try to collect, but there are other agencies. We don't know if they do the same kinds of studious collection, right?

COMMISSIONER NIBLACK: I can't speak to other agencies' collection efforts. When a debt is returnable to the Environmental Control Board, it's usually written by another agency, most commonly the Department of Sanitation, of course, the Department of Buildings for some violations. If the

respondent defaults, if they don't show up and they don't pay, then it comes to DOF and goes to our collections division. Before that, it's really up to the agency to take it to OATH and to collect it if the respondent loses or pays with going to OATH or whatever.

COUNCIL MEMBER BREWER: Do you think it's higher or lower than in the past, say 2019, 2018, or is it about the same in terms of people not paying?

COMMISSIONER NIBLACK: The pandemic changed people's behavior in many ways, and I think one thing that happened during the pandemic was that we sort of suspended enforcement for a little while. When I came in, we resumed enforcement because I'm a tough guy, and it was interesting to watch people's behavior start to change, and now I think people are like okay, actually I have to pay my parking ticket so now we're seeing people come in, settle their old debt, and more rapidly settle the debt that they have, but there's a lingering sense I think sometimes that we're not going to enforce, and that's a mindset that we have to change.

COUNCIL MEMBER BREWER: Okay. Finally, some people, particularly older adults, maybe I'm wrong, but I think when they have questions about property tax and so on, there's no phone number to call. Is that correct?

COMMISSIONER NIBLACK: There's 3-1-1, and they will get referred to someone, and we also have a couple of different email inboxes that you can send a query to.

COUNCIL MEMBER BREWER: Fine with me. You know how the older adults want to call someone so there is (INAUDIBLE)

COMMISSIONER NIBLACK: Understood, and we actually have a Call Unit. Let me let Jeff talk a little bit about that, but we have a call center.

COUNCIL MEMBER BREWER: I've gotten some complaints about it. I understand that they're older (INAUDIBLE)

COMMISSIONER NIBLACK: Yeah. We get lots of calls. People do stay on the phone sometimes for a while.

COUNCIL MEMBER BREWER: I'm aware of those people.

COMMISSIONER NIBLACK: I'm just going to mention before I let Jeff talk. You mentioned Rita Genn. I really want to acknowledge Rita has been a tremendous asset in terms of constituent services, and anyone should feel free to reach out to Rita if they have constituents that come to your offices.

FIRST DEPUTY COMMISSIONER SHEAR: I wanted to add that, as you know, we have five business centers, one in each borough, and we do find that disproportionately older people tend to come to visit often regarding their property taxes in the runup to the due dates and the interest-free period. As the Commissioner said, we do have calls transferred from 3-1-1, and we do have a number where 3-1-1 can transfer calls if people want to pay over the phone.

COUNCIL MEMBER BREWER: Okay. The SCRIE, SHIE (phonetic), etc., do you have some sense now because of the outreach more people are signing in, maybe also because of the increase in rent guidelines but we're depending on what they do so do you have some sense of how many more people have not signed up or where we are in that bailiwick?orrect

COMMISSIONER NIBLACK: I will look at the statistics for applications that were due this year. I don't have them in front of me, and we'll let you know. We continue to do a lot of outreach. We're very hopeful if we can get the legislation passed in Albany that the application process will be a lot simpler and a lot more accessible for that reason to applicants.

COUNCIL MEMBER BREWER: Okay. All right. Thank you.

CHAIRPERSON BRANNAN: Council Member Barron followed by Restler.

COUNCIL MEMBER BARRON: Commissioner, you know my pet peeve has always been on the assessment of properties in black and brown communities and white communities. The assessments were very discriminatory, and I want to know have you discovered that, what is your assessment of that because sometimes when we come to our communities and the property might be similar to that in white middle-class communities, but it's a different tax levy assessment, and sometimes people say if you assess the value of the properties higher, so is the tax higher, and then it could lead to

foreclosures. There's a lot of foreclosures in our low-income black and brown communities, and those who struggle hard to get some homes, they wind up themselves in foreclosure. May he rest in peace, Melvin Faulkner, who was in my office, he helped about 80 to 100 families out of foreclosure, but a lot of it had to be in cooperation with the Department of Finance and many other groups because you know predatory lending is still very real in our communities, and these predators will lend people money and say low-cost, low-cost, too good to be true we would say, it absolutely is, it's a predator, and they're taking you, no matter you have bad credit, that's what I was trying to get at, bad credit, no credit, and they still lend you the money and you wind up having a balloon payment later and you're property is in foreclosure, and then there's these white organizations, enterprises that buy the property so a lot of our property that we owned are now owned by these white predator companies waiting for us to go into foreclosure and then getting our properties and so I want to know how do you address some of those very serious issues for our community.

COMMISSIONER NIBLACK: With respect to the assessment question, this is at the core of the issue of property tax reform that the Advisory Commission tackled and that we've been updating our analysis and looking at or preparing to go discuss with the Mayor shortly. The problem is really you have areas where growth is rapid, and it actually means that the assessment growth can't keep up and so those properties are relatively undertaxed, and that's because of the caps on assessed growth so it's 6 percent a year or 20 percent over five years, which works out to about 3.5 percent per year on average. Then you start to have big differentials between the ratio of the assessed value to the market value. Where it's high, taxes are high. Where it's low, taxes are going to be lower. This particularly can be a problem in gentrifying areas, and it depends sort of on the community, but you can get parts of Southeast Queens, for example, I'm trying to visualize a map in my head right now as I'm talking, but Southeast Queens, for example, where properties are taxed at a higher effective tax rate than they are in other parts of Brooklyn, for example. At its core, it's

related to the caps on assessed value growth, and that's one of the things we're looking at in terms of the property tax system.

Predatory lending practices...

COUNCIL MEMBER BARRON: Before you leave that, there's a lot of racism in that. It's not just an objective, as you're presenting it like race doesn't play a factor in it. It's not coincidental that the differences are in black and white communities, black and brown communities, white communities, but there are some really racial dimensions to that.

COMMISSIONER NIBLACK: Understood.

COUNCIL MEMBER BARRON: What do you mean understood? I want you to talk, what are we going to do about it?

COMMISSIONER NIBLACK: Right. As I say, we've been studying the Advisory Commission's recommendations, we've been updating the analysis that was performed to reflect more recent values. I'll tell you, honestly, I think it's a little bit of a mixed bag. There are parts of the City that are predominantly black or Latino who have higher effective tax rates than other parts of the City



that are white, but it's not that clearcut. There are parts of the City that are predominantly black where effective tax rates are lower because they've been gentrifying so I think...

COUNCIL MEMBER BARRON: Well, that's interesting, so we have to have whites move in in order for us to be fairly assessed. I mean you're making my point for me.

COMMISSIONER NIBLACK: Yeah. I was not trying not to make your point, but, yes, it's a complex phenomenon, and it can kind of cut both ways, but I'm not going to dispute the conclusion that, in fact, it could end up having a systemically racist...

COUNCIL MEMBER BARRON: Very systemic, and it's not as complex. It's very simplistic to me and clear to see, but foreclosures and predatory lending.

COMMISSIONER NIBLACK: Yes, so you may recall Lew Fidler who was instrumental in helping create the Center for New York City Neighborhoods. That was the entity that was created at the time of the mortgage crisis that started in 2007 really, and that's the entity that's primarily charged with

looking at this problem. For us, it's really going to be a matter of how we go about enforcing property taxes and whether we can do it in a way that protects vulnerable homeowners and protects affordable housing assets that are in the community. When we come to you with property tax legislative package soon, enforcement package, one of our goals is to really make sure that we are protecting communities and low-income individuals in those communities and across the city in the process.

COUNCIL MEMBER BARRON: Finally, I want to work with you on helping Community Land Trust be able to get some of the properties in our community because right now rich white developers, male developers in particular, they get all the land and the property, matter of fact, they get tax abatements, they get subsidies and free money. When we get it, it's welfare. When they get it, it's subsidies. Either we're all on subsidies or we're all on welfare, but they get free money from the government, tax abatements, land cheap, and we need to get that land to Community Land Trust. I have an East New York Community Land Trust, and we're

working hard to see to it that they can acquire some of that land with your help and HPD and other agencies. I think this is going to be an important thrust for local communities like East New York, Brownsville, Harlem to gain control over their economies because you know whoever controls the land controls the economy of a community, and that's what some of us who are socialist and black nationalists, whatever you want to call us, we're trying to get more control over the land and the economy of our communities, and what's your thinking on that?

COMMISSIONER NIBLACK: Again, to go back to the property tax enforcement, one of the drivers really of this whole conversation has been the Community Land Trust, and we just had a meeting recently with a group of CLTs including East New York to talk about proposal for property tax enforcement and the role that CLTs would play in the preservation of affordable housing assets in communities so we definitely are looking at them as having a prominent role going forward in this.

CHAIRPERSON BRANNAN: Council Member Restler.

COUNCIL MEMBER RESTLER: Thank you so much, Chair Brannan, and Commissioner, it's good to see you, Deputy Commissioners Shear and James, pleasure.

I just was reading in your remarks, I'm sorry I was a little late, that Leslie Zimmerman was promoted, which is great.

COMMISSIONER NIBLACK: Yes.

COUNCIL MEMBER RESTLER: I was always really impressed by her, a really good public servant, congratulations to her and to all of us who will benefit from her serving in a leadership role.

I just had a few questions for you today. One was does this Administration support in full the recommendations of the Property Tax Commission that concluded in December 2021?

COMMISSIONER NIBLACK: When I came into office, as you know it was about five days after the Advisory Commission dropped its final report, our Tax Policy Division had quite an active role in doing that analysis for the Commission. All that data was based on 2019 values, before the pandemic, so one of the first tasks for me really was to dig

in a little deeper because there were some questions that I had that weren't necessarily addressed in the report and to update the analysis with more recent data so we had a good solid, I would've been uncomfortable going forward with any conclusions or making any recommendations based on data that was pre-pandemic so we wanted to update that.

COUNCIL MEMBER RESTLER: Have you updated it?

COMMISSIONER NIBLACK: We have. We're examining it now. We're developing some recommendations. It's going to build on what the Advisory Commission did, but it will not replicate every aspect of it.

COUNCIL MEMBER RESTLER: I will just say this. The inequities in our property tax system have been well-documented, and in previous efforts to get Albany to act it has taken many, many, many years of sustained advocacy. If this Administration is not prepared to lead and push, it's not going to happen, and so we appreciate that you're doing your due diligence and updating based on the change in conditions that we've experienced through the

pandemic, but we have to get working and working fast, and the best time to move is right after the gubernatorial election. We've always lost a full session with nothing. It just feels like we are very much on a road to nowhere unless things change rapidly from the Administration's standpoint.

On that point, I represent a District where some of the folks benefit most from the current property tax system and some folks are really ill-served by it. One question I just want to ask is around transparency. How can a homeowner know on what basis their property was assessed. The valuations are adjusted based on the values of comparable of properties, but the owner has zero information on those adjustments, and so what we often see in South Williamsburg is that condo properties are compared to other condos in Williamsburg that have pools and are luxury developments and have nothing to do with the kind of bare bones condo developments in South Williamsburg, and, accordingly, their assessments, we believe, are very unfair.

COMMISSIONER NIBLACK: Co-ops and condos are both assessed based on comparable rental

buildings, and this is a feature of the tax code that is a prominent feature of the reforms in the Advisory Commission to start basing them on a comparable sales basis, and I think that that would be a big step in the direction of sort of alleviating some of the inequities that are hard to avoid given just the fact that we have to approach it in the way we do now.

COUNCIL MEMBER RESTLER: I appreciate that, and it doesn't make sense to compare a condo to a rental, but what's deeply frustrating is when we're comparing a condo in a building with no amenities to a luxury rental a few blocks away, and that's where people are so frustrated and then there's no transparency and, while I appreciate that hopefully comprehensive property tax reform will happen, I'm not betting on it, I'm certainly not counting on it, and we need to continue to push for more transparency and improvements in the interim. Over the years that I've worked with DOF, I've been frustrated by the lack of transparency in this process and the lack of answers and accountability we've gotten.

Just one final question. It has long befuddled me why the Parking Violations Bureau is at the Department of Finance. It feels like every other comparable violation goes to OATH. OATH deals with it I think reasonably well. I don't see why our tax collector should be adjudicating its own revenue stream. It seems unfair. Should the Parking Violations Bureau be based at DOF or should we move it to OATH.

COMMISSIONER NIBLACK: I'm going to let First Deputy Commissioner Shear talk about this because he has a little more knowledge of the history here, but right now it's in the Charter that the Parking Violations Bureau is in the Department of Finance, but it has not always been the case.

FIRST DEPUTY COMMISSIONER SHEAR: Yes, the Parking Violations Bureau used to be at the Department of Transportation, and it was moved to DOF in the 1990s...

COUNCIL MEMBER RESTLER: Right, after corruption in the Koch administration.

FIRST DEPUTY COMMISSIONER SHEAR: That's correct.



COUNCIL MEMBER RESTLER: Right. I read City for Sale too.

COMMISSIONER NIBLACK: Jeff lived City for Sale.

COUNCIL MEMBER RESTLER: Jeff lived it. All right. So did other fine people in the audience. We appreciate you all. But why does it belong, it doesn't feel like it belongs at DOF. Every other comparable violation goes to OATH, why should this go to DOF?

COMMISSIONER NIBLACK: Again, I don't know that I can answer what the logic was at the time, but I will simply say that our Chief Administrative Law Judge, Mary Gotsopoulos, oversees a large number of ALJs who work every day independent of any influence from the Department as to outcomes, and we try to adjudicate everything that we are asked to adjudicate and meet every appeal as efficiently and quickly as we can so we do the best job we can. Whether it should be with somebody else, I don't know, but I think we do a great job. I know it's not perfect, but I think we do a good job. I'm not sure that any other agency would do as good a job as we do.

COUNCIL MEMBER RESTLER: I appreciate your advocacy for DOF. I could just say when I was a kid in city government, I worked at then DCA. All of those functions around their adjudication of violations all got moved to OATH as I think has happened across the City of New York. We've seen that consolidation. I think it has worked well. It just seems like the Parking Violations Bureau is the one piece that's outstanding, and I think it's something we need to look at but appreciate the perspective, and thank you for letting me go a little over, Chair.

CHAIRPERSON BRANNAN: I'm going to turn to Council Member Velazquez for questions, but I just want to ask one thing. Commissioner, the 93 arrests that you mentioned were made with connection to the illegal marijuana shops, what are those arrests typically for?

COMMISSIONER NIBLACK: I'll get back to you with more details about that. A lot of it has been for illegal possession of a quantity of cannabis that was not legal.

CHAIRPERSON BRANNAN: Got it. Okay.  
Council Member Velazquez.

COUNCIL MEMBER VELAZQUEZ: Included in the PEG section of the Fiscal 2024 Executive Budget, there's a partial vacancy reduction restoration which will restore funding for 19 positions for the rest of Fiscal Year 2023 and will then have those positions reduced. Are these positions the ones that the Council fought to have restored following the Fiscal 2024 preliminary budget?

COMMISSIONER NIBLACK: Yes.

COUNCIL MEMBER VELAZQUEZ: What are the titles of these positions that will be restored for the remainder of Fiscal Year 2023?

COMMISSIONER NIBLACK: We didn't actually assign titles to any of those restored head count. We had 280 vacancies at the time to fill, and because it was for FY 2023 only and it wasn't baselined in the outyears we didn't really get to the point of assigning titles to what those positions would've been used for.

COUNCIL MEMBER VELAZQUEZ: Why were these positions not baselined?

COMMISSIONER NIBLACK: My understanding is that was part of the (INAUDIBLE) from the

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2 January plan so it was a modification to this  
3 year's budget. It was not a change to the FY 2024  
4 budget.

5 COUNCIL MEMBER VELAZQUEZ: Could any of  
6 these positions be considered revenue-generating?

7 COMMISSIONER NIBLACK: Again, we hadn't  
8 assigned titles, but also, again, I'll say we think  
9 every title at the Department of Finance is  
10 revenue-generating in some capacity or another. I  
11 think if we had 19 titles that we were going to  
12 allocate, I think we would allocate carefully based  
13 on an analysis of where there was the highest need  
14 to make sure that all aspects of the operation were  
15 going as smoothly and working as well as they  
16 could.

17 COUNCIL MEMBER VELAZQUEZ: Perfect. Thank  
18 you.

19 CHAIRPERSON BRANNAN: Okay, I think we're  
20 going to let you go early on good behavior. Thank  
21 you, Commissioner.

22 COMMISSIONER NIBLACK: Thank you. Thank  
23 you for staying for the last roadshow here.

24 CHAIRPERSON BRANNAN: I appreciate your  
25 partnership. Thank you.

2 COMMISSIONER NIBLACK: Yes, thank you.

3 CHAIRPERSON BRANNAN: All right. We'll  
4 take a short break, and then we're going to hear  
5 from IBO.

6 [GAVEL] Okay. Good afternoon. Welcome to  
7 the final hearing of the day. This is day 11 of  
8 Executive Budget hearings. This is the final  
9 hearing before we head tomorrow into public  
10 testimony.

11 I want to welcome Director Chafee and  
12 your team. We're going to hear from IBO obviously.  
13 Thank you all for joining us today to answer our  
14 questions.

15 In the interest of time, I'm going to  
16 forego an opening statement so we can let us hear  
17 directly from the Director.

18 I'm now going to turn it over to Mike  
19 Toomey, Committee Counsel, to swear in the  
20 witnesses and we can get going.

21 COMMITTEE COUNSEL TOOMEY: Good  
22 afternoon. Raise your right hands, please.

23 Do you affirm that your testimony will  
24 be truthful to the best of your knowledge,  
25 information, and belief, and you will honestly and

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faithfully answer Council Member questions? Brian  
Cain.

BUDGET ANALYST CAIN: I do.

COMMITTEE COUNSEL TOOMEY: Michael  
Jacobs.

ASSISTANT DIRECTOR JACOBS: I do.

COMMITTEE COUNSEL TOOMEY: Sarita  
Subramanian.

ASSISTANT DIRECTOR SUBRAMANIAN: I do.

COMMITTEE COUNSEL TOOMEY: Jacob Berman.

ASSISTANT DIRECTOR BERMAN: I do.

COMMITTEE COUNSEL TOOMEY: Louisa Chafee.

COMMISSIONER CHAFEE: I do.

COMMITTEE COUNSEL TOOMEY: Sarah  
Stefanski.

ASSISTANT DIRECTOR STEFANSKI: I do.

COMMITTEE COUNSEL TOOMEY: Please begin.

COMMISSIONER CHAFEE: Good afternoon,  
Chair Brannan and Members of the New York City  
Council Committee on Finance. I am Louisa Chafee,  
Director of the Independent Budget Office. Thank you  
for the opportunity to testify. Joining me today are  
five key members of my team, Michael Jacobs, Sarah

Stefanski, Sarita Subramanian, Jacob Berman, and Brian Cain.

Today's testimony refers to and relies on IBO's Charter-mandated report on the Executive Budget, which was issued on May 15th. This report can be found on the IBO website, and I have also brought copies for your convenience. IBO is proud to provide nonpartisan budgetary, economic, and policy analysis that helps to increase New Yorkers' understanding of and participation in the budget process and that assists you, as elected representatives, in exercising your oversight, budgetary, and legislative responsibilities.

This year, IBO's economic analysis is cautiously optimistic for New York City's short-term fiscal health. Based on IBO's revenue forecasts and re-estimates of City spending, IBO projects an additional Fiscal Year 2023 surplus of 2.1 billion, beyond the 3.0 billion in budget stabilization funds in the Executive Budget. Assuming the 2.1 billion are applied as prepayments for Fiscal Year 2024 expenses, next year's budget is balanced.

Widening budget gaps in Fiscal Years 2025 through 2027 will pose challenges as the City emerges

from the COVID-19 pandemic. The outyear gaps grow larger in that time frame, ranging from 5.8 billion to 7.7 billion. Relative to the current year, IBO anticipates that, over the course of the plan, expenditures will increase by 11.1 percent while revenues will grow by only 1.9 percent. Despite comparable growth in taxes and expenditures, this growing gap underscores the importance of federal and state revenue to the City's ongoing fiscal health. Over the course of the financial plan, IBO forecasts that City-funded costs will be 10.9 billion greater than the projections in the Executive Budget.

My team and I are available today to answer any questions you may have concerning our Executive Budget report, but to begin our discussion, I would like to flag a few multi-agency risk areas and several agency-specific points.

Significant uncertainties remain in the labor force arena. Two of the City's largest unions, District Council 37 and the Police Benevolent Association, have ratified their contracts, and the Executive Budget assumes they will set the pattern for other municipal unions. In



addition to scheduled raises, these contracts include language concerning potential workplace adaptations such as remote work, compressed schedules, and extended tours. Such innovations could be challenging for other unions, such as the United Federation of Teachers, whose members typically must work in person and during specified hours. With the UFT contract as yet unsettled, the City does not have full certainty on its labor force costs.

The large number of vacancies in the City workforce also adds uncertainties. Based on actual spending during the current year and taking account of both vacancies and overtime spending, IBO projects that the City will save nearly 700 million in budgeted City funds for personal services in Fiscal Year 2023, only a portion of which will be offset by the new costs of the new labor settlements. IBO has flagged rising concerns that persistent vacancies may mean that some agencies miss key performance targets, a result that could also be costly and, not in IBO's report, but of note given the concerns of the City Council, is the lack of recognition of workers funded

through the City's human services contracts with nonprofit providers.

Another risk is the exhaustion of federal stimulus funding. This is particularly risky for the Department of Education. The end of the federal stimulus funding pipeline presents an obvious budgetary risk for DOE, stemming from the City's use of some of its stimulus allocation to pay for recurring programs, such as Summer Rising, contracted nursing services, Pathways to Graduation, pre-school special education, mental health counseling, 3-K, etc. While there may be other smaller gaps in agencies, IBO estimates that the City will need to provide additional funding to DOE in each of the upcoming Fiscal Years, from 5 million in 2023, 285 million in 2024, 678 million in 2025, and 881 million annually in 2026 and 2027 to replace these then-missing federal stimulus funds.

Another risk are escalating costs and uncertain arrival trends for asylum seekers. There has been much discussion today about IBO's pricing of asylum-seekers, and we look forward to your questions in these areas. The costs have been significantly increasing during 2023 with the continuing influx of

asylum-seekers and escalations in shelter costs as the City continues to ramp up capacity. Prior to the General Welfare Committee hearing on the Executive Budget, IBO analyzed three scenarios for the cost of services across Fiscal Years 2023 and 2024, and these yielded a range from 2.7 billion at the low end to 3.7 billion at the upper end, the latter being about 600 million less than costs projected in the Executive Budget.

In addition to these uncertainties, IBO's report also flags several agency-specific issues, including chronic underfunding of NYCHA which presents near-term challenges. Although the City will cover the estimated 80-million-dollar cost to NYCHA of the DC37 labor settlement, the Executive Budget has few other subsidies for NYCHA's operations. In December 2022, NYCHA reported that it was owed around half a billion dollars in unpaid rent with its rent collection rate at 63 percent as of this past March. Until recently, the state's Emergency Rental Assistance Program, ERAP, was unavailable to NYCHA residents. Although residents are now eligible, the program is unlikely to provide sufficient funds to address pending arrears. If nothing is done to

address this, NYCHA may need to reduce property maintenance spending in 2024, which could compel the City to provide additional subsidies to pay for structural work required under NYCHA's federal monitor agreement. Meanwhile, as IBO previously reported, NYCHA's 40 billion in unfunded capital needs may lead to further deterioration of the housing stock, again potentially requiring further subsidies to meet legal obligations.

The State budget changes impacting paratransit. IBO estimates that the City's paratransit subsidy known as Access-A-Ride will need to increase by 707 million across the financial plan. This includes an adjustment for the increase in the City's paratransit subsidy for 2024 and 2025 enacted in the State Budget as well as adjustments to the financial plan's annual baseline to reflect the MTA's projected growth in paratransit costs.

I'd also like to flat a series of noteworthy gaps in the Executive Budget funding for many key programs. The Executive Budget omits funding for many social and community services initiatives added by the City Council every year at budget adoption, including key youth, aging,

library, cultural, and health and mental hygiene programs throughout the City. In addition, IBO noted several critical programs and services that were materially underfunded in the Executive Budget. An example is that IBO estimates that the Human Resources Administration will continue to spend 247 million annually for legal services, including anti-eviction and related services as well as deportation defense legal services, across all plan years. To baseline legal services funding at this level, not even including the expansion of the Right to Counsel program, will require an additional 9 million in City funds in Fiscal Year 2023, 56 million in Fiscal Years 2024 and 2025, and 72 million in Fiscal Years 2026 and 2027. This is a relatively small sum for an agency with a 2024 budget of more than 11 billion dollars, but Right-to-Counsel is a service of critical importance to New Yorkers facing homelessness and to asylum-seekers.

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

CHAIRPERSON BRANNAN: Thank you so much. I want to get right into the asylum-seekers.

Earlier this month, as you mentioned, as we have mentioned as well today and has been talked about quite a bit, IBO released their own analysis of the cost of the City's response, which is closer to what the Council has estimated, and your worst-case scenario forecast was still 600 million dollars less than what OMB is projecting over the next two years. Can you walk us through the estimate and what the methodology was?

COMMISSIONER CHAFEE: I'm going to hand it to Sarah Stefanski who will do exactly that. Thank you.

ASSISTANT DIRECTOR STEFANSKI: Hello. Good afternoon, Council.

To start us off, I'm going to walk through our estimate and our methodology, but all of this, to start us off, I want to just say this is a very fluid and ever-changing cost implication for the City, and we want to just acknowledge that.

To start off on IBO's cost estimate, at the end of April there are approximately 37,000 asylum-seekers staying in the City's care with 27,100 in DHS shelters, and this is about 7,400 more than were in the preliminary budget when it

was released in January. Around 70 percent of asylum-seeker households in DHS shelters are families with minor children, 10 percent are families of related adults, and 20 percent are individuals.

Now, IBO agrees with both the preliminary and Executive Budgets in that the cost to New York City for recently arrived asylum-seekers are high and continue to escalate. IBO estimates that about 80 percent of the total cost for asylum-seekers are associated with shelter and food with the remaining 20 percent budgeted for related non-shelter costs.

The first step IBO took in coming up with our estimate is to look at the number of asylum-seekers in the City's care and to estimate this through 2024. We looked specifically at this year and then projected through the end of 2024 to mirror. Again, OMB was focusing their projections on the years 2023 and 2024. We projected the number of asylum-seeking households based on trends seen over the past 11 months, and we did this for three distinct types of shelter households. Again, families with minor children, families with related

adults, and individuals, and we did each group as an independent census projection because shelter costs and lengths of stay differ among these types of households.

IBO next examined the cost associated with sheltering asylum-seekers. As of the Executive Budget, nightly shelter costs for asylum-seekers were 68 percent higher for families with children, 65 percent higher for related adults, and 15 percent higher for single adults when compared with DHS nightly costs from the previous year. These cost escalations are what we learned from OMB in the process of doing this exercise. Thus, rather than use historic DHS shelter rates as we had done in prior IBO models, IBO adopted the City's April 2023 cost projections for each of these three types of households. We then took the number of households we projected coupled with our costs, and this provided our baseline estimate of shelter costs for 2023 and 2024.

IBO also examined 2023 spending trends for non-shelter costs. This includes administrative, legal, information technology, emergency management, health, and other services.



IBO adjusted these costs for the remainder of the current year with the assumption that costs have risen over the course of this year as the City continues to ramp up service provision. We then took 2023 non-shelter cost estimates and applied our forecasted shelter census growth to these costs to come up with an estimate for next year. We have used our census growth as how much we thought it might grow next year because most non-shelter costs are still tied to the population growth. They are in signing up new intake centers, setting up HERRC facilities.

Our baseline estimates that 1.2 billion will be needed for this year and 1.9 billion for next year, totally 3.1 billion over the two-year period. However, IBO recognizes that this is a highly fluid situation. There are changes on the U.S. border enforcement, both the lifting of Title 42 but also the potential for other changes in border regulations. We do not know the movement of asylum-seekers from the southern border to New York City. Also an unknown is the level of service used by asylum-seekers, who's entering shelter, how long they're going to stay in shelter. Also adding to

the uncertainty is this question of reimbursements or new funding going forward coming from the state and federal government.

To recognize all of these variables, IBO created two additional cost scenario forecasts for a total of three options that we presented. We kept our population projections the same but adjusted the cost of shelter so our lower cost estimate reflects a scenario where the City could find cost efficiencies next year. This came out to a two-year total of 2.7 billion dollars, 1.1 billion this year and 1.6 billion next year. Our higher cost estimate reflects a scenario where the City faces ever-increasing costs as new shelter sites continue to push up the cost of nightly shelter. This high-cost scenario totaled 3.7 billion dollars. This is 1.5 billion this year and 2.2 billion next year.

CHAIRPERSON BRANNAN: Thank you, Sara. Can you tell us what are the main factors driving the difference in IBO's estimates compared with OMB?

ASSISTANT DIRECTOR STEFANSKI: From our understanding, the main driver is the population projections. Again, as I mentioned before, there

are all of these variables that IBO had to consider and also OMB has to consider. We can speak to our model, where we looked at past trends and used that as an example of inflows and outflows and the types of populations who are showing up to New York, and we applied that to our projections through the end of 2024.

CHAIRPERSON BRANNAN: In the Executive Plan, DHS added 260 million dollars to FY 2023 for increased cost of non-asylum-seeker shelter operations. IBO has estimated that when accounting for non-asylum-seekers only DHS is currently over-budgeted for shelter operations in FY 2023 and has been so since the prelim plan. Can you explain why IBO believes this?

ASSISTANT DIRECTOR STEFANSKI: I'm going to pass this to my colleague, Jacob.

ASSISTANT DIRECTOR BERMAN: Hello. Thank you for that question. The answer we have to go back a couple of years. Prior to Fiscal 2021, OMB's baselined funding for DHS, the levels were way too low, and had to be revised upwards at intervals throughout each year's financial plan. In Fiscal Year 2021, OMB revised the baselined funding levels

upwards and subsequently the family shelter numbers, which are, of course, the most expensive of the shelter system, the numbers went way down and so costs went way down, and then the current baselined numbers which stayed the same in 2022 and then this year are too high. Again, this is just for non-asylum-seeking families and individuals. Because the Administration is tracking and budgeting the cost of asylum-seekers separately from non-asylum-seekers within both DHS and other agencies, we also did the same thing, and we have backed out asylum-seeker budgets and costs from DHS' budget to estimate what is needed for non-asylum-seekers. All of that said, our analysis is that non-asylum-seekers will cost approximately 1.6 billion dollars just in City funds in Fiscal 2023. This estimate is based on historical and recent population trends that incorporate observed seasonality along with the Administration's published night costs that were in place for contracts prior to the asylum-seeker crisis. As a result of all of this, IBO believes that DHS has had more than an adequate amount in its budget to cover non-asylum-seekers over the past few plans, and some of that money that was added in in this recent plan,

as you mentioned, could be used towards asylum-seeker or other costs, but we think it's very not likely to be needed for the shelter costs of non-asylum-seeking individuals and families.

CHAIRPERSON BRANNAN: Okay. That's helpful. A question about the labor settlement. The labor settlements in the IBO plan are estimated at 1.8 billion dollars higher than OMB's executive financial plan. Could you tell us how you came to that estimate.

ASSISTANT DIRECTOR BERMAN: I'll pass it to Brian.

BUDGET ANALYST CAIN: I'd be happy to. In terms of how we got to our estimate, we started with spending data for each collective bargaining unit from 2022 as our baseline because most City contracts had expired by 2022 so that year roughly represented the total cost before raises for any future years. We then applied raise patterns negotiated by DC37 and PBA to each CBU starting the day after each union's previous contract expired and then on top of that we manually added in additional costs like fringe, pension, and the 18-dollar minimum wage, and arrived

at our estimate of about 17.8 billion dollars in City costs above what was the labor reserve before exec.

Now, in terms of the difference between our number and OMB's, we can't speak to it directly because we haven't seen OMB's model. However, we have seen their cost of 1 percent book, and that book used 2020 data instead of 2022. We believe 2022 data is more reflective of what the actual cost will be for the reason I just described, and we also tried to be conservative in our application of rates. For example, we used DC37 rates for UFT instead of an alternate amount or PBA rates.

CHAIRPERSON BRANNAN: Does IBO feel that the City has issues regarding its long-term financial health?

COMMISSIONER CHAFEE: Michael.

ASSISTANT DIRECTOR JACOBS: Hi. If you're referring to the report that Manhattan Institute recently issued, we've looked at it. We haven't studied it and analyzed it. One thing it points out, and this is something that's been pointed out by IBO and others in the past, is there's a certain assumption as to the rate of return on financial assets that the City has, and I think 7 percent, and

if that turns out to be too high, the City is going to have to make up the difference.

The other thing I noted about it was they point to the last seven years and noted that five of those years, the amount of money that was spent was greater than the amount of revenue produced in that year, and they didn't do any of the prepayment adjustments. Two of those years were COVID years, but it's not a criticism of the report. We need to look at it more carefully. There are some issues regarding the long-term pension investments that I can't speak to, but we would need to look at that further.

CHAIRPERSON BRANNAN: Okay. Last question for me is going to be about the property tax forecast. The most recent IBO and Council tax revenue forecasts are very similar though IBO's is a bit higher in all years except for revenues projected for FY 2024. What leads IBO to believe that the final assessment roll would decline so much from the prelim assessment roll?

ASSISTANT DIRECTOR JACOBS: We've started to look at our model and obviously it needs examination if what Commissioner Niblack and his staff said that the final roll is not a whole lot

different than the preliminary roll so we are going to look at that and see if we can figure out what's going on. We need to look at it by property class by property class to see if there's any particular area where we really did not do well.

CHAIRPERSON BRANNAN: Okay. I'm going to hand it over to Council Member Brewer.

COUNCIL MEMBER BREWER: Thank you, IBO, for all your work. In your testimony, and something I mentioned but didn't get very far with OMB is I'm really concerned about non-profit providers, and it looks like if you give a general 200 million would be to have them COLA and some budgetary support so they can actually do their job and maybe retain their employees and so on. I just want to hear a little bit more from you because what you said is lack of fiscal recognition, and I certainly agree. Is there some way that we should be handling it differently? I'm really, really concerned about this sector.

COMMISSIONER CHAFEE: Thank you, Council Woman. We are carefully trying to understand the potential fiscal impact following the DC37 pattern on human service non-profits under contract with the City of New York.



COUNCIL MEMBER BREWER: Right. There's a couple of issues, of course. One is parity, and then there's just general funding so I guess those are the two things you're looking at.

COMMISSIONER CHAFEE: Yes.

COUNCIL MEMBER BREWER: Okay. The other question, obviously you heard me ask more about your wonderful report on collections. I didn't know if there's anything else you wanted to add because I really appreciate you doing it, and I have to say if you're a New Yorker who is paying their taxes and you see others are not or your parking tickets or whatever it is, you do feel like why should I pay mine, but I didn't know if you wanted to add anything to that.

COMMISSIONER CHAFEE: We thank you for your appreciate, and we look forward to answering future questions, and we think that the more transparency that can be brought to this type of issue the easier for you to proceed with your policy decisions.

COUNCIL MEMBER BREWER: Okay. I appreciate that. Finally, on the same issue of the asylum, I don't know if, one of the things that came up, I

don't remember which hearing at this point, but I don't think that it's good that the HERRCs have a lot of staffing in terms of having been to I think at least all of the Manhattan HERRCs, and there is wonderful staff. I learned today there are three different staffing contracts. Is that something that you have looked at or is that something that you think needs more attention because, yes, they need staffing, but it does seem like a lot to me. I didn't know if had had any chance to look at that.

COMMISSIONER CHAFEE: We are in the process of looking very carefully at the HERRCs.

COUNCIL MEMBER BREWER: Okay, and to see whether or not the staffing matches the need, etc., etc. because if you're in a DHS system, you do not have any of the above, and it just seems like it's very, it's a good thing, either everybody gets it or it seems like it's not fair for some people to get it and others not. That's from my perspective.

The other issue, of course, is we're all concerned, and you gave a good list of the youth, aging, library, cultural, and so on, and I just was wondering, we all think they're underfunded. The answer from OMB is, of course, they're not filling

their positions so, therefore, there's money on the table so, therefore, we have to cut, and it seems to me that you have to find a way to hire people in order to be able to do the work. Do you have any sense in terms of this vacancy issue, that there's a different approach in terms of funding?

COMMISSIONER CHAFEE: We are very concerned about the vacancies, and we are specifically concerned about the impact for agencies to do their operations. These concerns are flagged in the Mayor's own Management Report, the MMR, and we highlighted them in our executive report, and we would be happy to work with you to explore the issues further.

COUNCIL MEMBER BREWER: Thank you. Thank you, Mr. Chair.

CHAIRPERSON BRANNAN: IBO, thank you guys. I appreciate all the work that you do. I really do. Thank you.

ASSISTANT DIRECTOR STEFANSKI: Thank you.

CHAIRPERSON BRANNAN: Okay. With that, day 11 of Executive Budget hearings will conclude, and tomorrow we'll hear from the public. Thank you.

[GAVEL]

C E R T I F I C A T E

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



Date June 12, 2023