

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON FINANCE  
JOINTLY WITH SUBCOMMITTEE  
ON CAPITAL BUDGET

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March 2, 2020  
Start: 10:14 a.m.  
Recess: 4:30 p.m.

HELD AT: Council Chambers - City Hall

B E F O R E: Corey Johnson  
Speaker

Daniel Dromm  
Chairperson, Finance

Vanessa L. Gibson  
Chairperson, Subcommittee on  
Capital Budget

COUNCIL MEMBERS: Committee on Finance  
Daniel Dromm  
Adrienne Adams  
Alicka Ampry-Samuel  
Robert E. Cornegy, Jr.  
Laurie A. Cumbo  
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Mark Gjonaj  
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Karen Koslowitz  
Rory I. Lancman

Farah N. Louis  
Steven Matteo  
Francis P. Moya  
Keith Powers  
Helen K. Rosenthal  
Jimmy Van Bramer  
Margaret S. Chin  
Ben Kallos

Subcommittee on Capital Budget  
Vanessa L. Gibson  
Mark Gjonaj  
Barry S. Grodenchik  
Steven Matteo  
Helen K. Rosenthal

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

Melanie Hartzog  
Budget Director  
OMB

Kenneth Godiner  
First Deputy Budget Director  
OMB

Scott Stringer  
New York City Comptroller

Tammy Gamerman  
Director of Budget Research

Alaina Gilligo  
First Deputy Comptroller

Ronnie Lowenstein  
Director  
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George Sweeting  
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Ralph Palladino  
Local 1549 DC37

Benjamin Orana  
Local Union Number 3  
International Brotherhood of Electrical  
Workers

John Forster  
Local 375 and District Council 37  
Co-chair of the District Council 37  
Climate Justice Committee

Flandicia Jones  
New York State Nurses Association

Khari White  
President  
1492 South Ozone Park Civic Association

Pastor Johnson

Bina Barbouin

Willa Mae Holmes

Aricilia Cook  
Vice President  
149th Street South Ozone Park Civic  
Association

Olive Harilal

Hasan Pinchback

Ariel Hirsch  
You Hab  
Tiara Labrada  
Housing Network of New York

Penny Winyavroch  
Director for Contracts Management  
Catholic Charities  
Archdiocese of New York

MJ Okvah  
Policy and Campaign Strategist  
Human Services Council

Nadine Duncan  
Comptroller  
Sheltering Arms Children and Family  
Services

Caitlin Andrews  
Director of Public Policy  
Live On New York

Andrea Bowen  
Principal of Bowen Public Affairs  
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Shane Correia  
Deputy Director of Strategic Partnership  
at the Center for Court Innovation

Chiolady Gonzalez  
Campaign Director  
Align

Summer Sandoval  
Energy Democracy Coordinator  
Uprose

Sarita Daftery  
Just Leadership USA



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3 SARKEEM BRADLEY: Test, test, test.

4 Today is the Committee on Finance and Capital Budget.

5 Today's date is March 2, 2020. This is being  
6 recorded by Sarkeem Bradley.

7 CHAIRPERSON DROMM: [GAVEL] Good morning

8 and welcome to today's hearing of the Finance

9 Committee. I'm Council Member Daniel Dromm and I'm

10 chair of the committee. We are joined by the

11 Speaker, Corey Johnson, and the Subcommittee on

12 Capital Budget, chaired by Council Member Vanessa L.

13 Gibson. Today we will examine the fiscal 2021

14 preliminary budget, the Preliminary Capital Budget

15 for fiscal years 21 through 2024, the Preliminary

16 Capital Commitment Plan for fiscal years 2020 to

17 2024, and the fiscal year 2020 Preliminary Mayor's

18 Management Report. I'd like to introduce my

19 colleagues who are here. We've been joined by

20 Council Member Barry Grodenchik, Council Member Helen

21 Rosenthal, Council Member Margaret Chin, of course

22 our speaker, Council Member Vanessa Gibson, Council

23 Member Farah Louis, Council Member Karen Koslowitz,

24 Council Member Alicka Ampry-Samuel, Council Member

25 and Minority Leader Steven Matteo, and Council Member

Brad Lander, and Ben Kallos, Council Member Ben

3 Kallos is also here. Ah, today's preliminary budget  
4 hearing will begin with testimony from the director  
5 of the Office of Management and Budget, Melanie  
6 Hartzog. After we hear from OMB we will hear from  
7 the city's comptroller and the Independent Budget  
8 Office. At this time I would like to hand it over to  
9 the speaker for his statement

10 SPEAKER JOHNSON: Thank you, Chair Dromm  
11 and Chair Gibson for chairing today's hearing. And  
12 thank you to the entire council finance division led  
13 by Director Latonia McKinney for everything you have  
14 done to prepare us for today's hearing and for the  
15 hearings that will follow throughout March. We are  
16 here today to examine the mayor's 95.3 billion dollar  
17 fiscal 2021 preliminary budget and the budget was  
18 released with a big question mark as it pertains to  
19 the state budget. This year the executive state  
20 budget presents an unprecedented risk to the city's  
21 budget. We have heard all the numbers - 1.1 billion  
22 dollars in additional local share for Medicaid  
23 potentially, unknown additional cuts to the Health  
24 and Hospitals budget from the yet-to-be-released  
25 proposals by the Medicaid Redesign Team, a 5% cut to  
TANF reimbursements, Temporary Assistance to Needy



3 Families on top a 10% cut we took last year on that  
4 program, a decrease in state reimbursements as a  
5 result of the mandate that TANF flexible fund for  
6 family services money to be spent on child welfare  
7 services, 136 million dollars in education aid  
8 shortfalls, and a continued failure to pay the 1.1  
9 billion dollar debt owed to the city as a result of  
10 the Campaign for Fiscal Equity and a request for the  
11 city to contribute 3 billion dollars to the MTA's new  
12 capital plan, which was developed without our  
13 partnership and about which we have very little  
14 information. The council and the administration have  
15 been united in our advocacy to the state against  
16 these measures. We know that the mayor is rightly  
17 concerned and has been working to prevent these  
18 proposals from becoming a reality and we commend him  
19 for that. But the truth is in light of the real  
20 threat of severe cuts from the state it is likely  
21 that at least some of these damaging proposals will  
22 go through. So what we need to hear from the  
23 administration today is a plan. We need the mayor to  
24 reassure us that if these shortfalls materialize then  
25 the city is prepared to absorb them into our budget  
with minimal impact to crucial city services. The

3 council will not stop fighting for this city. We  
4 will work with our state partners in Albany to do  
5 everything we can to prevent the state from balancing  
6 its budgeting on the backs of city residents. But we  
7 also need to be prepared. To that end, I believe we  
8 need to focus on spending the dollars we already have  
9 wisely. We need to dig into existing agency budgets  
10 to find efficiencies and in some cases reprioritize  
11 existing spending to better, more effective purposes.  
12 This is not a new idea. For years the council is  
13 advocating to engage in this exercise, from  
14 prioritizing permanent housing in the budget to  
15 address homelessness, to redirecting education funds  
16 to fully fund the Fair Student Funding Formula. But  
17 scrutinizing agency budgets is more critical than  
18 ever as finances get tighter and as we're facing  
19 larger risks from the state, voluntary and vengeance  
20 directed towards New York at the federal level, and  
21 the ever-present risk of an economic slowdown. The  
22 council is committed to working with the  
23 administration over the next few months to negotiate  
24 and adopt a budget that takes into account all of  
25 these risks, but which still protects the social  
safety net and funds the critical programs and

3 services that reflect our values and priorities for  
4 our city. Thank you, Director Hartzog, for being  
5 here today to testify. And now I will turn the mic  
6 back over to Chair Dromm.

7 CHAIRPERSON DROMM: Thank you, Speaker  
8 Johnson. As the Speaker mentioned, the uncertainty  
9 imposed by the state's executive budget poses an  
10 external risk to the city's budget. Combined with  
11 threats of an economic slowdown and shortfalls from  
12 the federal government, it comes as no surprise that  
13 the fiscal 2021 preliminary budget introduced only  
14 modest changes. Factoring these unknowns into the  
15 financial plan can undoubtedly be a difficult aspect  
16 of the city's budgeting and planning process.

17 However, there are risks to the fiscal 2021 budget  
18 that are inexplicably not addressed by the mayor's  
19 preliminary budget, even though they are predictable  
20 and necessary to continue to meet the needs and  
21 priorities of New York City. First, the  
22 administration continues to under-budget certain  
23 costs by not aligning the budget to actual cost or  
24 historical spending. One glaring example is the  
25 overtime budget. On average, every year since 2015  
this administration has spent 28% more on overtime

3 than the amount budgeted at adoption. In the current  
4 year the administration is likely to overspend again,  
5 with actual expenditures estimated to be 385 million  
6 dollars, or 27% more than the fiscal 2020 adopted  
7 budget. Even armed with this data, there is no  
8 movement in the preliminary plan to right size the  
9 overtime budget for fiscal 2021. The preliminary  
10 budget also fails to accurately project certain  
11 agency spending for the next fiscal year and in the  
12 out years. For instance, the Department of  
13 Education's fiscal 2021 budget includes only 405.6  
14 million dollars for Carter cases, which is  
15 approximately 134 million dollars less than what is  
16 budgeted for the current fiscal year. DOE's budget  
17 also fails to include a known 64 million dollar need  
18 for pupil transportation costs. Moreover, the Board  
19 of Elections fiscal 21 budget does not include the 75  
20 million dollars that was added in the fiscal 2020  
21 budget which will be needed again next year to  
22 implement early voting. In addition to the  
23 shortfalls in funding for existing programs, the  
24 mayor continues to announce new programs that are not  
25 reflected in the preliminary plan. In the State of  
the City speech in February the mayor announced a

3 planned expansion of the 3-K For All Program, a new  
4 parent's home visit program and a fine reduction and  
5 expanded programming for small businesses. Yet no  
6 money for any of these programs was included in his  
7 proposed budget that he had released a mere three  
8 weeks earlier. Lastly, the preliminary budget does  
9 not consider any of the council's discrepancy  
10 priorities, which totaled nearly 450 million in  
11 fiscal 2020 to provide vital services to New Yorkers.  
12 It similarly does not provide for the continuation of  
13 nearly 215.7 million dollars in one-time funding that  
14 the council fought to have either included or  
15 restored in fiscal 2020. Finally, the preliminary  
16 budget does not continue the 12.5 million dollars in  
17 PEG restorations that were negotiated as a part of  
18 the fiscal 2020 adopted budget. All of these issues  
19 will need to be addressed over the coming months  
20 through budget negotiations. But I hope to hear  
21 responses from the Office of Management and Budget  
22 that help to explain why the preliminary plan is  
23 missing so many elements that will eventually need to  
24 be included by adoption. Before we begin with  
25 deserved public thank-you to the entire finance

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3 division of the City Council. They have worked very  
4 hard to prepare for today's hearings and all the  
5 hearings that will take place throughout March.

6 Starting with the director, Latonia McKinney, to all  
7 the deputy directors, assistant directors, counsels,  
8 unit heads, finance analysts, economists, and support  
9 staff, thank you very much. Thank you to all of you.

10 I'll now hand it over to Chair Gibson for her  
11 remarks.

12 COUNCIL MEMBER GIBSON: Thank you, Chair  
13 Danny Dromm and thank you, Speaker Corey Johnson.

14 Good morning everyone. Good morning to all of my  
15 colleagues. I am New York City Council Member

16 Vanessa Gibson. I'm proud to serve as chair of the

17 Subcommittee on the Capital Budget and I'm honored to  
18 join our speaker and our chair to co-chair today's

19 hearing. As part of our review of the fiscal 2021

20 preliminary plan we are also here this morning to

21 examine the fiscal 2020 preliminary capital budget

22 and the accompanying preliminary capital commitment

23 plan. Both of these documents play an important role

24 in the capital process and in understanding the

25 city's infrastructure funding needs. The capital

budget for fiscal 2021 through 2024 totals 56.1

3 billion dollars with an average appropriation of 14  
4 billion dollars for each year, which represents a  
5 modest increase over last year's budget. The  
6 preliminary commitment plan for fiscal 2020 through  
7 fiscal 2024 is 85.5 billion dollars, a 4.6% billion  
8 dollar decrease from the fiscal 2020 adopted capital  
9 commitment plan. A decrease between commitment plans  
10 is not typical. Such an action might ordinarily  
11 appear as though the administration was cutting  
12 projects from the plan. But that is not what is  
13 happening here. In this case for the first time the  
14 administration is not just including five years'  
15 worth of projected capital commitments as required,  
16 OMB is also showing the next five years, for a total  
17 of 10 years of planned commitments. Due to this and  
18 because of the council and working together the  
19 public is now able to see that projects are not  
20 actually being cut from the plan but rather they're  
21 being moved to the out years to demonstrate a more  
22 realistic look at when the city's capital projects  
23 will be completed. Historically, it was common  
24 practice for the administration to put the majority  
25 of planned commitments in the first few years of each  
commitment plan, a phenomenon that the council

2 referred to as front loading the plan. If the city  
3 was able to execute a front-loaded commitment plan  
4 then this would not be objectionable. However, as  
5 commitment plans grew more ambitious in size and  
6 scope it became less likely that the administration  
7 was able to complete its planned commitments in any  
8 given year, resulting in an unrealistic plan and a  
9 less-than-transparent method of budgeting. However,  
10 since Speaker Johnson created this subcommittee, of  
11 which I am fortunate to chair, the council has been  
12 working closely and encouraging the administration to  
13 end this practice. Over the last commitment plans at  
14 the council's urging the administration has begun to  
15 address this issue by moving planned commitments more  
16 realistically into the out years of the plan. By now  
17 also showing 10 years of planned commitments the  
18 administration is taking an even bolder step forward  
19 as the council applauds and commends this action.  
20 This new practice combined with the recent passage of  
21 Introduction 113-A, led by Council Member Brad  
22 Lander, working with the subcommittee, which requires  
23 the administration to develop a public capital  
24 project tracking database and OMB's establishment of  
25 a new capital task force represents strong progress



3 on transparency and overall reporting. And once we  
4 have these components in place we can start to focus  
5 more on project execution to determine what changes  
6 can be implemented to deliver projects faster, on  
7 time, and within budget. I applaud you for working  
8 with us and getting that legislation passed and we  
9 look forward to its implementation. I also want to  
10 thank the finance division, led by Latonia McKinney  
11 and all of the finance team for their hard work, and  
12 now I'll trunnion it back over to our chair of  
13 finance, Chair Danny Dromm. Thank you.

14 CHAIRPERSON DROMM: Thank you, Chair  
15 Gibson. On a logistical matter, I want to remind any  
16 member of the public who wishes to testify to please  
17 fill out a witness slip with the Sergeant at Arms.  
18 The public portion of today's hearing is scheduled to  
19 begin at approximately 2:30 p.m. and the witness  
20 panels will be arranged by topic. So please indicate  
21 the topic of your testimony on your witness slip. If  
22 there is any member of the public who wishes to  
23 testify but is unable to do so today you may email  
24 your testimony to the council's finance division at  
25 financetestimony@council.nyc.gov by close of business  
on Wednesday, March 25, and the staff will make it

3 part of the record. I would like to take, I would  
4 like to take, ah, I would like to take this  
5 opportunity to remind my colleagues that the first  
6 round of questions for OMB will be limited to five  
7 minutes per council member and if council members  
8 have additional questions we will have a second round  
9 of questions at three minutes per council member. We  
10 will now hear from OMB's budget directory, Melanie  
11 Hartzog, after she is sworn in by counsel.

12 COMMITTEE COUNSEL: Do you affirm that  
13 your testimony will be truthful to the best of your  
14 knowledge, information, and belief?

15 DIRECTOR HARTZOG: I do. Good morning,  
16 Speaker Johnson, Chair Dromm, Chair Gibson, and  
17 members of the City Council. Thank you for the  
18 opportunity to testify today about the fiscal year  
19 2021 preliminary budget. I also want to thank  
20 Latonia McKinney and her team for their positive and  
21 collaborative approach to the budget. I'm joined at  
22 the table today by OMB First Deputy Director, Kenneth  
23 Godiner, and our staff is here to help answer  
24 questions. Before I review the preliminary budget I  
25 would like to discuss recent state actions that have  
significant implications for the city's budget. In

3 November we learned that the state has a 6 billion  
4 dollar deficit, primarily due to Medicaid cost  
5 increases. This is the largest gap it has faced it  
6 in a decade. Then in late December we were notified  
7 that the state was cutting Medicaid patients to H&H  
8 by 1%. This is a 65 million dollar hit to its budget  
9 over two years. At the preliminary budget  
10 presentation the mayor warned that Albany might close  
11 its gap by making significant funding cuts to  
12 localities. Two weeks later the executive budget was  
13 issued. It shifts 1.4 billion dollars in cost to the  
14 city, which includes 1.1 billion in Medicaid funding.  
15 Before I explain where the number comes from, it's  
16 important to emphasize that Medicaid is a state-run  
17 program. Determining who is entitled to benefits and  
18 provider reimbursement rate is beyond our control.  
19 The city is limited to enrolling applicants and  
20 confirming eligibility under applicable law. This  
21 means that we are responsible for closing the state's  
22 Medicaid gap despite having no control over the  
23 state's Medicaid cost growth. The executive budget  
24 also stops a past due of federal Affordable Care Act  
25 funds, known as enhanced FMAP to localities,  
including New York City, which covers certain

3 Medicaid costs. These two measures alone would shift  
4 1.1 billion dollars in costs to the city in fiscal  
5 year 21. The state has also convened a Medicaid  
6 Redesign Team tasked with identifying an additional  
7 2.5 billion dollars in savings. The committee is  
8 scheduled to release recommendations in mid March,  
9 just two weeks before the budget is due. If the  
10 committee does not find enough savings there could be  
11 more Medicaid spending cuts ahead. This puts H&H as  
12 well as many other city programs at risk. Our  
13 municipal health system is the country's largest. It  
14 delivers essential care to more than one million New  
15 Yorkers every year regardless of their ability to  
16 pay. H&H has made great strides over the last five  
17 years. It is on track to meet revenue and expense  
18 targets and has closed more than one billion of its  
19 budget gap. A massive cut would be devastating,  
20 threatening years of steady progress in health care  
21 for some of the most vulnerable New Yorkers.  
22 Investments beyond health care are also at risk. As  
23 the mayor recently testified before the state  
24 legislature, funding for school social workers,  
25 guidance counselors, and programs like SYEP and  
COMPASS NYC are also in jeopardy. On top of the 1.1

3 billion I just discussed, the state plans to shift  
4 another 300 million in education and social service  
5 spending to our budget. The executive budget leaves  
6 the city with a 136 million dollar school aid  
7 shortfall. Not only is the state give us less school  
8 aid than we need, it has failed to provide 1.1  
9 billion in Campaign for Fiscal Equity funding.  
10 Second, TANF was reduced last year by 10%. This year  
11 the state plans to cut an additional 5% as well as  
12 restrict the city's use of federal child welfare  
13 funds. This will result in a loss of more than 100  
14 million over two years. These actions would shift  
15 the cost of cash assistance to the city, cut shelter  
16 rates, and decrease resources used for preventative  
17 services. In addition to state budget threats, the  
18 MTA has demanded an additional contribution of 3  
19 billion to their capital plan and 100 million more  
20 for Access-A-Ride. The mayor has been clear. Before  
21 the city commits additional capital we must see  
22 funding for congestion pricing and other MTA sources  
23 used first, a comprehensive audit, and accountability  
24 and transparency on projects. As the mayor recently  
25 testified in Albany, the 1.4 billion dollar cut we  
face today is larger than all state budget cuts we've

3 seen over the past six years combined. We are  
4 fighting every effort to push costs onto the city's  
5 budget. The proposed Medicaid cost shift has  
6 galvanized a broad coalition. The city is working  
7 with county executives, healthcare advocates, and  
8 legislators across the state to protect critical  
9 services and maintain our healthcare system. We  
10 appreciate the council's partnership in opposing  
11 state budget threats. In particular, thank you,  
12 Speaker Johnson, for your recent Albany testimony in  
13 opposition to the Medicaid cuts. I look forward to  
14 working with the council moving forward. I would now  
15 like to discuss the fiscal year 2021 preliminary  
16 budget, which is 95.3 billion. The budget is  
17 balanced and out year gaps are manageable. Overall  
18 growth in the preliminary budget since adoption is  
19 the lowest of this administration at 2.7%. The  
20 growth is driven by planned budget increases that  
21 include fair wages and benefits for our work force,  
22 investments in education, debt service payments, and  
23 state criminal justice mandates. As in the past, we  
24 remain focused on reserves and savings. The  
25 preliminary budget maintains almost 6 billion dollars  
in reserves that serve as a buffer to the unexpected.

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3 This includes one billion in the general reserve, 250  
4 million in the capital stabilization reserve, and  
5 almost 4.7 billion in the Retiree Health Benefits  
6 Trust. I want to thank the council for their  
7 important role in maintaining and increasing our  
8 budget reserves. The preliminary budget reflects 714  
9 million in savings across fiscal years 20 and 21.  
10 Since June we have saved nearly 1.2 billion over the  
11 two fiscal years. This is in addition to health care  
12 savings of 1.6 billion in fiscal year 2020, and 1.9  
13 billion annually thereafter. We set a precedent last  
14 year by funding adoption with revenue and agency  
15 savings, and I look forward to continuing this  
16 approach in the upcoming year. Citywide savings  
17 completely offset new agency spending of 441 million  
18 in fiscal year 20 and 243 million in fiscal year 21.  
19 All of these funds support existing programming. In  
20 addition, we are updating our tax forecast. Fiscal  
21 year 20's estimate has been increased to show a  
22 yearly growth rate of 4.6%, adding roughly 450  
23 million. Our fiscal year 21 estimate is cautious  
24 because of signs that the local and US economies are  
25 slowing. The forecast shows a 2% tax revenue growth  
in the next fiscal year, adding about 600 million.

3 Since we issued the preliminary budget the  
4 coronavirus has emerged as a risk to our economic and  
5 tax forecast. Over the past seven days the S&P 500  
6 dropped nearly 13%, posing risks for the financial  
7 sector. We are monitoring the situation closely and  
8 will update our forecast as part of the executive  
9 budget. Now I'd like to turn to the capital budget.  
10 The Capital Commitment Plan for fiscal years 20  
11 through 24 totals 85.5 billion. This includes a  
12 redistribution of 4.5 billion from the adopted  
13 capital plan. To fund our capital plan we continue  
14 to make cautious estimates to ensure that city-  
15 supported debt service does not exceed 15% of our tax  
16 revenue. In this plan we have deepened our ongoing  
17 commitment to capital project planning improvement.  
18 After hearing from the council we've added a section  
19 that shows redistributions over fiscal years 20  
20 through 29 in order to improve transparency. This is  
21 the first long-term look at the capital plan that has  
22 been published since the release of the 10-year  
23 capital strategy in April. And to provide more  
24 realistic capital project timelines, we redistributed  
25 projects that were unlikely to move forward in the  
first four years to the out years. I'm also happy to



3 announce that OMB now has a capital coordination unit  
4 that is focused on improving project delivery. This  
5 team is working with DDC to implement their strategic  
6 plan and as enhancing interagency communication.  
7 They are also streamlining our internal processes and  
8 a big thank you to Chair Gibson and Council Member  
9 Lander for your partnership in passing the project  
10 tracking bill that promotes transparency and improves  
11 project management. In conclusion, the preliminary  
12 budget reflects strong fiscal management in response  
13 to potential state cuts and economic uncertainty  
14 locally and nationally. And we plan to maintain this  
15 cautious approach in crafting the executive budget.  
16 Thank you for the opportunity the testify and I look  
17 forward to taking your question.

18 SPEAKER JOHNSON: Thank you, ah,  
19 Director. I appreciate your testimony and for being  
20 here this morning. As I mentioned in my opening  
21 statement the governor's proposed budget, executive  
22 budget, includes several proposals that would  
23 detrimentally impact the city's budget. At the same  
24 time the administration has announced new and  
25 expanding programming that has yet to be included in  
the city's budget, as the chair mentioned, such as 3-

3 K For All. Does OMB have a contingency plan if all  
4 the potential state budget cuts are implemented? In  
5 the past you chose to backfill state cuts that came  
6 through. As is shown on the chart on the screen, or  
7 should be shown on the chart on the screen. Would  
8 you do the same next year or would you choose to cut  
9 services and programming?

10 DIRECTOR HARTZOG: Appreciate that  
11 question, Speaker. The mayor has made it clear, we  
12 are facing an unprecedented magnitude of cuts coming  
13 from the state. Six years of, of enacted cuts we are  
14 actually facing in one fiscal year. And given the  
15 order of magnitude we cannot absorb that level of  
16 cuts. We would have to make very tough decisions  
17 about service reductions that are beyond just Health  
18 and Hospitals because the Medicaid cost shift really  
19 is affecting the entire city budget.

20 SPEAKER JOHNSON: So some of the things  
21 that were announced we'd have to take a look if we  
22 saw significant cuts from the state, some of the  
23 things that were put in the preliminary budget or  
24 were announced, we'd have to take a look at those?

25 DIRECTOR HARTZOG: The, yes, what was  
announced, what has been in the budget, we've, as the

3 mayor said, we testified in Albany, unfortunately  
4 everything is on the table.

5 SPEAKER JOHNSON: Thank you. So I want  
6 to talk about homelessness strategy and housing  
7 subsidies. As you know, I recently released my long-  
8 term vision for addressing the city's homelessness  
9 crisis one of the key proposals was to raise the  
10 CITYFEPS voucher limits to fair market rent. The  
11 maximum rent allowed currently allowed under the city  
12 voucher for three- or four-person household, for  
13 example, is \$1580 per month, much below the fiscal  
14 2020 fair market rent for a two-bedroom apartment in  
15 New York City, which is \$1951 a month on average.  
16 This lower rent limits the supply of affordable  
17 housing, affordable apartments available to the  
18 voucher holder. Based on your analysis, by raising  
19 the voucher rents to FMR how many more rental units  
20 would be available for voucher eligible, for voucher  
21 eligible homeless households if vouchers were pegged  
22 to FMR and what would it cost the city and how much  
23 would it impact the shelter census?

24 DIRECTOR HARTZOG: So the, the couple  
25 things in your, ah, couple questions that you asked  
there. First, let me just say overall on your

3 homeless report, there are many things that are, that  
4 you put in policy that we couldn't agree more with  
5 and we've been working very closely with your team to  
6 actually have discussions about implementing them.  
7 On the issue of raising the rental levels, we would  
8 love to see and be able to raise the rent levels to  
9 FMR. It is part of our state plan that we cannot do  
10 that. The state limits our rental increases to the  
11 Rental Guidelines Board. And so those rental  
12 increases are about 2% to 3%, depending on what the  
13 RGB says, or sets as the percentage increase, but we  
14 can't do that. We would love to. One of the options  
15 that we think is very viable that is now, um, ah,  
16 being presented by the legislature, is the Home  
17 Stability Bill, which would not only raise the FMR,  
18 um, but it would actually yield about 8000  
19 additional, um, subsidies to be able to move families  
20 out and individuals out of the census. So we're very  
21 supportive of that. We know that the council is and  
22 we really want to see that passed. But we couldn't  
23 agree with you more on the FMR issue.

24 SPEAKER JOHNSON: So correct me if I get  
25 these numbers wrong. My understanding is on average  
we are spending, ah, \$5800 to shelter a family of

3 four in a shelter right now per month, so about  
4 almost \$6000, and for families that we're putting in  
5 hotel rooms because we don't have enough shelter  
6 supply, we're spending a little more than \$8000 a  
7 month for a family of four. So if we're spending  
8 five-and-half thousand dollars a month for a family  
9 of four in a shelter and we're spending over \$8000 a  
10 month for a family of four that are in a hotel room,  
11 and the voucher amount for that family is, you know,  
12 hovering below \$2000, wouldn't it be more efficient  
13 and better use of money to actually take some of that  
14 existing money we're spending right now on shelters  
15 and hotel rooms and put that money into voucher  
16 amounts, increasing it for long-term permanent low-  
17 income housing and supportive housing for these  
18 folks?

18 DIRECTOR HARTZOG: I couldn't agree with  
19 you more, with the exception that we can't without  
20 risking losing state and federal funding. This has  
21 been a long-standing issue with the state and us  
22 pushing to actually increasing the subsidy levels to  
23 the FMR, which we just have not been able to move on.

24 SPEAKER JOHNSON: OK.

2 DIRECTOR HARTZOG: But we agree. If we  
3 actually get the, um, Housing Stability Bill, as I  
4 said, 8000 additional households, and I believe it's  
5 a little over 100 million in cost avoidance.

6 SPEAKER JOHNSON: Thank you. So in order  
7 to address the current homelessness crisis the city  
8 needs a comprehensive strategy for public subsidies  
9 for permanent housing to not only move households and  
10 individuals out of shelters we've been talking about,  
11 but also to prevent them from entering the shelter  
12 system in the first place. In this preliminary plan  
13 can you point to the total year-by-year city spending  
14 of all types on public subsidies for permanent  
15 housing?

16 DIRECTOR HARTZOG: Sure. We can get that  
17 to you. It's going to take us time to put it all  
18 together, though. But we can get that to you.

19 SPEAKER JOHNSON: And how do you measure  
20 the impact of affordable housing spending on the  
21 homeless census, like how do we match those things up  
22 when we're spending subsidy dollars to create  
23 affordable housing? How are we aligning that with  
24 our, ah, homeless census population right now and  
25 seeing a reduction in it.

3 DIRECTOR HARTZOG: Well, Speaker, I would  
4 just say the first thing that we've done and working  
5 very closely with the council is to do more set-  
6 asides in our homeless plan. We deepen the  
7 affordability of our overall housing plan. So we've  
8 done a lot of work there to do more for the homeless  
9 population within our housing plan. So we've done a  
10 lot of work there to do more for the homeless  
11 population within our housing plan.

12 SPEAKER JOHNSON: Do you believe that  
13 2.1, the 2.1 billion dollars we're spending on DHS  
14 right now is an appropriate baseline of spending?  
15 Would you like to see that number go down?

16 DIRECTOR HARTZOG: I think we should all  
17 like to see that, the census go down. It's the  
18 lowest it has been and the family census is actually  
19 lower historically than it's been. I think, as I've  
20 talked about, when we've been talking about right  
21 now, the challenges that, yes, we would like to see  
22 the rental subsidy levels increase, but we are  
23 restricted by the state in being able to do so. If  
24 we were able to get the housing bill passed in the  
25 legislature it will have a significant impact on our  
ability to move families into permanency.

3 SPEAKER JOHNSON: What was the DHS budget  
4 when this administration took office in 2014?

5 DIRECTOR HARTZOG: We will get that  
6 number to you.

7 SPEAKER JOHNSON: I believe it was just  
8 over a billion dollars. Now it is 2.1 billion  
9 dollars and, again, I think there have been a lot of  
10 good steps that you all have taken, ah, and keeping  
11 people from ending up in the shelter system to begin  
12 with. We are still currently at 78,000 homeless  
13 people in New York City, when you include all the  
14 populations, ah, HRA shelters, DHS shelters, runaway  
15 homeless youth shelters, HPD shelters, all of these  
16 different, ah, agencies that shelter people, which we  
17 should be doing. It's a right under our state  
18 constitution, um, it seems like an enormous amount of  
19 money and do you think that we're spending too much  
20 money on the shelter population right now and more  
21 money should actually be directed towards creating  
22 supportive housing and low-income housing and housing  
23 for formerly homeless people?

24 DIRECTOR HARTZOG: I appreciate the fact  
25 that you mentioned that we've had to spend on  
homeless sheltering. As you know, and with the



3 beginning of our administration we were dealing with  
4 the loss of the Advantage program. And so as a  
5 result of that we have seen the census increase, and  
6 we've had to make investments in the shelter system  
7 to be able to deal with that. At the same time we  
8 have made significant investments in rental subsidy  
9 programs in our affordable housing program and also  
10 in supportive housing and, most recently, working  
11 you, Speaker, to expand our supportive housing  
12 program. Is this the, I'm sorry, where is  
13 [inaudible]. We're still working on that. OK.

14 SPEAKER JOHNSON: So the reason why I  
15 asked about how, ah, the affordable housing is  
16 aligned with homelessness spending is right now we  
17 have a deputy mayor for housing and economic  
18 development, and we have a deputy mayor for  
19 homelessness and social services when, I think a lot  
20 of folks think that there should be a deputy mayor  
21 for housing and homeless, and it should be under one  
22 portfolio. Can you talk about the coordination that  
23 has or has not happened between those two things,  
24 because I think that is what a lot of the advocates  
25 and council members worry about and what we see  
happening and not, and not having that alignment.

3 DIRECTOR HARTZOG: Ah, I would say that  
4 we have significant alignments. I on a regular basis  
5 participate in meetings with both deputy mayors and  
6 the mayor on a number of different fronts on  
7 homelessness and housing, and so I, I don't think  
8 that there is necessarily in, in our administration a  
9 need for an individual who is dedicated to it because  
10 of the amount of energy and time that we spend  
11 meeting on these two issues.

12 SPEAKER JOHNSON: The administration  
13 recently announced an emergency rule for HRA to make  
14 additional payments for the CITYFEPS program for  
15 homeless individuals to move out of shelter and into  
16 150 HPD 421-A affordable housing units where the AMI  
17 range is higher than the CITYFEPS voucher limit.  
18 Besides this emergency room, what else is the city  
19 doing to fill these vacant units, preferably with  
20 more homeless families? Why are there any vacant  
21 421-A units to begin with when so many people need  
22 housing right now in New York City?

23 DIRECTOR HARTZOG: Speaker, I think this  
24 is a direct result of what we just talked about,  
25 which is how often deputy mayors across social  
services and housing are meeting to address and do

3 all that we can to look at new opportunities to move  
4 people into permanency from shelter, and that is a  
5 direct result what we just talked about, the vacant  
6 units, 421-A, of us actually working together and  
7 deputy mayors coming to different and new ideas about  
8 how we can actually maximize our affordable housing  
9 program for homeless families.

9 SPEAKER JOHNSON: So why, why are there  
10 so many vacant 421-A units to begin with?

11 DIRECTOR HARTZOG: I wouldn't say there  
12 was significant, it was 200 units, about half of them  
13 are being leased up now with homeless families to the  
14 extent that there are more units that are available.  
15 In this way we would most certainly want to  
16 prioritize, as I believe that you are calling for,  
17 Speaker, for homeless families.

18 SPEAKER JOHNSON: Well, I would just, I  
19 don't know how long those units have been vacant for,  
20 but if they've been vacant for a month or two months  
21 or three months, or longer than three months and we  
22 have all of these families that are stuck in the  
23 shelter system right now, it, it does seem like we  
24 should be any time a single unit becomes vacant and  
25 open that we are with seamless coordination getting

3 families out of the shelter system and into these  
4 vacant units and, ah, I could be wrong on this, but  
5 my understanding is that's not what has been  
6 happening, which is why you have so many vacant units  
7 all at once. I don't think they all became vacant at  
8 once. I think over a period of time we have not  
9 been, again, coordinating and using the ability to  
10 move families and individuals out of the shelter  
11 system into these units. So that's the concern again  
12 that we have on there not being the level of  
13 coordination needed, and I'd love to understand the  
14 timeline from either OMB or HPD about when the units  
15 became vacant and about when, ah, they were actually  
16 filled after how long they've been vacant for.

17 DIRECTOR HARTZOG: We, we will get you an  
18 answer on that. But I couldn't agree with you more.  
19 Moving forward as this becomes a new resource for us  
20 we continue to monitor it on a monthly basis and look  
21 at opportunities, again, to move more homeless  
22 families into permanency.

23 SPEAKER JOHNSON: Will the city modify  
24 its affordable housing plan to better match rents  
25 with lower affordability bans and how much additional  
subsidy overall would be required to do that? The

3 mayor mentioned something along these lines in his  
4 State of the City address.

5 DIRECTOR HARTZOG: We actually already  
6 did the deepening of affordability. We added over  
7 200 and, 220? 220 million dollars.

8 SPEAKER JOHNSON: So if you look at this  
9 chart on the screen it shows the different levels,  
10 and so the majority of units right now that are being  
11 financed are low income, but, ah, and, again, the  
12 numbers for extremely low and very low are higher  
13 than moderate and middle, um, but I guess the goal  
14 here is to try to take some of that that's low income  
15 and put more of it into very low and extremely low  
16 income because that's the most vulnerable population  
17 right now. Can, can you remind me what the mayor  
18 announced in his State of the City Address as it  
19 relates to subsidies and financing around AMIs?

20 DIRECTOR HARTZOG: Sure. So the  
21 announcement was 25% of all city-funded new  
22 construction units would be, um, affordable, um, to  
23 extremely low-income families, and then another 25%  
24 of city-funded new construction units would be  
25 affordable to very low-income families.

2 SPEAKER JOHNSON: So given that that was  
3 the announcement we're probably gonna see that those  
4 two numbers on extremely low income and very low  
5 income go up?

6 DIRECTOR HARTZOG: Correct.

7 SPEAKER JOHNSON: OK. So in February the  
8 administration announced the launch of Your Home NYC,  
9 a new initiative that will seek to dedicate half of  
10 all city-financed newly constructed units for  
11 families earning less than \$50,000 annually with at  
12 least half of these units for families earning less  
13 than \$30,000 annually. This initiative is expected  
14 to generate 2000 additional units of affordable  
15 housing. We have heard that this new initiative will  
16 require an additional 220 million dollars in funds  
17 from the budget. Is this estimate accurate?

18 DIRECTOR HARTZOG: Yes, um, we put in 40  
19 million in the preliminary budget and we'll add the  
20 balance in the executive budget.

21 SPEAKER JOHNSON: So the additional 180  
22 million will show up in the city's financial plan for  
23 the executive budget?

24 DIRECTOR HARTZOG: That's correct,  
25 Speaker.

3 SPEAKER JOHNSON: And how long is it, is  
4 the estimate for these units to actually come online?

5 DIRECTOR HARTZOG: About two to three  
6 years after financing.

7 SPEAKER JOHNSON: Of the 2000 additional  
8 units why only 1000 units for families earning less  
9 than \$30,000 annually, half of them over families  
10 earning less than \$30,000 a year? Wouldn't it make  
11 more sense to have a greater portion of these units  
12 within the income range of homeless families in an  
13 effort to move those families out of shelter and into  
14 permanent affordable housing if we're spending that  
15 amount of money?

16 DIRECTOR HARTZOG: I think that what  
17 we've done as terms of deepening our affordability  
18 and all the work that we've done, as we've talked  
19 about around the 421-A units to get as many as we can  
20 that are vacant, um, to homeless families really  
21 represents a big shift in what we're doing. And as  
22 you pointed out we're going to be doing more  
23 extremely low income and very low income, and within  
24 our affordable housing program, and I think that's  
25 significant increase from what we've done in the  
past.

2 SPEAKER JOHNSON: OK, if we could move to  
3 the next slide on citywide savings. The 2.4 billion  
4 dollars in estimated savings over the five-year  
5 financial plan period is almost entirely offset by  
6 2.1 billion dollars in new needs. Ah, this means the  
7 city has only identified a net savings of  
8 approximately 300 million dollars over the five  
9 years. Given the fiscal outlook and state budget  
10 risk, why is such a small savings proposal presented  
11 to us?

12 DIRECTOR HARTZOG: I wouldn't call that a  
13 small savings proposal, and I also think that within  
14 the new needs that are reflect that also includes the  
15 reserves that we've set aside in working with the  
16 council that we've increased every year. Um, the  
17 savings program, and we've had a savings program for  
18 every plan, even when we've had significant revenue  
19 come in, in the beginning of this administration.  
20 With the council's support at every adoption, as I've  
21 said before, we've increased the level of reserves  
22 and I hope that we will do that again come this  
23 adoption. Of course, there is the threat of what the  
24 state is, um, budget cuts, but I think we've been, in  
25 partnering with the council have increased reserves.



3 We've also had efficiencies within our savings plan,  
4 including with you in partnership, the first time at  
5 this adoption, actually taking down savings, aside  
6 from debt service.

7 SPEAKER JOHNSON: And do you propose, ah,  
8 this year that we do additional reserves?

9 DIRECTOR HARTZOG: I would propose in  
10 every year that we continue to work with the council  
11 to do additional reserves, absolutely.

12 SPEAKER JOHNSON: But none of showed up  
13 in the, in the preliminary, correct?

14 DIRECTOR HARTZOG: We've put another 250  
15 into adoption with the council in the current year.

16 SPEAKER JOHNSON: Yes, yes.

17 DIRECTOR HARTZOG: And as the practice  
18 has been, continue to work with you at adoption to  
19 see what level of reserves we both jointly agree on.

20 SPEAKER JOHNSON: Right. What savings  
21 targets have you given to agencies for the executive  
22 budget and will PEGs be reintroduced again this year?

23 DIRECTOR HARTZOG: Well, the mayor hasn't  
24 ruled out the idea of a PEG program given the level  
25 of magnitude of cuts we're facing from the state.

Um, we've been working with the agencies to develop

3 savings programs in light of executive budget, but we  
4 haven't actually announced a PEG program. And of  
5 course if that were the case the council would be the  
6 first to know.

7 SPEAKER JOHNSON: Do you think that may  
8 happen? We may have to look at a PEG program?

9 DIRECTOR HARTZOG: We can't rule it out  
10 at this point.

11 SPEAKER JOHNSON: And when would we know  
12 that?

13 DIRECTOR HARTZOG: I think we'll know  
14 that as the month unfolds and our work collectively  
15 to push back on the level of cuts we're facing from  
16 the state.

17 SPEAKER JOHNSON: OK. I want to move on  
18 to, ah, not the, not the biggest issue but an  
19 important issue and one that I feel like every single  
20 year people are banging their heads a little bit  
21 trying to figure this out, and it is, ah, not-for-  
22 profit contracting issues. We hear about it as  
23 council members constantly, about the issues  
24 surrounding not-profits and the difficulty in getting  
25 the money that they, ah, are supposed to get through  
city contracts. So the mayor created the nonprofit

3 resiliency committee in 2016 to offer opportunities  
4 for collaboration and expand lines of communication  
5 between the city and the nonprofit human service  
6 sector. I understand there have been some changes  
7 made to the process as a result of the committee's  
8 work, and it sounds like there have been good changes  
9 that have been made. But even four years after the  
10 creation of the Nonprofit Resiliency Committee, the  
11 council hears constantly, literally every day, from  
12 nonprofit providers about difficulty within the  
13 contracting process, including significant delays in  
14 receiving payment, nine months, 10 months, 14 months,  
15 16 months, 18 months, in getting that payment. Is  
16 having the Nonprofit Resiliency Committee enough to  
17 address the issues that we still hear about four  
18 years after its creation?

18 DIRECTOR HARTZOG: I think having the  
19 Nonprofit Resiliency Committee is not enough. It's a  
20 venue for the opportunity for us to hear from  
21 nonprofits what their challenges are, but there's  
22 always more that we can do to improve the process.  
23 My team works very closely with Dan Simon, who's the  
24 head of MOCS and the agencies around new ways that we  
25 can get work done. I think the indirect rate is an

2 example of that, um, in partnership when the council  
3 when we added that funding at adoption. Our teams  
4 work collectively together to get that expedited as  
5 quickly as possible and I think we got a lot of  
6 positive feedback from the sector about how quickly  
7 we were able to do that, um, and really cut out  
8 individual agencies setting their own policies about  
9 the indirect rate and what the process is. We, my  
10 team handled it centrally with Dan and I think  
11 there's more of that we can do. And I'm very open to  
12 ideas the council has on that.

13 SPEAKER JOHNSON: We also hear about RFP  
14 postponements that cost providers because they're  
15 still operating under old contracts, but they've seen  
16 increased expenses while they're operating under an  
17 extension. For example, DYCD has delayed the COMPASS  
18 RFP. MOC, ah MOCJ has not released the Cure Violence  
19 RFP. And DOT, DOE has delayed the new pre-K RFP.  
20 Has OMB analyzed the fiscal needs of nonprofits  
21 operating under contract extensions?

22 DIRECTOR HARTZOG: We are constantly what  
23 the agency, what the operating needs are of the non-  
24 for-profits that provide the services and critical  
25 that we rely on them. Um, I haven't heard in

2 particular the COMPASS issue that you're raising.  
3 I'm happy to look into it with DYCD.

4 SPEAKER JOHNSON: So I would just ask...

5 DIRECTOR HARTZOG: I'm sorry, Speaker,  
6 just to be clear...

7 SPEAKER JOHNSON: Oh, sure.

8 DIRECTOR HARTZOG: I was aware of the  
9 extension but not the issue of the dollars.

10 SPEAKER JOHNSON: Sure. I, I would just  
11 ask if, if our teams could over the next, ah, few  
12 months try to figure this out.

13 DIRECTOR HARTZOG: Yes.

14 SPEAKER JOHNSON: Ah, to try to just, I'm  
15 not even talking about the extension issue, I'm  
16 talking about I know that there was another nonprofit  
17 resiliency committee meeting, I believe last week  
18 that happened, and I think some issues were raised at  
19 that hearing that have been raised at many of these  
20 committee hearings where the city has still not  
21 figured out these issues. And part of it is because  
22 a lot of different people, I'm not saying you or the  
23 OMB team, I'm saying generally across city  
24 government, point fingers. That's, that's MOCS,  
25 that's OMB, that's the comptroller, that's the

3 council's finance division, that's, ah, and  
4 everyone's pointing fingers and what's happening is  
5 these nonprofits are having to take out lines of  
6 credit to actually cover the expenses, which impacts  
7 them and their ability to fund raise, and you know,  
8 because of your work at ACS, ah, before coming to OMB  
9 how, how important these nonprofits, especially the  
10 human service nonprofits are to the city and  
11 literally everywhere I go people come up to me that  
12 work at these nonprofits and they just give me story  
13 after story of a broken system. So I'm glad that  
14 this committee exists to kind of air some of the  
15 concerns and complaints and to have an audience to  
16 look at those. But I would appreciate if over the  
17 next couple of months we could put together a group  
18 of folks from the council, from OMB, and from  
19 potentially the other agencies that are involved to  
20 look at ways that we can further improve this so that  
21 we don't keep hearing over and over again the issues  
22 that persist and try to figure out a way to, I don't  
23 know if once and for all we can finally fix it 'cause  
24 there may always be some small issues, but if we  
25 could figure out some of the glaring, ah,  
discrepancies and deficiencies that exist and see if

3 a collaboration between our teams could help deal  
4 with some of these issues that we hear about over and  
5 over again.

6 DIRECTOR HARTZOG: Absolutely.

7 SPEAKER JOHNSON: Great.

8 DIRECTOR HARTZOG: Happy to do it.

9 SPEAKER JOHNSON: I appreciate it. Um,  
10 late last week the governor announced that he was  
11 sending an emergency appropriations bill to the  
12 legislature asking for 40 million dollars to fight  
13 the coronavirus if and when it came to New York City,  
14 ah, and we saw last night announced that we have the  
15 first known case in New York City. I know the mayor  
16 and the governor are having a joint press conference  
17 right now talking about steps that the state and city  
18 are taking. I want to ask from a budgetary  
19 perspective do you think the city is prepared to  
20 address the coronavirus if it comes to New York City?  
21 I say that from a resources perspective, a budgetary  
22 perspective, for the different agencies that will  
23 need money to deal with, ah, the risk that we face?

24 DIRECTOR HARTZOG: Ah, I appreciate you  
25 asking me from the budget perspective and not to lay  
out...

2 SPEAKER JOHNSON: Yes, yes.

3 DIRECTOR HARTZOG: ...what our total plans  
4 are. Um, but to the point of the state funding we've  
5 requested half of that. We've spent about 3.8  
6 million working very closely with the agencies to  
7 make sure that they have the resources they need,  
8 testing kits, etcetera, to ramp up. Um, the mayor  
9 has told me this is a top priority, to the extent  
10 that we need to spend, the agencies have the  
11 authority to spend, I will have to work with, within  
12 now and the executive budget to actually reflect that  
13 funding in their budgets. But they should be  
14 spending and they are, immediately. I'm addressing  
15 that.

16 SPEAKER JOHNSON: And do we have any  
17 preliminary dollars associated with a preparedness  
18 effort, just a general we think, ah, if this happened  
19 we would need this much for DOE, we would need this  
20 much for OEM, we would need this much for other city  
21 agencies? Have we put together sort of a rough plan  
22 of a dollar amount that we would need for  
23 preparedness agency to agency on the potential  
24 impacted agencies?



2 DIRECTOR HARTZOG: We do have a plan. I  
3 think the, the, the proxy for us in spending is  
4 looking at, ah, prior, um, incidents like Ebola, um,  
5 where we spent about 20 million dollars.

6 SPEAKER JOHNSON: 20 million?

7 DIRECTOR HARTZOG: Yes. And so that's a  
8 rough proxy for us. It's hard to actually gauge full  
9 budget amounts for, right, an evolving emerging issue  
10 such as coronavirus. But that's a good proxy for us  
11 here at OMB and Planning across the agencies.

12 SPEAKER JOHNSON: Even if there are, um,  
13 if there isn't a real huge number of cases that end  
14 up in New York City the awareness of coronavirus, ah,  
15 has represented a risk to the city's economy,  
16 primarily through the potential impact on tourism, on  
17 less people coming here. Has OMB analyzed the risk  
18 posed by this virus to the city's economy? And if so  
19 what are the results?

20 DIRECTOR HARTZOG: We are in the process  
21 of doing that, um, and any changes that we see would  
22 be reflected in the executive budget forecast, but  
23 yes, we are most certainly concerned about it given  
24 the volatility in the market as well as the impact on  
25 tourism.

2 SPEAKER JOHNSON: OK.

3 DIRECTOR HARTZOG: It was too soon in the  
4 preliminary budget for us to reflect any changes in  
5 the forecast, but it could very well affect our  
6 forecast for April.

7 SPEAKER JOHNSON: I just have a couple  
8 more questions.

9 DIRECTOR HARTZOG: Sure.

10 SPEAKER JOHNSON: And then I'm gonna pass  
11 it back to the chair. So, um, while there has been  
12 at least some progress made on shedding light on  
13 Thrive's programmatic budget, we still have very  
14 little information on the budget of the Office of  
15 Thrive NYC. Why is the budget for the Office of  
16 Thrive NYC not, not listed as a line item in the  
17 Thrive NYC budget document provided by OMB in January  
18 of this year? We currently, in the budget documents  
19 that we've received, we do not see a budget line for  
20 the Office of Thrive NYC. It's not listed. Why  
21 don't we see that?

22 DIRECTOR HARTZOG: I'm happy to list it.  
23 We'll, we'll do so moving forward. It's about 3  
24 million dollars. We'll lay it, um, to Latoya and her  
25 team today to you.

2 SPEAKER JOHNSON: Thank you. And where  
3 can we see the head count for that office as well?  
4 You'll provide that to us?

5 DIRECTOR HARTZOG: Yes.

6 SPEAKER JOHNSON: Do you know what the  
7 head count is?

8 DIRECTOR HARTZOG: We'll get it for you.

9 SPEAKER JOHNSON: OK. The fiscal 2021  
10 preliminary budget included the head count for many  
11 of, ah, Thrive NYC's programs but still not a lot.  
12 But, but, ah, there is still a lot of budgetary  
13 information on Thrive that has not been provided.  
14 Can you provide the head count data for each of the  
15 last three fiscal years as it relates to Thrive so  
16 that we can compare those things?

17 DIRECTOR HARTZOG: Of course.

18 SPEAKER JOHNSON: And can you provide a  
19 Thrive NYC budget that shows fiscal 2018 and fiscal  
20 2019 actuals, fiscal 2020 adopted, fiscal 2020  
21 current, fiscal 2020 preliminary, and fiscal 2021  
22 preliminary in an Excel format spreadsheet?

23 DIRECTOR HARTZOG: Yes.

24 SPEAKER JOHNSON: Thank you. Um, it was  
25 announced by the First Lady a few weeks ago a 43

3 million dollar expansion of the New Family Home  
4 Visiting Program in Brooklyn, which is intended to  
5 reduce postpartum depression. I think it's a great  
6 program. I'm, I'm excited about it. I think it's  
7 something that deserves funding and, ah, we know that  
8 there are many women in New York City that suffer  
9 from postpartum depression. So I think this is  
10 actually a really good thing that Thrive is focusing  
11 on. But this program, ah, the New Family Home  
12 Visiting Program in Brooklyn, ah, is the program will  
13 not be under Thrive NYC is our understanding. Can  
14 you explain why this new expansion will not be under  
15 Thrive while the newborn home visiting in shelters is  
16 included in Thrive? Why was one included under  
17 Thrive and the other is not included under Thrive?

18 DIRECTOR HARTZOG: Speaker, I really do  
19 think this is probably a better question for Susan  
20 Herman to ask.

21 SPEAKER JOHNSON: OK.

22 DIRECTOR HARTZOG: It is her programmatic  
23 capacity.

24 SPEAKER JOHNSON: OK. We'll do that.

25 DIRECTOR HARTZOG: But I really do  
26 appreciate you supporting it. From our perspective

3 we also thought in our analysis of the program that  
4 in the long term, because it is an evidenced-based  
5 program that actually saves in healthcare costs in  
6 the future as well. So great benefits for right now  
7 and healthcare savings.

8 SPEAKER JOHNSON: We will ask Susan the  
9 question, thank you. And then lastly on this, in  
10 spring of 2019 Thrive NYC published a set of metrics  
11 to measure the success of programs under the Thrive  
12 umbrella. Um, when will the report with the results  
13 of the metrics be published?

14 DIRECTOR HARTZOG: Um, I believe that  
15 there's a number of different metrics that will be  
16 released this week, um, and over the coming weeks.  
17 Um, but it's a better question for Susan to answer,  
18 'cause this is all about her programmatic metrics on  
19 measurement of the program's success.

20 SPEAKER JOHNSON: OK, and the last part  
21 on this, and you may say again the best person is  
22 Susan, but I just want to say it. There are some  
23 programs that were removed under Thrive NYC such as  
24 employment training and job placement for individuals  
25 with developmental disabilities that have, that still  
have metrics on the Thrive website. Will these

3 programs be included in the report for the duration  
4 of time they were under the Thrive NYC umbrella? Is  
5 that something that we should ask Susan Herman?

6 DIRECTOR HARTZOG: Yes, um, there were a  
7 number of different criteria that she used to make  
8 decisions on what she wanted to include. The  
9 programs that were removed will continue to actually  
10 be funded within the budget, but I'm happy to give  
11 you a report offline should you want that to continue  
12 to monitor those programs in the budget.

13 SPEAKER JOHNSON: Thank you, Director  
14 Hartzog. I'm gonna turn it back to Chair Dromm.

15 DIRECTOR HARTZOG: Thank you, Speaker.

16 CHAIRPERSON DROMM: Thank you very much,  
17 Mr. Speaker. Before I begin with questions, let me  
18 say that we have been joined by Council Members  
19 Ayala, Van Bramer, Perkins, Gjonaj, Moya, Powers, and  
20 Levin. And some of them will have questions later as  
21 well. Um, let me start off by just talking a little  
22 bit about post adoption spending. Since fiscal 2020  
23 the mayor has made several announcements of, um, city  
24 spending beyond what was included in the adopted  
25 budget, ah, many of which remain unfunded in the  
preliminary budget, and these include 43 million for

3 the citywide home visiting services, um, which the  
4 Speaker mentioned, further 3-K expansion, and  
5 creation of seven new DRP recreation centers, ah,  
6 DPR, excuse me. Ah, the fiscal 2021 budget is also  
7 missing adequate funding for DOE, Carter cases, and  
8 pupil transportation. Ah, BOE is under-funded for  
9 early voting and DFTA's budget is missing the 10  
10 million dollars that Council Member Margaret Chin  
11 always fights for, um, to implement in the council's  
12 budget. So how many new priorities has the mayor  
13 called for and what will they all cost?

14 DIRECTOR HARTZOG: Um, you've listed a  
15 number of them, which would be reflected in the  
16 executive budget, a portion of them, and then some  
17 will be reflected as we actually, for example, um,  
18 the investment in the recreation centers as Parks  
19 identifies sites and brings them online. When we  
20 have better estimates of what those costs are we  
21 would reflect it in capital plan.

22 CHAIRPERSON DROMM: Ah, Ms. Hartzog, let  
23 me just reiterate the 10 million dollars for the, um,  
24 model budget, ah, programs. It's something that  
25 Margaret and we in the council thought we had an

3 agreement on moving forward. So we hope to certainly  
4 see that, ah, and reflected in the executive budget.

5 DIRECTOR HARTZOG: It is a top priority  
6 for us. Um, I also hope this doesn't mean that  
7 Council Member Chin is going to ask me the same  
8 question again.

9 CHAIRPERSON DROMM: [laughs]

10 DIRECTOR HARTZOG: But, um, it is a top  
11 priority. It has not, even though it's not reflected  
12 in the budget it hasn't stopped the agency,  
13 Department for the Aging, from moving forward and  
14 working with the providers to actually develop and  
15 amend the budgets. But yes, understand it's a  
16 priority.

17 CHAIRPERSON DROMM: OK, and was there  
18 any, any particular reason why these were not  
19 included in the preliminary budget?

20 DIRECTOR HARTZOG: I think it was just  
21 the process of us really understanding what the  
22 accurate estimate is. As you know, a budget is an  
23 estimate of what you plan to do, particularly with  
24 nonprofits, as we're working on their model budgets,  
25 each of them are individual. Um, yes, there is a



2 total model, but it takes time to actually figure out  
3 what the right and accurate estimate is.

4 CHAIRPERSON DROMM: So it's just, not  
5 just the, ah, model budget but all of the things that  
6 we listed. Any particular reason why they were not  
7 listed, 'cause we know they're coming.

8 DIRECTOR HARTZOG: I, I think it's the  
9 same thing, even indirect rates. We added a certain  
10 amount, I believe it was a little over 50 million  
11 dollars. As we actually go through the process with  
12 each individual agency we'll have to amend the  
13 budget, the total budget overall, for each of the  
14 agencies to reflect what the actual, ah, what the  
15 actual indirect rate is. It's a proxy.

16 CHAIRPERSON DROMM: And do you know at  
17 this point, ah, what the Carter cases is going to  
18 cost and the pupil transportation?

19 DIRECTOR HARTZOG: So for Carter cases  
20 you, remember we added 33 million dollars in special  
21 education with the idea that we are trying to work  
22 with the Department of Education to really bend the  
23 curve on Carter cases with more ramping up of special  
24 education services in schools, and that is a trend  
25 that we continue to monitor, to the extent that we

3 are constantly looking at where the Carter cases is.  
4 It's just an estimate. Um, until we actually get  
5 into that year we have to look right in the current  
6 year and then add funding. But next year, I think  
7 it's too soon to tell where we'll be.

8 CHAIRPERSON DROMM: So you don't know at  
9 this point...

10 DIRECTOR HARTZOG: Correct.

11 CHAIRPERSON DROMM: ...that if the number  
12 of cases are going down or up, what trend is, is  
13 there?

14 DIRECTOR HARTZOG: It's, the number of  
15 cases is, is pretty constant, I believe, at this  
16 point as they are actually ramping up special  
17 education services and that's why we wouldn't add  
18 money, um, to the next fiscal year, it's just too  
19 son. And as we get into that year we'll have to  
20 continually look at where they are and what's  
21 happening on the special education side.

22 CHAIRPERSON DROMM: OK, thank you. Let  
23 me to go to census. According to the New York State  
24 Complete Town Commission of October 19 if the same  
25 percentage of households do not part in the census as  
they did in the 2010 census, ah, it's likely that

3 roughly 2.5 million people in New York City would not  
4 be counted. That's an incredible number of people.  
5 Ah, the council and the administration have jointly  
6 committed 40 million to ensure that we get an actual  
7 count. So if we don't get the count right this time  
8 what would the estimated fiscal impact be to the  
9 city's budget?

10 DIRECTOR HARTZOG: Um, I think the  
11 estimated impact would definitely be a hit to our  
12 Childcare Block Grant dollars and potentially if the  
13 other, all other factors were held constant it could  
14 be a potential hit to education. But I think we  
15 have, as you mentioned, Chair, working with you, have  
16 invested funding in the census. The mayor, this is a  
17 top priority, um, and their state funding as well  
18 that is coming directly to providers, I believe, so  
19 that I think collectively with all this efforts  
20 hopefully we can avert that.

21 CHAIRPERSON DROMM: OK, thank you. Let's  
22 go to a little bit about the school planning and  
23 siting law compliance and school seat, ah, school  
24 seat need. Um, as part of the School Siting and  
25 Planning Task Force we passed Local Law 167, which  
required the DOE and SCA to post online the process,

3 the data, and the criteria used to calculate the  
4 identified seat need. While SCA does not post  
5 statistics that relate to calculating seat need, SCA  
6 and DOE have yet to provide a detailed explanation of  
7 how identified seat need is calculated based on Local  
8 Law 167 requirements. So as the city's fiscal  
9 monitor for agencies do you have an understanding of  
10 SCA calculates identified seat need, and what  
11 oversight does OMB conduct to assess that identified  
12 seat need is accurate?

13 DIRECTOR HARTZOG: So there's a number of  
14 different factors that go into, including the  
15 demographic trends. I think that I have one hundred  
16 percent confidence in Lorraine, in working with her,  
17 and my team, that the estimate that she provides to  
18 us is accurate and we reflect that in the capital  
19 plan.

20 CHAIRPERSON DROMM: So it has been  
21 difficult for us to get the way in which they  
22 determine that seat need. Would you work with us to  
23 find out how that process occurs?

24 DIRECTOR HARTZOG: Yes, of course...

25 CHAIRPERSON DROMM: OK.

DIRECTOR HARTZOG: Happy to.

3 CHAIRPERSON DROMM: The school capital  
4 plan for 2024 introduced major shifts in where new  
5 school seats are needed, as shown in this chart. How  
6 can OMB and the council be assured that the SCA's  
7 capital plan in relationship to identifying seat need  
8 is sound, given these fluctuations? And what  
9 specific data was used to, um, um, for the seat need  
10 reduction?

11 DIRECTOR HARTZOG: I am happy to take  
12 this offline and have a conversation with, with you,  
13 Chair, and, and Lorraine and her team about ensuring  
14 that you have confidence in what her projections are  
15 and what we're actually funding.

16 CHAIRPERSON DROMM: One of our major  
17 concerns is that some of the most overcrowded  
18 districts, like 30, 24, and 20, ah, seem to have had  
19 reductions in their seat needs and then it was  
20 redistributed to other, ah, districts where the seat  
21 need may not be as high.

22 DIRECTOR HARTZOG: OK.

23 CHAIRPERSON DROMM: Um, special education  
24 and the pre-K contract rate increase. As you know,  
25 this fiscal year was monumental in achieving pay  
parity for union and nonunion early childhood

3 education teachers and support staff. Unfortunately,  
4 the deal that was reached for pay parity did not  
5 include special education pre-K teachers who are  
6 often teaching side by side with the teachers who  
7 will receive the salary increases through the pay  
8 parity deal. Special education pre-K teachers have  
9 not seen a salary increase since the 2016 COLA. So  
10 the state sets the reimbursement rate for special  
11 education pre-K contracts, also referred to as 4410s.  
12 Ah, what is your estimate of the cost of pay parity  
13 for this class of teachers and will your request, ah,  
14 will you request the state raise its rates by 4%?  
15 Will that suffice?

16 DIRECTOR HARTZOG: We have been  
17 aggressively, including my staff, um, in Albany  
18 pushing for a rate increase for the 4410 schools. We  
19 believe, as you do as well, that they are in fact  
20 have not been funded an adequate level and we're  
21 losing a very critical resource within our special  
22 education system with the community-based  
23 organizations, and the issue of salary is one we care  
24 deeply about because, you're absolutely right, as we  
25 have given pay parity to the early childhood sector  
it can't come at the cost of a critical component of

3 the system, which is special education. Um, we have  
4 been asking for the rate increase. We don't have an  
5 accurate sense of what the magnitude on pay parity  
6 because we don't contract directly with these  
7 providers. Um, but we have been having a number of  
8 conversations with them about how we can better  
9 support them, understanding the challenge that they  
10 have, the state sets their rates and the contracts  
11 [inaudible] the rate increase, but we would, we  
12 really want them to get a rate increase.

13 CHAIRPERSON DROMM: So advocates are  
14 saying that they're looking for a 10% increase, which  
15 would come out to close to, I think, about 80 million  
16 dollars in additional funding, and do you have an  
17 assessment of that amount at all?

18 DIRECTOR HARTZOG: I don't have an  
19 assessment on the 10%. That's the first time I'm  
20 hearing it.

21 CHAIRPERSON DROMM: OK. So hopefully  
22 you'll take that into consideration moving forward.

23 DIRECTOR HARTZOG: Absolutely.

24 CHAIRPERSON DROMM: In terms of reserves,  
25 in the preliminary budget hearing last year we asked  
you about something that concerned us, specifically

3 the use of around 1.4 billion dollars of prior year  
4 funds or reserves, or, ah, to balance the fiscal 2019  
5 budget. This improved by adoption for fiscal 2020,  
6 but we still ended fiscal 19 using 355 million  
7 dollars of reserves to budget the balance. Once  
8 again, we are concerned, um, in the fiscal 2021  
9 preliminary financial plan, around 1.5 billion of  
10 prior year funds is used to balance 2020. So do you  
11 expect to end the year using reserves to balance the  
12 fiscal 2020 budget?

13 DIRECTOR GODINER: Um, in the preliminary  
14 budget this year, um, we added, ah, money to the  
15 prepayment to bring that expected level of up to 2.7  
16 billion dollars. Um, that's in keeping with, ah, the  
17 levels we've been at for the last four years, which  
18 have ranged from 2.3 to 3.2 billion, um, and in all  
19 of those years we wound up with a final prepayment,  
20 um, just over 4 billion into a high of 4.6. We  
21 expect to see similar things happen this year.  
22 Obviously there are unknowns between now and then,  
23 um, many of which the director has spoken about. But  
24 that's the way, ah, we see this and we do not see  
25 this as a variation from our usual, um, level of  
prepayment enroll.



3 CHAIRPERSON DROMM: Aren't reserves  
4 normally used when there's a deficit, um, or of, you  
5 know, a fear of recession rather than, ah, what we've  
6 seen, especially over the last two years?

7 DIRECTOR GODINER: We, we released  
8 reserves in the, as part of our normal plan process.  
9 But we have not been spending reserves to, to balance  
10 the budget this year or in the prior years.

11 CHAIRPERSON DROMM: OK, so I'm gonna stop  
12 here and go to council member questions. Oh, I'm  
13 sorry, to Chair Gibson, our chair of the Subcommittee  
14 on Finance for Capital Projects.

15 CHAIRPERSON GIBSON: Thank you, Chair  
16 Dromm. And good morning. It's still morning. Ah,  
17 thank you for being here and thank you for your  
18 testimony and certainly giving us a realistic  
19 understanding of the state risks, um, as the  
20 legislature moves towards adopting a budget, ah, we  
21 appreciate that. And I reaffirm again what the  
22 Speaker and our chair has said, that we will work  
23 with you in whatever capacity we can to ensure that  
24 we can minimize those cuts as much as possible. Um,  
25 so I just have a few questions, all related to  
Capital Commitment Plan and I spoke in my opening

2 about some of the successes that we've seen thus far,  
3 which we're very pleased about, um, and specifically,  
4 as you mentioned, 85.5 billion dollars, there's a 4.6  
5 billion dollar decrease from the fiscal 2020 adopted  
6 Capital Commitment Plan and this reduction is largely  
7 the result of the administration's efforts to move  
8 many of the planned commitments more realistically  
9 into the out years of the plan. Um, more recently,  
10 ah, the administration has added a new section to the  
11 commitment plan which shows funding beyond fiscal  
12 2024 out to fiscal 2029, ah, and aligns planned  
13 spending with a real 10-year capital strategy  
14 category. Ah, as a result of this the council and  
15 the public can now see how the administration has  
16 moved out planned spending across a 10-year period as  
17 compared to a five-year period. So I wanted to ask  
18 does OMB intend to include this information in the  
19 commitment plans moving forward and are there any  
20 other new sections that you are considering including  
21 as well?

22 DIRECTOR GODINER: We are planning on  
23 continuing to, ah, show the 10-year look.

24 CHAIRPERSON GIBSON: OK.

3 DIRECTOR GODINER: We think it added to  
4 our transparency and gave people a better idea of  
5 what, when we slip projects beyond year five that  
6 they're not disappearing, which you noted.

7 CHAIRPERSON GIBSON: Um-hmm.

8 DIRECTOR GODINER: So, yeah, that is our  
9 intent.

10 CHAIRPERSON GIBSON: And what about  
11 adding additional sections? Is that on the table?

12 DIRECTOR GODINER: Well, what's on the  
13 table we'd be happy to talk to you about, what, what,  
14 what, ah, particularly you have in mind.

15 CHAIRPERSON GIBSON: OK. Were there any  
16 specific institutions or guidelines that OMB gave to  
17 agencies when you asked them to redistributed their  
18 commitment plans into the outer years across the 10-  
19 year period as compared to five?

20 DIRECTOR HARTZOG: Um, we asked them to  
21 take a realistic look at their projects that were  
22 forecast within the five-year window to see if they  
23 could really, um, manage all of them and could they  
24 actually get done, and as you can see that actually  
25 results in a redistribution. And then the other  
thing was looking at their prior year and what they

3 actually spent. So those are two proxies that we  
4 asked them to take a look at.

5 CHAIRPERSON GIBSON: OK, and what impact  
6 if any would some of the administrations priorities  
7 or signature programs, ah, like Vision Zero, like  
8 university pre-K, 3-K, what impact would that have on  
9 those specific agencies prioritizing some of their  
10 capital projects and looking over a 10-year period as  
11 compared to a five? So the question is would those  
12 signature priority projects that the mayor and the  
13 administration really wants to see up and running,  
14 would those be placed at the top as compared to some  
15 of the other capital, ah, priorities of the agencies?

16 DIRECTOR HARTZOG: I think it's the  
17 overall priorities of the administration and the  
18 council. When we do the redistribution we actually  
19 reach out to the council, um, to make sure that  
20 anything that we're talking about in terms of  
21 projects, um, and reflecting a realistic timeline  
22 that the council is OK with us doing that. So it's  
23 not a, ah, what's the top priority of the mayor, it's  
24 what's the top priority of the administration, the  
25 council, and obviously the projects that are critical  
to just infrastructure moving forward. We're not

3 gonna push out the needs to do, you know, fixing  
4 water mains. That's not, it's critical. We have to  
5 keep doing infrastructure projects.

6 CHAIRPERSON GIBSON: OK. While we can  
7 see, ah, clearly on the chart before us that money  
8 was moved out to fiscal, ah, FY2025 through 2029, um,  
9 we don't know any specific capital projects that were  
10 actually moved. So in your conversations with the  
11 agencies on shifting some of those projects to the  
12 outer years, um, can you tell us a little about some  
13 of the major capital projects that were moved to the  
14 out years? Do you have any data you could share with  
15 us?

16 DIRECTOR HARTZOG: So the, the great news  
17 about our, which is also the challenge for the  
18 agencies and for OMB is that we don't set an overall  
19 target until the agencies just shift out, you know,  
20 seven-and-a-half billion dollars into the out years  
21 of the 10-year plan. Each agency has to go project  
22 by project and it is quite a, an undertaking for both  
23 my team and for the agencies to do that. So it is  
24 hundreds of projects that are very small in size but  
25 actually equal that and we'd be happy to sit with

2 council finance and with you, Chair, if you'd like to  
3 get a better sense of what those projects are.

4 CHAIRPERSON GIBSON: OK.

5 DIRECTOR HARTZOG: But it would just be  
6 too tedious for me to tell you all of them.

7 CHAIRPERSON GIBSON: OK, thank you, that  
8 was my next question.

9 DIRECTOR HARTZOG: Oh.

10 CHAIRPERSON GIBSON: If we could work  
11 with your team to get more of a...

12 DIRECTOR HARTZOG: Sure.

13 CHAIRPERSON GIBSON: ...detailed list of  
14 some of the projects that were moved to the out  
15 years.

16 DIRECTOR HARTZOG: Yes.

17 CHAIRPERSON GIBSON: OK. Um, I wanted to  
18 ask about capital commitments. Um, there's been an  
19 improvement. Um, for fiscal 2019 actual commitments  
20 totaled about 12.6 billion dollars, a 600 million  
21 dollar increase from fiscal 2018, and as you can see  
22 from the chart on the screen the city has made steady  
23 progress in its ability to execute its capital  
24 program as planned. Ah, can you tell us the level of  
25

3 commitments anticipated for fiscal 2020? I assume  
4 it's going higher, right?

5 DIRECTOR GODINER: Yes.

6 CHAIRPERSON GIBSON: OK.

7 DIRECTOR GODINER: Ah, we're  
8 anticipating, ah, over 13 billion in, ah, an FY20,  
9 ah, our target is 13.85 billion.

10 CHAIRPERSON DROMM: OK, billion.

11 DIRECTOR GODINER: And, you know, we're  
12 hopeful to, to reach that target.

13 CHAIRPERSON GIBSON: OK. So on average  
14 the city's planned commitments are about 17.1 billion  
15 dollars annually. Do you think the city will be able  
16 to achieve that level over the next four years as is  
17 outlined in the plan? Do you think we can get there?

18 DIRECTOR HARTZOG: I think it's always a  
19 work in progress with the agencies to see what in  
20 fact projects that they can get done in any given  
21 year, and I do think that we will likely do a  
22 redistribution in the executive budget.

23 CHAIRPERSON GIBSON: OK, so we'll see  
24 some changes by exec?

25 DIRECTOR HARTZOG: You will. Yes. I  
think the agencies work very hard to ensure that what

3 they plan for in the fiscal year that they can  
4 actually get done.

5 CHAIRPERSON GIBSON: Actually do it, yes.

6 DIRECTOR HARTZOG: And by the preliminary  
7 budget, fair to them, they're still trying to see  
8 what they can actually get done within the fiscal  
9 year. As we approach April, with three-quarters of  
10 the year done, I think that's when the agencies start  
11 to really look at what they can get, contracts  
12 registered, what can actually get done in the current  
13 year.

14 CHAIRPERSON GIBSON: OK, and the Speaker  
15 alluded to it, but with some of the new capital that  
16 was proposed by the mayor in the State of the City as  
17 one example the brand-new construction of community  
18 centers. Um, there are two slated for the Bronx, ah,  
19 one is Tremont, the other is Soundview. I assume  
20 they were brand-new construction, not a renovation of  
21 existing, not sure. But will we see those numbers  
22 reflected by the exec as it relates to individual  
23 agencies?

24 DIRECTOR HARTZOG: The recreation centers  
25 are brand-new construction.

CHAIRPERSON GIBSON: OK.



2 DIRECTOR HARTZOG: Once we actually have,  
3 we've identified the neighborhoods that we actually  
4 want to have them in. Once we identify the site and  
5 we actually get the process under way, design,  
6 etcetera, then we'd actually reflect the funding in  
7 the capital plan.

8 CHAIRPERSON GIBSON: OK. And then also  
9 within the speech there was talk of opening under-  
10 utilized and unused NYCHA community centers?

11 DIRECTOR HARTZOG: Yes, there's about  
12 five of them.

13 CHAIRPERSON GIBSON: OK.

14 DIRECTOR HARTZOG: And we can get you the  
15 list.

16 CHAIRPERSON GIBSON: OK. So we are going  
17 to reflect that funding in NYCHA's budget but the  
18 operations of the community centers will be to  
19 community-based organizations.

20 DIRECTOR HARTZOG: That is correct.

21 CHAIRPERSON GIBSON: Correct?

22 DIRECTOR HARTZOG: Yes.

23 CHAIRPERSON GIBSON: OK. Just wanted to  
24 make sure. OK.

3 DIRECTOR HARTZOG: I wasn't clear what  
4 you wanted, Council Member.

5 CHAIRPERSON GIBSON: OK. I had a  
6 question. Um, in last year's budget I remember  
7 talking about this 'cause it was an issue that  
8 concerned me since, ah, my district and many others  
9 represent a high concentration of cluster housing.  
10 As the administration continues to phase them out,  
11 um, this past November the administration announced  
12 that the city was entering a second phase of the  
13 cluster sites purchase program to acquire an  
14 additional 14 buildings and convert nearly 200  
15 cluster units into permanent affordable housing for  
16 homeless families. So my question is, is the  
17 purchase and conversion of these units final to date?

18 DIRECTOR HARTZOG: Yes, for phase 2 yes.

19 CHAIRPERSON GIBSON: Phase 2, OK. So we  
20 know where the 14 buildings are located and how many  
21 units we'll be able to convert?

22 DIRECTOR HARTZOG: Yes, we do.

23 CHAIRPERSON GIBSON: OK. Um, and in  
24 terms of the amount of capital that is needed to  
25 renovate these existing units to bring them up to

2 code do we have those figures, and if not will we see  
3 it reflected in the executive budget?

4 DIRECTOR HARTZOG: We don't yet have the,  
5 um, renovation costs for the units. They have to  
6 actually go in HPD and, um, do the scoping for that.

7 CHAIRPERSON GIBSON: OK.

8 DIRECTOR HARTZOG: So that's not yet  
9 reflected in the plan.

10 CHAIRPERSON GIBSON: OK. When so it will  
11 be in HPD's budget?

12 DIRECTOR HARTZOG: Yes.

13 CHAIRPERSON GIBSON: Yes? OK, OK. Ah,  
14 does the 72.1 million dollars in HPD's preliminary  
15 capital plan for acquisition costs associated with  
16 the cluster sites program reflect the total cost of  
17 acquisition for these 14 buildings?

18 DIRECTOR HARTZOG: Ah, there was a total  
19 of 80, but our portion of it was 72 million.

20 CHAIRPERSON GIBSON: Our portion was 72?  
21 What's the total?

22 DIRECTOR HARTZOG: What we added. There  
23 was existing funding within their capital plan that  
24 they used.

2 CHAIRPERSON GIBSON: OK, OK. And with  
3 this particular phase of the purchase of these  
4 buildings did we go through an estimate as we with  
5 the round one, where remember last year there was a  
6 big variance in the amount that was estimated  
7 [inaudible]?

8 DIRECTOR HARTZOG: You're referring to an  
9 appraisal process?

10 CHAIRPERSON GIBSON: Yes.

11 DIRECTOR HARTZOG: Yes, we did.

12 CHAIRPERSON GIBSON: Did we go through  
13 that again this year?

14 DIRECTOR HARTZOG: Yes.

15 CHAIRPERSON GIBSON: OK. And I'm  
16 assuming that the estimate was more aligned with the  
17 actual cost?

18 DIRECTOR HARTZOG: Yes.

19 CHAIRPERSON GIBSON: OK, good. Um, would  
20 OMB and agency partners commit to a meeting to  
21 discuss how the acquisition price of the phase 2  
22 buildings was negotiated? Can we have an offline  
23 conversation?

24 DIRECTOR HARTZOG: Sure.

2 CHAIRPERSON GIBSON: OK, OK, great. I'm  
3 gonna hold you to it.

4 DIRECTOR HARTZOG: I know you will.

5 CHAIRPERSON GIBSON: I will [laughs].

6 Ah, both the HPD and the HRA commissioners testified  
7 last year that the purchase price does not include  
8 any funding, um, as we know, towards the renovations  
9 or addressing building code violations. Um, so I  
10 know we don't have those figures yet, but ah, we do  
11 know that there will be a cost to renovate these  
12 existing 200 units and bring them up to code, um,  
13 before they turn over to an actual not-for-profit, is  
14 that correct?

15 DIRECTOR HARTZOG: Yes.

16 CHAIRPERSON GIBSON: OK, great. And I  
17 wanted to ask a question on the timeline of the  
18 phase-out. Um, is the city on target to phase out  
19 our cluster sites by 2023, ah, with phase 2  
20 acquisition of units, and are there any additional  
21 acquisitions that are currently being negotiated? So  
22 my question is are we going to a phase 3 or phase 4  
23 as we keep in pace with this timeline of closing out  
24 clusters by 2023?

2 DIRECTOR HARTZOG: We most certainly are.  
3 Where clusters are down about 68% overall from 2500  
4 to 1200 and there...

5 CHAIRPERSON GIBSON: OK.

6 DIRECTOR HARTZOG:.. ..is another phase  
7 that's underway.

8 CHAIRPERSON GIBSON: So we are on pace  
9 to?

10 DIRECTOR HARTZOG: We are.

11 CHAIRPERSON GIBSON: OK. 2500, what's  
12 our capacity now? Did you say 12?

13 DIRECTOR HARTZOG: 1200, is that, 1200.

14 CHAIRPERSON GIBSON: OK, OK. Great. Um,  
15 I wanted to ask about the capital task force that you  
16 mentioned in your opening. Um, we recently learned  
17 about the creation of a capital task force within  
18 OMB's agency. Ah, would you be able to describe the  
19 role, responsibilities of the task force and who  
20 makes up this task force and what their every-day  
21 functions consist of?

22 DIRECTOR GODINER: Um, yes, we've created  
23 a new capital coordination unit, ah, at OMB. Ah, we  
24 have a number of analysts working on that as well as  
25 an assistant director. Ah, what they've done so far

3 is they've been out, ah, talking to city agencies and  
4 other task forces at OMB, making sure they understand  
5 what the, the current road blocks and impediments  
6 are, how to, ah, and how they can try to address  
7 making those, ah, delays be shorter. Ah, they are  
8 providing, as a general rule, a central resources for  
9 training new OMB analysts on CP review, so one of the  
10 things that tends to slow things up is if, if we  
11 don't have people who have, ah, are fully trained on  
12 CP review and it slows things down. Um, and they've  
13 been actually, ah, during super-busy periods helping  
14 individual task forces with their CPs to speed up  
15 that process. Ah, we've also, as a result of having  
16 this we have a single point of contact, ah, for DDC  
17 on citywide strategic plan initiatives, ah, and, you  
18 know, we're really happy the, the, that they're  
19 focused on improvement which goes, ah, to an OMB-  
20 wide, ah, initiative to have email submission of CPs.  
21 We were still doing that on paper. That's expedited  
22 that process and the idea of expanding blanket CP  
23 authority, ah, for DEP and Parks.

24 CHAIRPERSON GIBSON: OK. Sounds like a  
25 lot of work. [laughter] What's the, what's the total

2 staff that are in the unit? I hope it's not less  
3 than five.

4 DIRECTOR HARTZOG: Um, it's a total of  
5 about two people.

6 CHAIRPERSON GIBSON: Two people?

7 DIRECTOR HARTZOG: Yes.

8 DIRECTOR GODINER: But they're working  
9 very hard. [laughter]

10 CHAIRPERSON GIBSON: Wow, wow.

11 DIRECTOR HARTZOG: What Ken described is  
12 really coordination across the task force, right? So  
13 just to drill down and give an example, we've talked  
14 about this with Latonia's team as well, each task  
15 force has their own capital units for their agencies  
16 within OMB. One of the challenges that we found with  
17 the agencies is that each of those units has a  
18 different way of, of actually analyzing CPs. So DDC  
19 could have, right, they're a managing agency, they  
20 could be working on projects across four other  
21 agencies.

22 CHAIRPERSON GIBSON: Right.

23 DIRECTOR HARTZOG: But the task force,  
24 depending on which they went to, had a different way  
25 of looking at a project. And DDC would say, well,



3 why do we have inconsistencies? So part of what this  
4 unit does is look at standardizing the way in which  
5 each of the task forces evaluates CPs coming in.  
6 That may sound like it's nothing, but it's a  
7 tremendous benefit across the agencies. I can tell  
8 you that Lorraine has reached out personally to thank  
9 us for that work because it does make their jobs a  
10 lot easier when we are actually far more coordinated  
11 on things like just a, simple things you would think  
12 is a CP. So that's the work that they do.

13 CHAIRPERSON GIBSON: Right, no, no, I  
14 understand, definitely, it's, it's a very challenging  
15 process to deal with.

16 DIRECTOR HARTZOG: For an efficient  
17 agency.

18 CHAIRPERSON GIBSON: Certificates to  
19 proceed, CPs, and standardizing a process, I was just  
20 concerned about two people doing all of this work.  
21 Um, I was going to ask if I thought there were more  
22 staff how were you designating who in the unit is  
23 responsible in overseeing different agencies. So is  
24 there one person that handles one agency or multiple,  
25 I mean, we're talking about...

3 DIRECTOR HARTZOG: It's not about  
4 handling an agency as much as it is about working  
5 within OMB and across the city agencies how better we  
6 can, right, get the work done. So each task force  
7 still has a capital process within each of the tax  
8 forces. It's not that we're consolidating all of  
9 capital under this unit. That's not the roll. The  
10 roll is to actually figure out how to best process  
11 capital projects, not to undertake them centrally.

12 CHAIRPERSON GIBSON: OK, and how long has  
13 the task force been in operation?

14 DIRECTOR HARTZOG: It's relatively, it's  
15 just been a couple of months.

16 CHAIRPERSON GIBSON: OK, so at some point  
17 as the task force continues to do its work, um, and  
18 we add more capital projects on even this budget, um,  
19 will you continue to assess the unit of two to  
20 determine if there is a need to add more staffing,  
21 just to make sure that there can be more efficiency  
22 in managing and working with all of the agencies?

23 DIRECTOR HARTZOG: I appreciate your  
24 concern about whether or not we have sufficient  
25 staff. I can assure you that the role is  
coordination, not one of actually staffing. If there

3 was a need for actual staff it would be within the  
4 task force to process capital projects, not to  
5 coordinate.

6 CHAIRPERSON GIBSON: OK. I can't wait to  
7 meet these two people. Are they here? [laughter]  
8 Oh, they must be here, OK, great. [laughs] Wow. Um,  
9 my final question before I turn this over to Chair is  
10 on a topic that I have certainly prioritize and this  
11 council has really done a tremendous amount of work  
12 on and I wanted to ask a few questions and I wanted  
13 to ask a few questions related to it. Um, we are  
14 provided with a twice-yearly term and condition  
15 report on the NYPD's school crossing guards. Um, the  
16 September 2019 report showed 2502 filled position  
17 with 189 vacancies. The January 2020 report revealed  
18 that none of the 189 vacancies were filled. Um, you  
19 remember a few years ago we also added 200 new  
20 positions for supervisors. Um, nine supervisor  
21 vacancies existed as compared to eight. Um, so I  
22 wanted to understand why these positions were  
23 budgeted for but they weren't filled and we've done a  
24 lot around school crossing guards. We've really  
25 reshaped the recruitment process so you don't have to  
go to a precinct to apply. We've looked at hard to

3 recruit areas where you have vacancies, you know,  
4 according to certain precincts, but we're still  
5 finding that we have a significant number of  
6 vacancies. And the reason why the council and all of  
7 should be concerned is because of SCA's ambitious  
8 capital agenda. Every year we're adding on more  
9 schools. We've talked about a task force to have an  
10 interagency coordination so DOE, SCA, NYPD, are all  
11 talking to each other so we can have a school  
12 crossing guard in place before schools open every  
13 September. So can you give us a sense of why you  
14 believe we could have these numbers of vacancies and  
15 what can the council do to work with you so that we  
16 can better recruit, retain, and hire school crossing  
17 guards?

18 DIRECTOR HARTZOG: So the first thing I  
19 would say is there next class coming on in April of  
20 2020. Um, and so that should definitely address the  
21 vacancy issue. Overall, as it relates to what PD's  
22 strategies are for recruitment, I'm happy to have a  
23 conversation with them, um, around what they're doing  
24 beyond just the recruitment of the class, the next  
25 class coming in.

3 CHAIRPERSON GIBSON: OK. Do you happen  
4 to know the size of the April class? Or can someone  
5 get back to me with the data?

6 DIRECTOR HARTZOG: It's about 50.

7 CHAIRPERSON GIBSON: Oh, that's small,  
8 OK, OK. And I guess the final question I'll say and  
9 I know obviously this is for, um, NYPD when they come  
10 before us later this money, um, but school crossing  
11 guards are designated and assigned by the local  
12 commanding officers at our local precincts. They  
13 determine assignments by examining collision data,  
14 population, the distance to nearby bus and transit  
15 locations, and also a list of, I would say, elected  
16 official and community concerns and inquiries. Um, I  
17 wanted to know from an OMB perspective if you've  
18 heard from local unions, DC37, local 372, if we need  
19 to redefine that process. Because I think a lot of  
20 times we have children that are traveling, as we have  
21 seen with some very horrific, horrific crashes that  
22 have happened injuring children that we should have a  
23 school crossing guard on every corner of every school  
24 intersection as best we can. Um, and so coupled with  
25 all of the data we currently look at today I don't  
want to tell my colleagues, we don't want to tell

3 constituents we're sorry we can't get an additional  
4 school crossing guard because not enough pedestrians  
5 have been injured or hit by vehicles. That's not  
6 what we want to say. But we know that we have a, a  
7 budget, we have a maximum capacity, but when we're  
8 asked as elected officials to exceed that it's a  
9 challenge when we don't have the security, sorry, the  
10 school crossing guards in place. So do you think  
11 that we could work with NYPD to look at redefining  
12 the process of how we assign school crossing guards  
13 and other data that we could be looking at as well  
14 as, um, as a metric?

14 DIRECTOR HARTZOG: I'm, I'm not gonna  
15 speak for PD about the process in which they use to  
16 assign school crossing guards because I just don't  
17 know enough. I think the issue of safety in crossing  
18 the street, and I believe you're referring to the  
19 most incident, is one in which I've had, just had  
20 very conversations, recent conversations, including  
21 with the first deputy mayor, about what we can do,  
22 and I think both of us agree that it's bigger than  
23 just PD. We should also be involving DOT in those  
24 conversations, so I think there's more to come on  
25 that front. And the question about data and what we

3 should be using, I couldn't agree with you more. We  
4 should be using all available data, um, but I do  
5 think it's a bigger strategy than just can we have  
6 more school crossing guards. I'm not saying that's  
7 not part of it, but it's more than that.

8 CHAIRPERSON GIBSON: OK, great. And  
9 then, ah, offline I would love to have a conversation  
10 with us this budget season, ah, in general, more  
11 specifically about school crossing guards and some of  
12 the conditions and pay rate, obviously many of it  
13 being a union labor issue. But I think when you look  
14 at most school crossing guards they tend to be women  
15 and women of color, many veteran school crossing  
16 guards, which we appreciate, um, but we also need to  
17 make sure that whatever we can do to improve their  
18 working conditions we should do that as well. So I  
19 just wanted to put that plug in and keep it on your  
20 radar as we continue conversations.

21 DIRECTOR HARTZOG: Sure.

22 CHAIRPERSON GIBSON: Thank you. Thank  
23 you so much. I'll turn it back over to Chair Dromm.

24 CHAIRPERSON DROMM: Thank you very much.  
25 I, um, wanted to just ask a couple of questions  
before we go to council member questions. Do you

3 know the impact of the governor's school aid  
4 increase, what that's going to look like on New York  
5 City?

6 DIRECTOR HARTZOG: It's about 136 million  
7 dollars, um, that we were anticipating as part of  
8 our, um, growth and we have been over the past couple  
9 of years, um, been hit on this issue of not getting  
10 enough school aid, but at the same time I think it's  
11 about a 3% growth rate, am I correct? Two? It's 2.  
12 Um, while charter schools having grown at the rate of  
13 about 5%. I'm correct on that front.

14 CHAIRPERSON DROMM: OK, thank you. And  
15 what, just to go back to the, um, the reserves  
16 questions. What was the size of the prepayments from  
17 fiscal 2019's budget to fiscal 20?

18 DIRECTOR HARTZOG: I want to be clear  
19 before Ken gives you that answer that we have to keep  
20 in mind that 2019 was a very unique year, which was  
21 the PIT significant increase. And so if you look at,  
22 I think the better proxy would be looking at the  
23 prior years to see what the prepayment levels are  
24 because it was a better reflection, because we had  
25 that infusion of one-time PIT in 2019. Can you give  
both?



3 DIRECTOR GODINER: Yeah. The, ah, the  
4 2018 prepayment has a preliminary, was 2.6 billion,  
5 um, in 2019 it was 3.2, ah, and in this plan we  
6 reflect the 2.7. Ah, you know, the end-of-year  
7 prepayment in 2018 actually wound up being the 4.6  
8 billion and last year 4.2. So it's also early in the  
9 year to know how we'll wind up on the prepayment, um,  
10 you know, an event like the tax collection happens  
11 later in the year and, ah, you know, we're always  
12 looking at this.

13 CHAIRPERSON DROMM: So there's about 300  
14 million in the general reserve this year. Do expect  
15 the, um, net roll to be, um, ah, negative at the end  
16 of the fiscal year 2020?

17 DIRECTOR GODINER: I, I think it's too  
18 early to know how the, the final roll will turn out.  
19 Um, you know, we're in this part of the process. Ah,  
20 you know, obviously at this point, you know, we're  
21 only showing a 2.7 billion dollar roll. But, um, you  
22 know, two years ago we showed a 2.6 billion dollar  
23 roll and wound up with a 4.6 billion dollar roll. So  
24 it's too early at prelim to know how the final will  
25 work out.

2 CHAIRPERSON DROMM: OK, all right. Let's  
3 go to, I want to say we've been joined by Council  
4 Member Treyger. Thank you for being here. And now  
5 we're gonna go to questions from Council Member  
6 Lander, followed by Grodenchik, followed by  
7 Koslowitz. And I just want to remind everyone we're  
8 going to hold you, hold you to five minutes. Council  
9 Member Lander.

10 COUNCIL MEMBER LANDER: Thank you, Chair  
11 Dromm and Chair Gibson. Ah, Director Hartzog, good  
12 to have you here. Ah, I want to extend the kind of  
13 thank you and praise for the way that you're team is  
14 really digging in on capital projects, ah, improving  
15 the forecasting in the ways that, that you described,  
16 doing that capital coordination and working with us  
17 on the capital projects tracker.

18 CHAIRPERSON GIBSON: All with two people.

19 COUNCIL MEMBER LANDER: All with two,  
20 well, I'll start there. I'm, I'm guessing those two  
21 people are, will also be involved in the task force  
22 to get set to work on the capital projects tracking  
23 database and some of those issues of what the  
24 definitions are...

25 DIRECTOR HARTZOG: Yes.

2 COUNCIL MEMBER LANDER: ...and how we're  
3 like looking apples to apples across projects and  
4 agencies. So, is that right?

5 DIRECTOR HARTZOG: Yes, yes.

6 COUNCIL MEMBER LANDER: OK. Um, and I  
7 just want to thank you and Mayor's Office of  
8 Operations and DDC for working with Chair Gibson and,  
9 and, and with our team with, with Nathan and Latonia.  
10 I think that's something that's got some real long-  
11 term benefits to the city and, and we're grateful for  
12 it.

13 DIRECTOR HARTZOG: I couldn't agree more.  
14 I think it's been a challenge for us as you have like  
15 projects and you want to be able to look at how much  
16 you spend one project compared to another when they  
17 are the same, somewhat similar. I think this will be  
18 very helpful to us and create greater transparency.

19 COUNCIL MEMBER LANDER: That's great.  
20 And I'll just, ah, because I want to add my voice to  
21 the Speaker's concern about some of the nonprofit  
22 contracting issues maybe just say hopefully we can  
23 have some of the same kinds of collaborations and  
24 make some of the same kinds of improvements in that,  
25 in that area as well.

3 DIRECTOR HARTZOG: Absolutely.

4 COUNCIL MEMBER LANDER: Um, I want to  
5 follow up a little on, on where Chair Gibson ended,  
6 um, and I was encouraging to hear that you're talking  
7 to the first deputy mayor about some of the street  
8 safety and traffic crashes, 'cause I want to ask  
9 about one area, or that really intersects with the  
10 city budget, which is payouts by city agencies for  
11 traffic crashes, ah, where a city vehicle was, you  
12 know, hit someone and caused damage. Streets Blog  
13 reports that that's about 85 million dollars a year  
14 in recent years. Um, we dug in a little and saw that  
15 DOT has really dramatically taken steps to reduce  
16 their payouts from about 125 payouts to just 20 last  
17 year, in their case from 5 million to almost nothing.  
18 But we have not seen comparable reductions from  
19 Sanitation, Fire, NYPD, or Parks, or steps being  
20 taken to look at what we can do in ways that would  
21 save lives and reduce injuries and damage, but also  
22 hopefully save millions of dollars to the city.

23 DIRECTOR GODINER: So the answer is yes.

24 Um, we've been looking at exactly this topic. Motor  
25 vehicle collisions are one of the leading, you know,  
torts payouts we have.

3 COUNCIL MEMBER LANDER: The biggest one I  
4 think.

5 DIRECTOR GODINER: Um, I think that's  
6 right. I mean, it varies a little bit year by year,  
7 especially of big payouts in certain areas. But, um,  
8 we've been looking at that. There's a risk  
9 management group that's, that's looking at it gel.  
10 Also, through our fleet operations now that we have  
11 Geotab in almost all of our city vehicles, right,  
12 we're able to get a lot of data, which a) helps us,  
13 um, in terms of making sure that our drivers are  
14 driving, you know, at reasonable speeds, um, and our,  
15 you know, it measures hard braking and those kinds of  
16 things as well. But also allows us, um, in some  
17 cases, ah, clearly we're looking at safety, but we're  
18 also looking at in some cases where we can use that  
19 data to defend the city because claims are made that  
20 the city vehicle was speeding, that it didn't stop at  
21 the stop sign and we have data, ah, now through that,  
22 right, that can protect the city from those kinds of  
23 erroneous claims. Um, you know, we've been  
24 implementing Geotab. It's, you know, it's been  
25 rolled out over time over the city. You know, we're  
hoping now we'll be able to make effective use of

3 that, ah, for both purposes, ah, and we're looking to  
4 complete the expansion of Geotab to the remaining  
5 portions of the fleet that aren't done.

6 COUNCIL MEMBER LANDER: That's, that's  
7 encouraging to hear, and we'd love to follow up  
8 offline and drill down a little deeper, when are we  
9 gonna get to full geotagging. Chair Dromm and I  
10 reached out together and got good response from DOT.  
11 We got letters back from Sanitation and NYPD. We did  
12 not hear from the Fire Department or Parks. So, ah,  
13 I think we'd just like to follow up and with the  
14 agencies. This is a good area where we can save  
15 money and also save lives, so it's a real good area  
16 to, to work on and look forward to working together  
17 on it.

18 DIRECTOR GODINER: We agree and we look  
19 forward.

20 COUNCIL MEMBER LANDER: Um, for my last  
21 question, I just want to ask a little more about some  
22 of the reserve and reserve targets. You're right  
23 that, you know, we've worked together to, ah,  
24 increase reserves each year, ah, and gotten that  
25 number up. I'm excited that voters last fall  
approved the establishment of a rainy day fund, which

3 would obviously be a better way to protect our  
4 reserves from the state just seeing them as money  
5 they could grab and, um, ah, but I guess what I  
6 wonder as, and I know we need state authorizing  
7 legislation, as we're moving towards establish the  
8 rainy day fund as we're thinking about appropriate  
9 reserve levels, you know, the comptroller has said  
10 like here's a percent we ought to have. We ought to  
11 aim to be at 12% of budget and reserves. Ah, we tend  
12 to kind of see what we can do at adoption each year.  
13 Do you think we should have some guidelines on what  
14 reserve targets we ought to have so that as we're  
15 moving towards rainy day fund and in general, you  
16 know, we can have a shared guideline for how we're  
17 thinking about what our reserves, ah, reserve level  
18 should be?

19 DIRECTOR HARTZOG: Um, a couple things,  
20 first is we, um, we are actually pursuing legislation  
21 for the rainy day fund and aggressively my team is up  
22 in Albany to make sure we get it done next session.

23 COUNCIL MEMBER LANDER: Thank you.

24 DIRECTOR HARTZOG: Um, even though it is  
25 a very short session. The second thing on reserves,  
in the event of a recession it's not just gonna be

3 the level of reserves. It's gonna be how much we are  
4 being judicious around our aggressive savings plan,  
5 how cautious we're being with our revenue estimates,  
6 and there's also the manner of reserves. It's a  
7 combination of those three things. It's not just  
8 one. Um, and so I think that is the strategy that we  
9 put in place since the beginning of the  
10 administration when we actually had significant  
11 revenue coming in, um, and as the economy is slowing  
12 and there's a number of different risks, some of  
13 which we talked about today, the coronavirus, I think  
14 it's a combination of those three things that has to  
15 continue.

16 COUNCIL MEMBER LANDER: Thank you. Thank  
17 you, Chair.

18 CHAIRPERSON DROMM: Just to follow up.  
19 Reserves remain at 9.7%? Is that correct?

20 DIRECTOR HARTZOG: I believe you must  
21 counting the prepay within that as well.

22 CHAIRPERSON DROMM: Yeah, OK, so  
23 recommended, it's about 10% of the budget at this  
24 point?

25 DIRECTOR HARTZOG: You, ah, I don't know  
why we go back and forth on this on counting the



2 prepay. When we talk about reserves, I refer to it  
3 as the 6 billion and the combination of the general,  
4 the capital stabilization, the retiree, and the  
5 prepay from our perspective is, is separate.

6 COUNCIL MEMBER LANDER: So if, if that's  
7 right then it's more like 7% or so.

8 DIRECTOR HARTZOG: Yes, and as I said,  
9 it's not the, just the reserve level, it's about  
10 continuing our savings plan and being cautious about  
11 our revenue estimates. Those are the combinations of  
12 the three things that we've been doing that I believe  
13 works.

14 CHAIRPERSON DROMM: OK, thank you. Ah,  
15 we're going to go now to questions from Council  
16 Member Grodenchik.

17 COUNCIL MEMBER GRODENCHIK: Thank you,  
18 Chair Dromm and thank you, Chair Gibson. Ah, good,  
19 is it still morning? Yes. Good morning, Director  
20 Hartzog. Good morning...

21 DIRECTOR HARTZOG: Good morning.

22 COUNCIL MEMBER GRODENCHIK: ...um, to  
23 everybody, to the whole OMB entourage. It's good to  
24 see everybody here. Um, you know they say 51 council  
25 members, 5100 different ideas. So I'm only going to

3 give you a couple of mine. Ah, I am, just to start  
4 off, we had a budget briefing last week from, um, the  
5 Queens borough president's office, Richard Lee, ah,  
6 conducted as he always does and, ah, I'm not gonna  
7 ask you to comment on it today but I hope that when  
8 the commissioners come through, um, they can talk  
9 about this. The numbers for DFTA funding, for DYCD  
10 funding, and for cultural affairs funding in Queens,  
11 um, are way out, below proportion where they should  
12 be. Um, for instance, we have 30% of the seniors in  
13 this city but we only get, ah, 19% of the funding.  
14 Um, I have a very high senior, ah, population in my  
15 district in eastern Queens and our per capita rate is  
16 about half of that of Bronx County. DYCD, we're only  
17 getting 18% of the funding. We have the second  
18 number highest, second-highest number of young  
19 people, and on cultural affairs we're getting about a  
20 sixth of what Manhattan gets per capita. So I would  
21 hope that, ah, I won't ask you for questions on that  
22 today, but I hope when those commissioners come  
23 through here they're prepared to answer those  
24 questions. Ah, the mayor campaigned on a fair city.  
25 I like the mayor very much, um, but these are not  
fair numbers for my constituents and for the 2.4

3 million people of Queens. Um, let me turn to, ah,  
4 we've, we've had a capital theme going, um, and on  
5 libraries, ah, if we wanted to create a more  
6 Kafkaesque capital, ah, plan and, and how these  
7 things get accomplished, um, I don't think we could,  
8 ah, do any worse than we do now, and at my first  
9 budget hearing four years, ah, the mayor kind of, I  
10 don't think you were there, he floated a trial  
11 balloon about allowing the library systems, the three  
12 library systems, to do their own construction with,  
13 of course, the proper coordination, ah, with the  
14 city. Um, has anything, any mention, any peep, any  
15 word of that, would you consider that? It can't get  
16 any worse than it gets now. I know Karen Koslowitz  
17 was here, I don't know if she's still here. Her Rego  
18 Park library, um, forever, it's now I think starting,  
19 same thing in, in Far Rockaway, and, you know, my  
20 colleagues and I can attest that along with the  
21 borough presidents we try to fund projects and  
22 libraries. It's like trying to hit a moving target  
23 blindfolded. So I would appreciate your thoughts on  
24 that, Director.

25 DIRECTOR HARTZOG: Um, well, I can say  
we, we actually do let the libraries do their

2 projects and we've worked very hard to essentially  
3 convert what is capital just to make it, simplify  
4 this to, to grants. Um, it is the first time, and I  
5 actually just saw Dennis last week, um, Walcott, and,  
6 um, of course talked about priorities that he has,  
7 but, um, didn't mention this one, but I'm happy to  
8 reach out to him again to see if there is anything we  
9 can do to expedite.

10 COUNCIL MEMBER GRODENCHIK: I, I had  
11 spoken to him about it, um, I'm not so sure that the  
12 library systems are chomping at the bit, but as  
13 somebody that has to deliver services...

14 DIRECTOR HARTZOG: Understood.

15 COUNCIL MEMBER GRODENCHIK: ...to my  
16 constituents it can't get any worse. I mean, it, it  
17 just takes forever to unpack these things and to  
18 build them, um, you know, I had committed additional  
19 monies to the Hollis branch and now I'm hearing they  
20 need more and we haven't even started yet. So, um,  
21 I'd like to be able to deliver on what I promised and  
22 I know my colleagues feel the same way. So I, um, I  
23 would be interested in talking offline with somebody  
24 about that.

25 DIRECTOR HARTZOG: Sure.

3 COUNCIL MEMBER GRODENCHIK: Um, the other  
4 thing I want to talk about this morning is property  
5 taxes, and I know that, um, we have, ah, a first  
6 draft of a plan. The things that concerns me is  
7 that, um, you know, the mayor has insisted that the  
8 property tax plan, whatever we come up with, would be  
9 revenue neutral. But I wanted to know your thoughts  
10 or maybe somebody on your staff's thoughts, whoever  
11 is dealing with this, revenue neutral sounds great,  
12 but in my community property taxes continue to go up  
13 at a, at a rate of 20% over years. There's nothing  
14 stopping that. Those numbers are unsustainable,  
15 especially for people who have been living there in  
16 those houses, now on a fixed income. I'll give you  
17 an example. My aunt, who moved to Bellerose in 1948,  
18 OK, still in the same house, so, and there are lots  
19 and lots of those people across the City of New York.  
20 They're gonna be priced out. They're just not going  
21 to be able to move or whatever, and I, we cannot  
22 continue to rely on property taxes to the extent that  
23 we have. It's just we can't continue to go up at 6%  
24 a year on average as we have been going. So I'd like  
25 to hear your thoughts as the person in charge of the  
pursestrings of the city.

3 DIRECTOR HARTZOG: Um, well, I think,  
4 let's, let's do two things.

5 COUNCIL MEMBER GRODENCHIK: OK.

6 DIRECTOR HARTZOG: The first is revenue  
7 neutrality is critical. Property taxes do make up a  
8 significant portion of the city's overall revenue and  
9 to lose that means that we're losing out on...

10 COUNCIL MEMBER GRODENCHIK: I don't want  
11 to lose them, I just want to be fair.

12 DIRECTOR HARTZOG: Well, we, I know,  
13 we're losing out on critical services. The mayor has  
14 said this before. We're talking about, right, police  
15 officers and education and schools. Um, what the  
16 commission has done, which I think we would all  
17 agree, is a really good thing, which is delink the  
18 property taxes from, right, the increases that we're,  
19 right, you've got an offset based on the value, the  
20 assessed value of the actual property, to then  
21 include circuit breakers, so it's actually based on  
22 household income. So the example that you give of  
23 that senior who's living in a house whose property  
24 values are going up would be able to benefit from  
25 circuit breakers based on that senior's household

3 income and not on the property values, so that's a  
4 good thing.

5 COUNCIL MEMBER GRODENCHIK: OK. We'll  
6 talk more about this. Um, Mr. Chairman, I'm going to  
7 waive my remaining minute and 12, ah, seconds. Thank  
8 you. Thank you, Director.

9 CHAIRPERSON DROMM: Thank you very much.  
10 Ah, Council Member Koslowitz.

11 COUNCIL MEMBER KOSLOWITZ: I'm still  
12 here, Barry [laughs]. I just wanted to say on, Barry  
13 brought up the Rego Park Library. The Rego Park  
14 Library started out in 1993 when I was in the council  
15 then and we kept putting money in on, you know, our  
16 capital budget. The borough presidents kept putting  
17 money in the capital budget. The library now, the  
18 mayor came to a town hall meeting last year and  
19 finished it off by putting 13 million dollars into  
20 the library. But when we started out we were quoted  
21 a price of 12 million dollars. And at the end of the  
22 day the library is costing 33 million dollars to do.  
23 The difference in the money is ridiculous and that  
24 happens with many capital projects, that the  
25 construction from the time they price the  
construction till the time it's actually done, it's a

3 huge difference. I mean, this practically tripled in  
4 price. So I just wanted to say that, that we have to  
5 do more on making sure when something is, you know,  
6 slated to be done that it's done in a timely fashion  
7 and not wait, I mean, 1993, it's now, ah, 2020, it's  
8 a lot of years. And finally in 2021 they're going to  
9 break out ground. So I just wanted to say that. And  
10 another thing that I wanted to say is that the  
11 homeless situation. Again, in 1991 we were paying  
12 thousands of dollars for a homeless family per month  
13 and we're still doing the same thing today. When  
14 the, the people and the homeless, um, population  
15 could be living in a home that they can raise their  
16 children properly and, and, you know, happily, and  
17 they have the privacy of having another room if the  
18 child wants to do their homework, and it just blows  
19 my mind that we keep doing the same things and  
20 nothing changes, that we spend this money, time and  
21 time again. There has to be a better way that we can  
22 help the people in the homeless population to have a  
23 better understanding and, and a place to live and  
24 call that home, not a one-room hotel. Now, hate  
25 crimes. Just this morning I was driving into the  
city and on the Long Island Expressway between Rego



3 Park and Elmhurst there's a horrible hate sign that  
4 was graffiti. I can't imagine how they even did it.  
5 They would have to be hanging over the highway to do  
6 it. I know that there's money in there with the  
7 police department, the education department, how is  
8 that money divided up?

9 DIRECTOR HARTZOG: So for the office, ah,  
10 for the Prevention of Hate Crimes, it's about  
11 \$710,000 in the baseline for seven positions.

12 COUNCIL MEMBER KOSLOWITZ: And are you  
13 able to separate specific and hate crime spending by  
14 agency?

15 DIRECTOR HARTZOG: Um, I think you're  
16 referring to things like additional security cameras  
17 and light towers, um, and additional deployments by  
18 the police department that are not necessarily a  
19 budget increase, but redeploying existing officers.  
20 I don't have that breakout. But we can get it to you  
21 from PD.

22 COUNCIL MEMBER KOSLOWITZ: OK, I'd  
23 appreciate that. And how much funding is being used  
24 for community outreach and advertising?

25 DIRECTOR HARTZOG: We'll get that to you.

COUNCIL MEMBER KOSLOWITZ: OK, thank you.

2 CHAIRPERSON DROMM: OK, Council Member  
3 Chin.

4 COUNCIL MEMBER CHIN: Thank you, Chair  
5 Dromm and Chair Gibson. Thank you for raising my  
6 question earlier, but [inaudible].

7 DIRECTOR HARTZOG: [inaudible]

8 COUNCIL MEMBER CHIN: Well, I was  
9 disappointed that it was not in the permanent budget  
10 and it was three years, OK, it was fiscal year 2018  
11 that we were promised that this 10 million will be in  
12 this year's budget. So I assume it was gonna be  
13 there and I was disappointed that it's not. Because  
14 if it's not in there that raise a question like do I  
15 need to continue to fight for that or can I just  
16 focus on fighting for new funding, right? So that's  
17 important. Um, now, as we all know, the senior  
18 population is growing and even according the mayor's,  
19 you know, the PMMR, show that there are seniors  
20 increasingly accessing DFTA service. Ah, every  
21 single year and even in the four-month actual  
22 increase, ah, between fiscal year 20 and fiscal year  
23 19. So we know that population is growing, demand  
24 for service is growing. So what is the process that  
25 which OMB determine what should be DFTA's baseline

3 budget for the core services that they provide?

4 Senior, senior center, congregant meal, home-deliver

5 meals, I mean, everything is going up the cost,

6 especially home-deliver meal, you take that into

7 consideration, the increasing cost, increasing cost

8 for kosher meal, ethnic meals, um, medical meals, ah,

9 so what is the process that you do, um, to determine

10 how much money DFTA need to be able to provide core

11 services? That's the first question. And the second

12 one, I'm gonna, my favorite subject, is like what are

13 we doing about really looking into the social adult

14 daycare program? There are more of them. There are

15 over 300. There are more of them than the senior

16 centers that we have. And I hear the state talking

17 about, you know, cutting on the Medicaid budget and

18 the city needs to pay for that, and they're not, the

19 state is not looking at the abuse. OK? The private

20 sector's making a lot of money off these so-called

21 social adult daycare, not taking care of the, the

22 population that really needs it, um, but it's like

23 they're, they're providing their own senior center at

24 government's cost. So I know it's a state problem.

25 But like how do we, you know, we have to push them

and we have to shame them. At the same time we

3 should really look at the need, if you have that many  
4 people going to these private social adult daycare  
5 and there are more of them than our senior center, it  
6 shows the need also. So if you could start answering  
7 like what is the process, how do you?

8 DIRECTOR HARTZOG: Sure. I, I, we've  
9 talked about this a number of times, Council Member,  
10 and we completely agree with you on the need to have  
11 better monitoring of social adult day centers. One  
12 of the things that the Medicaid Redesign Team, um, is  
13 charged with is actual looking at what are some of  
14 the reforms. We as part of our work with the  
15 agencies actually put in, ah, a number of different  
16 recommendations that we had around ways in which the  
17 state could save funding on Medicaid without harming  
18 actual legitimate enrollments, um, and one of the  
19 things that we put in there is long-term care and the  
20 need to actual have much more better policies,  
21 guidelines that relates to social adult daycare. So  
22 we couldn't agree with you more. On the issue of the  
23 core services, we've worked very closely, as you  
24 know, with DFTA on reforming a number of [inaudible]  
25 different programs, model budgets being one of them,  
food is another one, and so I don't really see it at

3 looking at the, what's the base as more as going  
4 program by program. And we've made significant  
5 investments, as you know.

6 COUNCIL MEMBER CHIN: I know...

7 DIRECTOR HARTZOG: Is there's more to be  
8 done? There's always more to be done.

9 COUNCIL MEMBER CHIN: ...but the senior  
10 population is, is growing and I, you know, I thank  
11 the mayor and the administration, but not enough  
12 attention is being paid. Because everybody's gonna  
13 get there if you're lucky. All right, if you're  
14 blessed to be a senior. And they are still active  
15 and they're still contributing to society and we're  
16 not serving the number, because a lot of them are  
17 still active. They're either working or their doing  
18 their own thing, but we need to make sure that these  
19 programs are available for the senior who really  
20 needs it. It's long-term investment. But the  
21 budget, the DFTA budget, is less than half a percent  
22 of the city's budget. So that's what I'm asking you  
23 about in terms of really looking ahead that there  
24 should be, um, projected increase to really meet the  
25 need, and not that we have to keep fighting every  
year, um, to try to increase the budget. There's

3 got, there's got to be a mechanism in place to make  
4 sure that the seniors get their fair share.

5 DIRECTOR HARTZOG: Again, I think we'll  
6 agree to disagree on this. I think we've been  
7 working program by program with them and I think we  
8 have a fundamentally different challenge this year,  
9 which is the state budget, and 1.4 billion dollars in  
10 one year is a significant increase that we could not  
11 cost shift, that we can't possibly absorb.

12 COUNCIL MEMBER CHIN: Well, we gotta to  
13 work together to make sure...

14 DIRECTOR HARTZOG: Agreed.

15 COUNCIL MEMBER CHIN: ...that we have to  
16 minimize that. Thank you. Thank you. Thank you,  
17 Chair.

18 CHAIRPERSON DROMM: Thank you, Council  
19 Member Chin. And we'll have Council Member Kallos,  
20 followed by Ayala and Levin.

21 COUNCIL MEMBER KALLOS: Good morning.  
22 Thank you, Chair Dromm and Chair Gibson. Ah, I have  
23 three questions, so if you can keep your answers  
24 short and sweet I'll keep my questions short and  
25 sweet. Ah, the first one continues a six-year trend  
for me. Now in 2017 Mayor Bill de Blasio announced a

3 roll-out of 3-K For All, ah, by the 2021 school year.

4 As of this year 3-K For All is only planned for half  
5 of the school districts which will only serve two-  
6 fifths of children, some 26,000, leaving an estimated  
7 39,000 children without 3-K throughout our city.

8 Will you commit to funding 3-K For All citywide  
9 starting this coming year in 2020, but no later than  
10 2021, as the mayor promised?

11 DIRECTOR HARTZOG: You can ask all three,  
12 and then I can answer short.

13 COUNCIL MEMBER KALLOS: Sure. The, ah,  
14 next question is in 2016 the fiscal year 2017 capital  
15 budget included 313 million dollars for the  
16 reconstruction of the esplanade over the FDR Drive  
17 from 81st to 88th Street. Construction was  
18 originally slated to begin in June of 2020. It has  
19 now been pushed out four years to 2024. Meanwhile,  
20 the esplanade crumbled into the river in 2017 and  
21 we're still waiting on completion of final repairs.

22 What will it take to move forward with this 313  
23 million dollars in planned repairs? And then my last  
24 question is as chair of the Contracts Committee I  
25 focused on indirect rates and on-time payments. To  
that end, I've understand you've rolled out a process

3 to cover indirect costs and made on-time payments to  
4 most service providers with city contracts. Dan  
5 Simon at the Mayor's Office of Contracts has been  
6 incredibly responsive to individual contractors who  
7 have reached out to me. For anyone seeking a city  
8 contract or anyone who already has a city contract  
9 they can email me and the Contracts Committee at  
10 contractsatbenkallos.com with any problems. OMB  
11 Director Melanie Hartzog, do you swear to continue  
12 working with me and my committee to get service  
13 providers paid on time?

14 DIRECTOR HARTZOG: Yes.

15 COUNCIL MEMBER KALLOS: That's all three?  
16 'Cause if so we're good.

17 DIRECTOR HARTZOG: Ah, yes I'm committed  
18 to working you on indirect rates and making sure that  
19 providers get paid on time. And my staff has spent a  
20 considerable amount of time streamlining the indirect  
21 rate process and worked very closely with Latonia and  
22 her team, which I think was great. On the FDR Drive  
23 there is a issue that I cannot speak to. It's best  
24 for DOT to speak to related to complications on  
25 getting the project done with the state. Um, I think



2 it's best and I'm happy to take this offline and get  
3 an answer for you.

4 COUNCIL MEMBER KALLOS: Thank you.

5 DIRECTOR HARTZOG: And on the 3-K  
6 expansion we are committed. The mayor just announced  
7 expansion for one, Districts 1 and 14. I think the  
8 citywide expansion, the greater challenge is we're  
9 gonna have to see and hopefully, I know you and I  
10 talked about this offline, given the state budget  
11 cuts, but what happens with the state budget and I  
12 know that you'll be supportive and also pushing back  
13 on Albany.

14 COUNCIL MEMBER KALLOS: Thank you.

15 CHAIRPERSON DROMM: OK, thank you.  
16 Council Member Ayala.

17 COUNCIL MEMBER AYALA: Good afternoon.  
18 The mayor testified before the state legislature that  
19 the estimated 1.1 billion shift in Medicaid cost to  
20 the New York City, um, to New York City, could mean  
21 the closure of 19 neighborhood clinics and the layoff  
22 of 1300 doctors and nurses at Health and Hospitals.  
23 How did the administration arrive at these, at these  
24 estimates and can you please clarify which specific  
25

3 clinics would be closed and how layoffs would be  
4 allocated across titles and across facilities?

5 DIRECTOR HARTZOG: So there's two  
6 components to the Medicaid cost shift. The first is  
7 the state saying that based on your growth in  
8 Medicaid being more than 3%, um, and you have your  
9 property tax growing at more than 2%, um, you would  
10 then be responsible for 100% of the local share of  
11 that growth. And if we look at what we've, our  
12 growth has been in Medicaid in prior years, our  
13 growth is well beyond on property taxes 2% year over  
14 year. But if you look at what the growth has been in  
15 Medicaid costs for New York City, um, enrollments, it  
16 has been around 7%. When you do the math overall you  
17 get to about, ah, 500 million dollars. The other  
18 pieces and component of this is that under the  
19 Affordable Care Act localities, not just New York  
20 City, but all localities, were able to get a credit,  
21 um, which is called FMAP, too complicated to go into  
22 all the details, but essentially that credit  
23 translates into another 500 and change, which is how  
24 we get to the 1.5 billion dollar hit.  
25

3 COUNCIL MEMBER AYALA: Can you clarify  
4 which specific clinics will, will close and how  
5 layoffs would be allocated?

6 DIRECTOR HARTZOG: Sure. The mayor was  
7 giving an example of what the implications could be.  
8 It is too soon for us to say in fact that there's a  
9 plan for, um, laying off certain individuals, or  
10 positions, I should say. But it was to clarify the  
11 order of magnitude of what we're facing, that there's  
12 no possible way that New York City could absorb not  
13 just the 1.1 billion dollar Medicaid hit, but the  
14 additional, um, 300 million in cuts and cost shifts.  
15 That includes the [inaudible] and the education  
16 shortfall, um, that we couldn't, and those could be  
17 the potential implications if we had to absorb that  
18 kind of hit.

19 COUNCIL MEMBER AYALA: It's horrible.  
20 Um, so I have a question about, I'm not sure if you  
21 guys have heard yet, or if this is even a question  
22 for you, but regarding the overdose prevention  
23 centers, has there been any movement with the state  
24 regarding, um, the, the four that we are, that we  
25 intend to pilot in New York City?

3 DIRECTOR HARTZOG: None in over a year.

4 The Department of Health, um, has requested the  
5 authority to do so and we've been waiting for a year.

6 COUNCIL MEMBER AYALA: OK. No additional  
7 funds were added to DOHMH's budget in the fiscal, in  
8 fiscal year 2021's preliminary budget. But CBOs are  
9 complaining that there is a significant lag in the  
10 new background process for childcare workers. This  
11 is a big issue. We've been hearing about it, I mean,  
12 just about daily for the last two months. I know  
13 that there was a hearing on it. Um, Council Member  
14 Rose has brought it up, Council Member Kallos has  
15 brought it up. Um, would adding head count, ah, and  
16 funds to the program expedite this process? Ah,  
17 groups are stating that the health department is  
18 doing spontaneous, this is actual two separate  
19 questions, we're adding obviously, ah, let's go over  
20 the first one. So would adding head count and funds  
21 to the program help expedite this?

22 DIRECTOR HARTZOG: So we did give them  
23 the hiring authority for additional positions. Um,  
24 my staff is telling me that there's some new  
25 regulations that came out and so we're working with

3 Department of Health to determine what that need may  
4 be, so that there is no backlog.

5 COUNCIL MEMBER AYALA: Do, is there like  
6 a timeline, 'cause I think that there's a time  
7 sensitivity to this because of their hiring? Even  
8 at, even at the afterschool, um, programs, it's very  
9 difficult for them to hire, um, kids to even work,  
10 you know, the program. And there's a staffing ratio  
11 mandate that they have to meet.

12 DIRECTOR HARTZOG: Correct, which is why  
13 we gave the hiring authority to go ahead and not wait  
14 for a budget process to immediately ramp up staff at  
15 Department of Health.

16 COUNCIL MEMBER AYALA: Understood. And  
17 groups are stating that the health department is  
18 doing spontaneous compliance checks of childcare  
19 workers who are on provisional clearance. Wouldn't  
20 the time and energy of the department be better  
21 utilized fast tracking the background checks to  
22 alleviate the need for supervision of someone with  
23 clearance?

24 DIRECTOR HARTZOG: I'm...

25 COUNCIL MEMBER AYALA: Not the question  
for you.

2 DIRECTOR HARTZOG: Yeah, I mean, it's a  
3 better question for the Department of Health to  
4 answer. What I can say is in terms of staffing that  
5 we've prioritized giving them the authority to hire  
6 up.

7 COUNCIL MEMBER AYALA: Right. Thank you.

8 DIRECTOR HARTZOG: Um-hmm.

9 CHAIRPERSON DROMM: OK, thank you. Ah,  
10 Council Member Levin, followed by Gjonaj and Ampry-  
11 Samuel.

12 COUNCIL MEMBER LEVIN: Thank you very  
13 much, Mr. Chair. Director, how are you?

14 DIRECTOR HARTZOG: Good, how are you.

15 COUNCIL MEMBER LEVIN: Good. Um, I  
16 wanted to ask first about, um, the DHS budget. Ah,  
17 and I know the Speaker spoke a little bit about, um,  
18 ah, housing vouchers and fair market rent. Um, my  
19 concern right now is that, um, I'm just looking back  
20 at our FY17 budget in DHS, which was, ah, in the  
21 executive plan about 1.3 billion dollars. Um, the  
22 preliminary plan, ah, for FY21 is about 2.1 billion  
23 dollars. So that's a, a 61% increase, ah, just in,  
24 in four years. Um, and we haven't seen, um, a, a big  
25 difference in, um, the effectiveness in moving

3 families out of shelter. Um, I do believe that a lot  
4 of that funding has gone to good use in terms of, ah,  
5 right sizing contracts and model budget, better  
6 security within the DHS system, ah, better shelter,  
7 for the most part, with the 90 new shelters coming  
8 online, that is better than the cluster sites. We're  
9 still relying way too heavily on, on hotels. Um, but  
10 without an effective strategy to move people out of  
11 shelter, um, that budget number is going to continue  
12 to increase over time and we are still going to be,  
13 ah, having, not, we will not have the impact of  
14 reducing the shelter census or the length of stay in  
15 shelter, which I think most New Yorkers expect us to  
16 do. So, um, I sent a letter to DSS in November,  
17 asking for, um, some clear data on the effectiveness  
18 of, ah, the CITYFEPS vouchers and I haven't gotten a  
19 response. And so is, how is OMB, does OMB have, ah,  
20 the data of how many shopping letters are out, for  
21 example, how long it's taking for a voucher to be  
22 taken up, um, how, how many month by month actual  
23 CITYFEPS vouchers are, are, um, are being used and,  
24 and, ah, taken by landlords and, ah, and the like?  
25 How are we, how is OMB even assessing the  
effectiveness of the CITYFEPS program?

3 DIRECTOR HARTZOG: OK, so a couple  
4 things. First, I can't respond to a letter I haven't  
5 seen.

6 COUNCIL MEMBER LEVIN: OK.

7 DIRECTOR HARTZOG: So if you want to  
8 share the letter with me I'm happy to...

9 COUNCIL MEMBER LEVIN: I just sent to  
10 Avi, yes.

11 DIRECTOR HARTZOG: ...have conversations  
12 with Commissioner Banks, and the good news is you'll  
13 have the opportunity to ask him directly 'cause he  
14 will be testifying in front of the, ah, the Finance  
15 Committee, um, all these questions. So a couple  
16 things. One, you referenced fiscal year 17. I don't  
17 need to remind you 'cause I think you're the expert  
18 in this as well that we had the challenge of not  
19 having the Advantage Program, and so, yes, spending  
20 on homelessness has gone up at a time when we lost  
21 the Advantage Program and our investment in the  
22 rental subsidies has gone up. I disagree on the  
23 census impact. I think we've had a significant  
24 impact on the census and the family census is down,  
25 um, and as a result of CITYFEPS and move-outs going  
up, um, and we're using all the resources that we



2 have. When the Speaker was here he asked me about  
3 what we're doing on our affordable housing program  
4 and we deepened affordability. We're going to be  
5 adding another 220 million to deepen affordability  
6 for more homeless families to enter of units, and on  
7 top of that we just talked about 421-A units, about  
8 200, and half of them leasing up. So I think we're  
9 doing much, much more than, ah, you're giving us  
10 credit for there, Council Member.

11 COUNCIL MEMBER LEVIN: OK. I would, I  
12 would, um, I'd appreciate a little bit more...

13 DIRECTOR HARTZOG: Is there more to be  
14 done? Absolutely.

15 COUNCIL MEMBER LEVIN: Yeah, I'd  
16 appreciate a little more clarity on the, on how we  
17 are assessing the effectiveness of our voucher  
18 program, um, and...

19 DIRECTOR HARTZOG: Based on the number of  
20 move-outs that we see and the impact on the census,  
21 that's how we assess it.

22 COUNCIL MEMBER LEVIN: OK.

23 DIRECTOR HARTZOG: But I'm happy to talk  
24 more with you [inaudible] about it offline.

2 COUNCIL MEMBER LEVIN: OK. I mean, the  
3 census, the census hasn't gone down significantly  
4 over time.

5 DIRECTOR HARTZOG: [inaudible]

6 COUNCIL MEMBER LEVIN: And in FY17 we  
7 were actually, we did have the precursor to the  
8 CITYFEPS program in place at that point, the Link  
9 program was in place in FY17.

10 DIRECTOR HARTZOG: It just started,  
11 right?

12 COUNCIL MEMBER LEVIN: It started in  
13 FY15.

14 DIRECTOR HARTZOG: OK.

15 COUNCIL MEMBER LEVIN: But, um, ah, FY15  
16 and 16.

17 DIRECTOR HARTZOG: Let me look at the  
18 letter.

19 COUNCIL MEMBER LEVIN: And, ah, OK, to  
20 more quick questions. FairFutures, um, 10 million  
21 dollars was in the FY20 budget. We're hoping to see  
22 that baselined, um, and potentially, um, increased,  
23 um, because it is showing, they're, they're working  
24 on ramping it up now, but it is showing some  
25 effectiveness. So if we could consider baselining

3 the 10 million and, and, ah, expanding it so that it  
4 could go up to age 26 that would be something that we  
5 would love to look at.

6 DIRECTOR HARTZOG: I hear it's a priority  
7 and I think, um, we're actually involved in the  
8 evaluation of the program. It's a little too soon to  
9 tell, but understand it's a priority.

10 COUNCIL MEMBER LEVIN: OK, and then last  
11 quick question, I'm sorry, Chair. Um, social workers  
12 for kids in shelter, um, in hotels. They are in tier  
13 twos. They are not in hotels and I don't have to, I  
14 think, um, explain that kids that are in hotels, um,  
15 if we could just imagine, the average length of stay  
16 being over 400 days, um, being a room that's about  
17 200 square feet without any place to study, do your  
18 homework, recreate, no refrigerator, no stove, no  
19 pantry, no kitchen, all of those things in, the  
20 impact to kids in that living situation...

21 CHAIRPERSON DROMM: [inaudible] your  
22 question.

23 COUNCIL MEMBER LEVIN: ...is greater, so  
24 we don't have, we don't, through Thrive we have those  
25 social workers in tiers twos, can we please, please,  
please have social workers for kids that are living

2 in hotels for over a year of their lives, ah, because  
3 the impact on their, um, emotional and social well-  
4 being is, is, is significant.

5 DIRECTOR HARTZOG: I think, Council  
6 Member, we are facing 1.4 billion dollars in cuts,  
7 including a cut specifically to shelter rates, and we  
8 had to backfill that cut last year when it was  
9 enacted and now it's another 5% on top. In total,  
10 the cuts to TANF and child welfare are 100 million  
11 over the next two years. I think we need to really  
12 focus on pushing back on the state for continuing to  
13 cost shift on us, but I don't see how we can talk  
14 about increasing at the same time that we're getting  
15 cut again.

16 COUNCIL MEMBER LEVIN: OK, but it's a, a  
17 disparity between kids in tier twos and kids in, um,  
18 in hotels and that's not right.

19 CHAIRPERSON DROMM: OK, thank you. We're  
20 gonna have to move on. Council Member Gjonaj. I'm  
21 sorry, I think we need a little break. OK, we're  
22 gonna take a three-minute, four-minute break and then  
23 we're gonna come right back.

24 COUNCIL MEMBER GJONAJ: Saved by bell.

2 CHAIRPERSON DROMM: Quiet, please. And  
3 we're going to go Council Member Gjonaj, followed by  
4 Ampry-Samuel, and then Treyger. Just to remind  
5 everybody, five minutes for questioning. Five  
6 minutes.

7 COUNCIL MEMBER GJONAJ: Thank you, Chair.  
8 Good afternoon. Um, thank you so much, ah, do you  
9 know this always feels like an endurance test, these  
10 hearings. And it's tough to be prepared for them,  
11 let alone, ah, be aware of all the possible  
12 questions. But I want to reiterate some of the  
13 questions that were reposed and concerns, real estate  
14 taxes. Huge concern. I, ah, my district pays the  
15 highest effective real estate tax rate in the city,  
16 [inaudible] disadvantage to especially my seniors,  
17 I'm a NORC community, a naturally occurring aging  
18 community, ah, where our seniors that have enjoyed  
19 the privileges of owning their home are now faced  
20 with very difficult questions leading into the  
21 future. Many of them are seeking to leave the  
22 district and the city because of affordability. I  
23 can't emphasize enough. This 20% growth every five  
24 years in real estate taxes is not sustainable for my

3 community, especially when they are already paying  
4 the highest effective tax rate. Any comment on that?

5 DIRECTOR HARTZOG: Well, I think the good  
6 news is is that the commission, property tax  
7 commission, that it has come out with their  
8 preliminary recommendations is actually addressing  
9 that issue directly, which is how do you give circuit  
10 breakers, credits to homeowners based on their income  
11 and not linked to the property tax, the assessed  
12 value? So that would be a benefit. I think they'll  
13 hear more about these process as it unfolds. The  
14 first hearing for the next phase of the work is  
15 happening March 12. And so I think the final  
16 recommendations will come and we'll have much more  
17 clarity on exactly and specifically what are the  
18 actual circuit breakers they're proposing.

19 COUNCIL MEMBER GRODENCHIK: I truly hope  
20 our recommendations don't fall on deaf ears and we'll  
21 find the backbone and gumption to actually do some  
22 very, or take some very difficult positions to right  
23 wrongs that have been going on for decades. So thank  
24 you with that. In the preliminary budget one of the  
25 major crises that are facing New Yorkers and their  
families is the addictions to opioids, substance

2 abuse. Ah, is the preliminary budget show an  
3 increase in opioid addiction prevention?

4 DIRECTOR HARTZOG: Um, the preliminary  
5 doesn't, budget does not include an increase, but we  
6 have our most comprehensive effort, which is Healing  
7 NYC, and my team will give me the total budget for  
8 that. 60 million dollars investment. That is across  
9 multiple agencies and includes things like naloxone  
10 kits as well as staffing as well.

11 COUNCIL MEMBER GRODENCHIK: We're losing  
12 more children to overdoses than car accidents,  
13 suicides, um, ah, and gun violence, collectively. I  
14 can't emphasize how important this is to New Yorkers.  
15 There isn't a family that's not impacted by this, and  
16 if they're not, if they haven't had the terrible, ah,  
17 tragic loss in their own family there isn't a person  
18 doesn't know of someone that has overdosed and we  
19 have to combat this, and it should be a priority and  
20 I encourage it to increase that budget to whatever  
21 dollar amount we need to, to prevent one more child  
22 from losing their life or one more family from being  
23 destroyed.

24 DIRECTOR HARTZOG: Couldn't agree with  
25 you more on this being a top priority, and was just

2 asking my staff, in fact the numbers have come down.  
3 That doesn't mean, though, that the problem is not  
4 existing and it hasn't, um, increased in certain  
5 areas. I think it's worth us having a conversation  
6 with Department of Health on what is the latest data  
7 that they're looking at.

8 COUNCIL MEMBER GJONAJ: Conversations are  
9 great, but [inaudible] you about the resources to  
10 make sure go where they're needed most. I can't  
11 think of a greater priority for, ah, New Yorkers than  
12 combating opioid addictions. Now to the novice. Can  
13 you please explain the importance of, ah, a budget  
14 and reserves, the difference between roll and net  
15 roll, so we can have an understanding?

16 DIRECTOR GODINER: OK. Um, the  
17 distinction we draw is between reserves. Um, we have  
18 our, ah, general reserve, right, which is there to,  
19 ah, ah, protect us from variations, ah, through the  
20 year, if spending comes in higher, revenue comes in  
21 lower, right, we are able to draw down the reserve if  
22 need be to balance the budget. Ah, we have a capital  
23 stabilization reserve, ah, which is something new  
24 from this administration. Um, the idea is should  
25 there be a, a, a decrease in revenue, ah, downturn in



2 the business cycle, that we could use those reserves  
3 to protect the capital plan from the sort of gigantic  
4 cuts that we saw like in the '70s, right, ah, where  
5 we weren't making our capital stock. And then, um,  
6 we have the Retiree Health Benefit Trust. Um, that's  
7 a reserve which holds the funding for the payout of  
8 future, um, retiree health, ah, retiree health costs.  
9 We were able to draw that reserve down if needed.  
10 And lastly we have the roll, which simply represents  
11 a, ah, taking resources from the current year and  
12 rolling them to help balance the next year's budget.

13 COUNCIL MEMBER GRODENCHIK: Thank you for  
14 that explanation. So can you explain to me why after  
15 11 years of steady growth, I mean, we've seen some  
16 incredible economic development, unemployed historic  
17 lows, historic low interest rates, the 2019  
18 preliminary 1.4 versus the actual of a negative 355,  
19 can you explain how this could happen, such a wide  
20 swing?

21 DIRECTOR GODINER: I don't those, those  
22 figures reflect a, a change in the, ah, in the  
23 reserve levels or the prepayments. Ah, I think that  
24 we saw that this year's plan prepayment at  
25 preliminary was lower than, ah, the year before, but

3 greater than the year before that. Um, and as I said  
4 earlier, um, the end of year final prepayments have  
5 actually varied, ah, relatively small from about 4  
6 billion to about 4.6 billion over the last five  
7 years. Um, we'll see how, ah, this year's actual  
8 final prepayment works out. Obviously there are  
9 risks. Um, we've talked about them a great deal in  
10 this hearing. Um, but we will wait and see, but the  
11 variation I don't see a real significant change and  
12 our levels of reserves are the highest ever and,  
13 ah...

14 COUNCIL MEMBER GRODENCHIK: But you must  
15 admit, you must have been surprised by the dramatic  
16 swing from last year.

17 DIRECTOR GODINER: In terms of the  
18 prepayment?

19 COUNCIL MEMBER GRODENCHIK: Yep.

20 DIRECTOR GODINER: Um...

21 DIRECTOR HARTZOG: We've, we've just  
22 talked about this and it has to do with the fact that  
23 FY19 we had the record level of PIT. Which was the  
24 big difference between the prepay. If you go back to  
25 normal levels where we didn't have one year, one-time

2 infusion of PIT you would see that the prepay is  
3 relatively the same.

4 CHAIRPERSON DROMM: All right, we're  
5 gonna have to move on, Council Member.

6 COUNCIL MEMBER GRODENCHIK: A 10-second  
7 question. How would you, how would it be viewed if  
8 we had a negative roll for two years in a row with  
9 such low unemployment and healthy economy? What  
10 would that, what's the interpretation of having a  
11 two-year negative roll if we're not sure of, um,  
12 2021?

13 DIRECTOR HARTZOG: I'm not sure what  
14 we're, what is the question that you're trying to get  
15 at? We have a healthy level of reserves, we have a  
16 high level prepay, and we continue to have savings.  
17 This has been, as I said, the strategies that we've  
18 used since the beginning of this administration, even  
19 in the times where we actual had a strong economy,  
20 it's the one that's gonna continue to be what we use  
21 and I think that we are more than well prepared as  
22 the economy slows down, including being very cautious  
23 about our revenue estimates.

24 COUNCIL MEMBER GRODENCHIK: Thank you.

3 CHAIRPERSON DROMM: OK, thank you very  
4 much. Council Member Ampry-Samuel, followed by  
5 Treyger.

6 COUNCIL MEMBER AMPRY-SAMUEL: Good  
7 afternoon, everyone. And understanding that next,  
8 um, next week we'll have a hearing with NYCHA next  
9 week, Friday, um, I just have a quick question.  
10 Under the January 2019, the agreement between HUD,  
11 SDNY, NYCHA, and the city, in total the city is  
12 providing 2.2 billion dollars to NYCHA from fiscal  
13 2019 to 2028 for critical repairs to meet the terms  
14 of the agreement. NYCHA's preliminary capital  
15 commitment plan for fiscal 2020 through 24 includes  
16 1.4 billion for critical repairs, to remediate living  
17 conditions at developments citywide by specific  
18 deadlines, and to meet strict compliance standards.  
19 Currently this entire amount sits in one budget line.  
20 So my question is how much funding will be dedicated  
21 for repairs to address each category or required  
22 remediation, and that's lead paint, mold, pest  
23 infestations, heating, and elevators, and to date how  
24 much has been expended to comply with the terms of  
25 the agreement, and if you can explain the, the one  
budget line as well.

2 DIRECTOR HARTZOG: The one budget line...

3 COUNCIL MEMBER AMPRY-SAMUEL: The, the  
4 one item [inaudible].

5 DIRECTOR HARTZOG: The one budget line is  
6 because of the way that the funding sits within HPD,  
7 that is then, right, given over to NYCHA. Um, on the  
8 details that you're asking for I'm happy to get back  
9 to you and work through. You're asking me for what  
10 we've spent in very significant detail that I just  
11 don't have with me today.

12 COUNCIL MEMBER AMPRY-SAMUEL: Do you have  
13 any prepared information as far as, um, the budget  
14 that we're discussing now? Do you have any prepared  
15 numbers [inaudible]?

16 DIRECTOR HARTZOG: Are you asking me for  
17 a breakdown of their capital plan?

18 COUNCIL MEMBER AMPRY-SAMUEL: Yes.

19 DIRECTOR HARTZOG: Sure. So the, on the  
20 2.2 billion, in terms of what the actual agreement is  
21 with the monitor, that has not been yet settled, and  
22 so the breakdown of that and how it will be spent has  
23 yet to be worked out with the monitor. If you're  
24 asking me for how much we spend on expense for NYCHA,  
25 it's 1.4 billion. We can give you much more details

2 on what they spend it on at a later date. I just  
3 don't have it with me.

4 COUNCIL MEMBER AMPRY-SAMUEL: OK. Thank  
5 you.

6 CHAIRPERSON DROMM: Thank you very much.  
7 Ah, Council Member Treyger.

8 COUNCIL MEMBER TREYGER: Thank you to  
9 both chairs, and I want to begin by actually thanking  
10 the director and OMB for working with this council,  
11 ah, in the last budget on the issue of great  
12 importance, social workers in our schools, ah, and  
13 providing, ah, the path to providing pay parity for  
14 the majority of our early childhood teachers, so I  
15 want to thank you for that. Um, I also, um, just  
16 want to also bring to your attention, I just had a  
17 hearing recently on class size. And it came to my  
18 attention that New York State, which we need to also  
19 be emphasizing a lot how much money they still owe  
20 our schools, ah, that's a mandate by law, and we hear  
21 the term no one is above the law and that applies to  
22 the governor of New York as well. Um, but we learned  
23 that New York State actually passed in the budget law  
24 that forces the city to pay rent for a charter school  
25 at Hudson Yards. Is that correct?

2 DIRECTOR HARTZOG: I don't know about the  
3 specifics of Hudson Yards, but yes, we pay rent for  
4 charter schools. And it is the law, yes.

5 COUNCIL MEMBER TREYGER: Well, the reason  
6 why I ask about Hudson Yards is because I, I'm trying  
7 to get verification that this, this applies to  
8 Success Academy, which actual owns the building and  
9 we are being forced to pay rent to Success in a  
10 building that they already own at Hudson Yards. Is  
11 your staff aware of that?

12 DIRECTOR HARTZOG: I'm not aware of the  
13 specifics on Hudson Yards and what's, ah, is Success  
14 Academy there or not. But I can talk to Department  
15 of Education about it, absolutely.

16 COUNCIL MEMBER TREYGER: Yeah, I mean,  
17 this is an area, just to point out for folks, New  
18 York State last year argued that they gave us an  
19 increase in school aid, but when you actual did the  
20 math and factored in the increased cost of charter  
21 school rent it was a 25 million dollar cut to our  
22 school system, is that correct? In the last budget?

23 DIRECTOR HARTZOG: So it is 25 million,  
24 it was just not enough to cover our mandates.

2 COUNCIL MEMBER TREYGER: Thank you. I, I  
3 also want to just bring to your attention a couple of  
4 areas where I think we in the city can do more to  
5 actually increase savings in DOE, an area that I  
6 raised with the mayor during the budget briefing, the  
7 area around Carter cases and special education. The  
8 mayor is pointing to increased spending in Carter  
9 cases, ah, but I remind the public that the average  
10 working person, working family, cannot afford to hire  
11 a professional to prove that their child has a  
12 disability, then to hire a lawyer and sue the  
13 Education Department, win a case, then shell out more  
14 money to pay for tuition, only to wait to be  
15 reimbursed by the City of New York. This, these  
16 costs are now ballooning in the hundreds of millions  
17 of dollars, I think close to, close to half a billion  
18 dollars now. Do you have what is, what is the latest  
19 we've spent on Carter cases? Do we have that figure  
20 with us?

21 DIRECTOR HARTZOG: Yes, we can get that  
22 to you. I, I just want to say, and you brought this  
23 up in the briefing that the mayor did.

24 COUNCIL MEMBER TREYGER: Yup.  
25



3 DIRECTOR HARTZOG: And we agree with you,  
4 that the reason why we made the investments in  
5 special education in our public schools was so that  
6 we can start bending the curve in providing more  
7 special education within the public schools and less  
8 through the Carters. And also, and I know you're a  
9 champion of this as well, we very much want to not  
10 lose any more capacity in the 4410 schools. They're  
11 a critical component of the early childhood education  
12 system. And we have been aggressively pushing for a  
13 rate increase. One, because our costs are increasing  
14 and they have not had a rate increase, but, two,  
15 because they're closing and we don't want to lose  
16 this capacity. Um, and that's another critical way  
17 in which we can actual move the needle on spending on  
18 Carter cases going down. But, yes, we have had  
19 increased spending there, but that's why we made the  
20 investments in special education.

21 COUNCIL MEMBER TREYGER: Yeah, I would  
22 just say that rather than beef up the number of  
23 lawyers we have in the DOE, ah, why not just hire  
24 licensed educators, professionals, to serve children  
25 in these service gaps that we should be able to  
identify. Where are the gaps that we're seeing in

3 the school system that we can't provide in the school  
4 system, hire professionals, because when the DOE  
5 says, oh, we're just hiring more bureaucrats or  
6 hiring more lawyers, no, actual I think we should be  
7 hiring more licensed educators to be serving kids or,  
8 Director, if there is an institution that does great  
9 service for families at a very low cost, why not  
10 contract with them directly and cut the entire  
11 bureaucracy in the middle out and provide services to  
12 kids? Why do people have to sue to get quality  
13 education for their kids?

14 DIRECTOR HARTZOG: So, two points.

15 COUNCIL MEMBER TREYGER: Yeah.

16 DIRECTOR HARTZOG: The first is when we  
17 added the 33 million dollars in the last executive  
18 budget for special education it wasn't for lawyers.  
19 It was for actual pedagogues. Um, and it was based  
20 on where the needs are for, that DOE had identified  
21 in terms of children and specifically had special  
22 education needs. Um, on the issue of contracting  
23 directly with the 4410s, I mean, we want to be as  
24 creative as possible, but I think you would agree, we  
25 don't want to let the state off the hook for what is  
their responsibility as well.

3 COUNCIL MEMBER TREYGER: No, you're  
4 right, yes.

5 DIRECTOR HARTZOG: Which is why we're  
6 aggressively pursuing getting the state  
7 reimbursement. And remember that even though the  
8 state sets the rates the city has a share, um, that  
9 we have to pay towards those rates, which we're more  
10 than committed to do so, but we're aggressively  
11 pursuing a rate increase.

12 COUNCIL MEMBER TREYGER: Right. I'll  
13 just in closing, ah Chairs, ah, I just mentioned that  
14 recently the DOE announced they're hiring more  
15 lawyers to deal with, with the hearing officers and,  
16 and the hearings and, and the prolonged time. I just  
17 think in the long run we save more money by hiring  
18 more educators, building schools...

19 DIRECTOR HARTZOG: Great.

20 COUNCIL MEMBER TREYGER: ...to have  
21 programs, and the last thing that was unresolved in  
22 the budget last year, just to bring to attention this  
23 year, bus, busing for children in foster care. Um,  
24 that was not a resolved item in the last budget.  
25 Want to flag it for, for OMB and DOE. Right now  
children in foster care are not provided free bus

2 transportation to get to schools and, you know, I  
3 don't have to explain to you that when they have,  
4 when, if they travel to different home settings the  
5 only sense of stability they have in their lives is  
6 their school community. And only if they have an IEP  
7 do they get required bus transportation. That should  
8 not be the case. Even if a child doesn't have an IEP  
9 they still have a need and we have an obligation to  
10 do what we can. And the cost should be minimal. And  
11 so I'm just making that appeal as we gear up for this  
12 budget season. Thank you, Director.

13 CHAIRPERSON DROMM: Thank you. We now  
14 will have questions from Council Member Farah Louis,  
15 followed by questions from our cochair, Vanessa  
16 Gibson, and then that will be it.

17 COUNCIL MEMBER LOUIS: Thank you, Chair  
18 Dromm and Gibson for holding this hearing. Thank you  
19 so much from the dais for all that you do. Um, I  
20 have a quick question about public charge. As we  
21 know, it's being implemented. We're trying to tackle  
22 it right now. Um, the federal government provided a  
23 revised rule of the public charge. I wanted to know  
24 if you can describe what the administration is doing  
25 to support New Yorkers who will be impacted?

2 DIRECTOR HARTZOG: I, I really do, it's a  
3 question best asked, answered by MOOIA, um, and  
4 Health and Hospitals and the other agencies. You're  
5 asking about a policy question, yes. Best answered  
6 by them.

7 COUNCIL MEMBER LOUIS: Have you had a  
8 conversation with MOOIA yet in regards to what the  
9 needs are?

10 DIRECTOR HARTZOG: I can tell you that in  
11 terms of, ah, the concerns that H&H has around it.  
12 They had an estimate of what the impact would be. We  
13 can get you what the number is, um, of what the  
14 potential impact would be for H&H.

15 COUNCIL MEMBER LOUIS: And being that  
16 you're mentioning that's a policy question, is there  
17 any way that your team can work on an assessment to  
18 see how many people will be impacted by this new  
19 rule, and if any funds need to be implemented in the  
20 FY21 budget?

21 DIRECTOR HARTZOG: Um, at this point in  
22 time I can tell you that there's no need for funding  
23 in the FY21 budget at this moment, but we're happy to  
24 get you.

2 COUNCIL MEMBER LOUIS: If you can create  
3 some type of an assessment on the impact.

4 DIRECTOR HARTZOG: Sure.

5 COUNCIL MEMBER LOUIS: That would be  
6 helpful, so that we can continue to include the  
7 public charge in the conversation, because it is an  
8 issue. Thank you.

9 CHAIRPERSON DROMM: Thank you. Ah, Chair  
10 Gibson.

11 CHAIRPERSON GIBSON: OK, I'll take the  
12 rest of Council Member Farah Louis' time. Thank you.  
13 I just had two final questions as, ah, we wrap this  
14 part of the hearing. Um, the mayor's MMR does not  
15 include any citywide performance measures that are  
16 actual related to the implementation of the capital  
17 plan. Um, however, there are some agencies that do  
18 report on their own capital programs through the MMR  
19 and the PMMR. Um, wanted to understand how some  
20 agencies do report on their own capital. Is this  
21 information helpful to OMB in examining the city's  
22 capital portfolio, and do you see more agencies doing  
23 this, ah, on their own, or do you think it would have  
24 to come from OMB to see if there could be an across  
25 the board, ah, participation?

3 DIRECTOR HARTZOG: Um, I'm happy to speak  
4 with the Mayor's Office of Operations to see what in  
5 fact is the process in which they go about collecting  
6 the data from the agencies and who reports and who  
7 does not. And if you're asking me if we can  
8 standardize it, um, I will have that conversation  
9 with them.

10 CHAIRPERSON GIBSON: OK, great. Um, and  
11 then I had a final question that related to the  
12 borough-based jails, um, which right now are being  
13 overseen and managed by, ah, DDC. Um, wanted to  
14 understand as we roll out the, ah, RFP, request for  
15 proposals, on the actual, ah, design and moving  
16 forward, um, I know some boroughs are ahead of  
17 others. I don't think it's one blanket RFP. But I  
18 wanted to understand and ensure that the  
19 administration is doing everything possible with our  
20 final two years to make sure that there's a system in  
21 place, um, to make sure there is equity across the  
22 board. The reason I bring that up is because, as you  
23 know, out of the four boroughs that are getting a  
24 brand-new facility the only borough today that has a  
25 barge is Bronx County. Um, the mayor and the  
administration committed to closing the barge but I

3 understand that it would probably be once the  
4 construction of the Bronx facility is complete. Um,  
5 and so obviously folks in the Bronx think that we  
6 should be at the top because the Bronx is in a very  
7 unique category, unlike our three other boroughs, so  
8 I wanted to understand the systems that we have in  
9 place to ensure that we're on timeline even beyond  
10 our current administration.

11 DIRECTOR HARTZOG: I have yet to hear  
12 from Lorraine that we're not on time and that we're  
13 moving forward. And as it relates to all of the  
14 details that you're asking for, it's best asked to  
15 Lorraine as to how they're moving forward with it.

16 CHAIRPERSON GIBSON: OK, will do. And  
17 then the final thing I'll say, and it was mentioned  
18 earlier today and I would like to see something, I  
19 think it's extremely disrespectful that the Medicaid  
20 Redesign Team does not include any representation of  
21 H&H. I think it's an insult. If we are looking at  
22 projected cuts, um, and absorbing any shifts with  
23 staff and services you would think that H&H would be  
24 a part of the conversation, um, in which they have to  
25 deal with the results of that conversation. And so I  
know there are conversations happening. Many of, ah,



2 the folks in the Bronx, particularly Lincoln, um, and  
3 Jacobi, some of our other H&Hs has been talking to  
4 the senator, Gustavo Rivera, one of our Bronx  
5 senators who chairs Health, because I think, you  
6 know, it just speaks volumes to what we're trying to  
7 do as an administration and as a city. Um, how do  
8 you have conversations about us and not include H&H?  
9 So I just wanted to put that out there.

10 DIRECTOR HARTZOG: [inaudible]

11 CHAIRPERSON GIBSON: A little  
12 frustrating. I don't know if you guys are having  
13 conversations, but whatever the council can do to  
14 help, we should a part of the conversation, and if,  
15 we don't have a seat at the table, like Shirley  
16 Chisholm, let's bring a folding chair. Let's go  
17 right up to Albany and be a part of those  
18 conversations with MRT.

19 DIRECTOR HARTZOG: Thank you. Appreciate  
20 it.

21 CHAIRPERSON DROMM: All right, thank you.  
22 Just before, um, we let you go I want to thank the  
23 leadership team here, the deputy directors, Regina  
24 Pareda Ryan, Nathan Toth, Raymond Majosky, Paul  
25 Simone, Assistant Director Imra Edev, Supervising

1 COMMITTEE ON FINANCE JOINTLY WITH  
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2 Economist Paul Sturm, the unit heads, Doheny Sampora,  
3 Isha Wright, Kurlian Francisco, John Russell, Cheema  
4 Overchara, and Senior Counsel Rebecca Chasen, and our  
5 Assistant Counsel Stephanie Ruiz, and Noah Brick.

6 Thank you for coming and for giving testimony, and we  
7 look forward to continuing to work with you.

8 DIRECTOR HARTZOG: Thank you, Chair.

9 CHAIRPERSON DROMM: We're going to take,  
10 no, we don't really, because we have the comptroller  
11 coming in and, um, we need a little break, to be  
12 honest with you. We'll come back in about 10  
13 minutes. [pause] Good afternoon. My name is Daniel  
14 Dromm and I chair the Finance Committee. We are  
15 joined, or we will be joined shortly by the  
16 Subcommittee on Capital Budget chair by Council  
17 Member Vanessa Gibson. We just heard from the Office  
18 of Management and Budget and we will now hear  
19 testimony from City Comptroller Scott Stringer. Ah,  
20 he'll be sworn in in a moment, but let me introduce  
21 my colleagues who are here as well. We've been  
22 joined by Council Member Barry Grodenchik, Council  
23 Member Brad Lander, Council Member Diana Ayala,  
24 Council Member, ah, um, Alicka Ampry-Samuel, I'm so  
25 sorry, ah, and I think others will be joining us as

2 well. OK. Ah, I'm gonna ask Counsel to swear in  
3 the, the comptroller.

4 COMMITTEE COUNSEL: Do you affirm that  
5 your testimony will be truthful to the best of your  
6 knowledge, information, and belief?

7 COMPTROLLER STRINGER: Yes.

8 COMMITTEE COUNSEL: Thank you. You may  
9 proceed.

10 COMPTROLLER STRINGER: Thank you,  
11 Counsel. And good afternoon, Chair Dromm and members  
12 of the Finance Committee, and council members. I'm  
13 very pleased, ah, so many of you are here today.  
14 Joining me is our director of budget research, Tammy  
15 Gamerman, and I'm just very grateful you've given me  
16 this opportunity. Each year we have an opportunity  
17 to consider how to ensure our city is best serving  
18 working families and promoting policies that give our  
19 most vulnerable residents the resources they need to  
20 succeed. The budget is a statement of our values.  
21 And I hope that my testimony today will help you  
22 craft a budget that lifts up our communities. At the  
23 same time, we must also manage our city's finances  
24 for the long term, because if we fail to put our  
25 financial house in order today we run the risk of

3 failing the residents of our city tomorrow. The  
4 national economy is experiencing the longest  
5 expansion on record. Since the end of the Great  
6 Recession New York City has added close to 900,000  
7 private sector jobs. A booming economy and growing  
8 tax revenues have enabled us to invest in critical  
9 initiatives, such as universal pre-K. This year we  
10 saw additional positive new investments, including  
11 the implementation of criminal justice reforms, pay  
12 parity for early childhood educators, and fair  
13 funding for our contracted social service providers.  
14 But I want to use this opportunity to address the  
15 coronavirus and its impact on our city's finances and  
16 on the pension funds. As the city's chief fiscal  
17 officer it is my responsibility to monitor events  
18 that affect the markets. Global equity markets have  
19 sold off significantly and US equity markets have  
20 fallen by nearly 12% of their recent highs in the  
21 face of concerns about the impact of the pandemic on  
22 economic activity. Last Thursday saw the largest  
23 single point loss in US stock market history.  
24 Conversely, US government bonds and gold have rallied  
25 with the 10-year US Treasury yield marking a new all-  
time low. Impacts to public equity and bond market

3 returns affects our pension fund investments. I want  
4 you to know that we are actively monitoring the  
5 markets. Our Rebalancing Committee reveals global  
6 market trends and determines if any adjustments to  
7 the target allocation of a specific public market  
8 asset class are warranted, and we do that within the  
9 ranges set by each of the boards of trustees. This  
10 committee, which ordinarily meets monthly, is now  
11 meeting daily to assess current market developments  
12 and respond if necessary. For perspective, we should  
13 recall that we are coming off one of the longest  
14 stock market growth periods in history and historic  
15 highs. And as investors the pension funds take a  
16 long-term view and our asset allocation is designed  
17 to protect against instability. As long-term  
18 investors it's worth remembering that we've gone  
19 through similar episodes many times. And the most  
20 likely outcome is that the markets will resume growth  
21 and regain their losses once the outbreak has been  
22 contained and run its course. In the meantime, we  
23 continue to monitor markets carefully and are  
24 prepared to take any appropriate steps. But even  
25 setting aside the impact of the virus on the economy,  
the rate of economic growth is slowing. We have to

3 recognize that we will not see the level of economic  
4 growth we've enjoyed in recent years forever.

5 Locally, my office predicts that over the next four  
6 years job growth in the city will decline to half the  
7 rate of the last decade. Risks and uncertainties  
8 loom from the impact of the coronavirus to the  
9 outcome of the presidential election this fall. But  
10 it is our job to manage the world's greatest city  
11 through the good times and the bad times. Fiscally  
12 responsible management of the city's budget requires  
13 taking the long view to be ready for the bad times.

14 To not just balance this year's budget, but to ensure  
15 we take actions today to protect our ability to  
16 provide the critical services that New Yorkers rely  
17 on tomorrow. I remain concerned that we simply have  
18 not done enough to hedge against future risks. We  
19 know from experience that a downturn will hurt our  
20 most vulnerable residents the most. And I think the  
21 window for action is closing. So with this in mind I  
22 want to begin with the review of the city's fiscal  
23 year 2021 preliminary budget and the financial plan.

24 Over the city's financial plan through FY2024  
25 spending is projected to grow at an average annual  
rate of 2.3%. In contrast, revenues are projected to

3 grow at an average rate of 1.6% each year, resulting  
4 in budget gaps of 2.4 billion in FY2022 and 2.7  
5 billion in each of the fiscal years 2023 and 2024.

6 My office expects tax revenues to rise by 3.1% per  
7 year on average, slightly higher than the

8 administration's assumption of 2.6% per year average  
9 growth. As a result, we expect additional revenues

10 of 281 million this year, 520 million in FY2021, and  
11 higher amounts in the subsequent years. The biggest

12 contributor to our higher forecast is the property  
13 tax, due to both higher anticipated growth and

14 assessed values in the near term and the lower level  
15 of reserves than what the administration is

16 forecasting. However, it's worth noting that both

17 our and the administration forecast of revenue growth

18 rates have declined compared to last year, another

19 indication of the expected slower economic growth

20 going forward. In addition, we've also identified

21 several large risks on the spending side of the

22 budget, including overtime, charter school tuition,

23 and special education contract schools. The Fair

24 Fares program, which I support, remains underfunded

25 in the out years and possibly underfunded next year.

26 Taken together, our revenue and expense projections

2 result in a minimal surplus in the FY2021 budget and  
3 modestly smaller gaps in the last three years of the  
4 plan. But this preliminary budget was released  
5 before the state executive budget and the state  
6 budget has added new reasons for concern. Since 2015  
7 actions in the state budget to shift costs and  
8 unfunded mandates onto New York City have piled up,  
9 resulting in nearly 800 million in higher city  
10 spending in the FY2021 budget. The trend continues  
11 this year, with proposals that would make the city  
12 pay more for family assistance and child welfare  
13 services and for public education. Taken together  
14 with past actions that's over a billion dollars more  
15 in city-funded spending next year to meet critical  
16 service needs. But of even greater concern are  
17 proposals that would shift hundreds of millions of  
18 dollars of Medicaid spending onto New York City, as  
19 much as a billion dollars next year. This is  
20 untenable and wrong to balance the Medicaid budget on  
21 the backs of local governments that do not set the  
22 terms of eligibility or benefits. As you work with  
23 the mayor to adopt the final budget, I urge you to  
24 take action to protect the important gains we have  
25 made towards creating a more and equitable and just



3 city. As I've said every year that I've testified  
4 before this body, my office is determined based on  
5 analysis of historical experience and the advice of  
6 credit rating agencies that the city should have a  
7 budget cushion of between 12% and 18% of spending.

8 But since 20, or FY2017 progress in increasing the  
9 cushion has stalled at around 11%. At the start of  
10 the last recession in 2009 the city's budget cushion  
11 was equivalent to over 17% of adjusted spending.

12 Despite those resources and even with the help of the  
13 Obama stimulus bill we were still forced to raise  
14 taxes and cut services to weather the storm. In  
15 order to be prepared to meet any future challenge, we  
16 need to generate more recurring agency savings. The  
17 most recent citywide savings plan is expected to  
18 provide budget relief totalling 456 million this year  
19 and 220 million per year on average through FY2024.

20 But as in past rounds, much of the savings relies on  
21 re-estimates of spending, identifying federal, state,  
22 or other funding sources, and on debt service  
23 savings, and too little from agency savings. Please  
24 note the distinction here, because there's a great  
25 difference in how we have to proceed. Now, I am very  
proud of the over 2.2 billion in debt service savings

3 my office working with the Mayor's Office have  
4 achieved for the city over the last six years. This  
5 is real and it has been obviously important. But I'm  
6 the first to tell you that this cannot take the place  
7 of real agency stable vital signs. City agencies  
8 must work harder to identify reoccurring  
9 efficiencies. Too much of the savings from  
10 efficiency initiatives rests on just a handful of  
11 actions at a couple of agencies and not enough on a  
12 broad-based effort to look at every nook and cranny  
13 of city agency spending to identify savings. Not  
14 only must city agencies contribute more to savings,  
15 they must be accountable for the public money they've  
16 spent. Two years ago I introduced the Comptroller's  
17 Watch List to highlight areas of high spending growth  
18 and lackluster results. This watch list is in part  
19 for the benefit of the council hearings so that you  
20 could drill down on what we identify to see if what  
21 we're saying matches the questions you're gonna ask.  
22 So I like the collaboration, Mr. Chair, between the  
23 council and our office. This year the watch list  
24 includes the Department of Correction and Homeless  
25 Service spending. And this year we also have added  
the office of Thrive NYC. This year we will spend

3 more than double what we spent in 2014 on Homeless  
4 Services, 3.3 billion dollars across all agencies.  
5 But the shelter population remains nearly 60,000  
6 people every night. We simply cannot continue to  
7 spend more than 3 billion a year without  
8 accountability for results. And we're not seeing  
9 those results. Similarly, as we have reported for  
10 six years in a row, even while the jail population  
11 has been steadily falling, the cost per incarcerated  
12 individual is going up. And the culture of violence  
13 has not abated. Last year we spent nearly \$340,000  
14 per year to house one person on Riker's Island,  
15 \$340,000. With bail reform and changes to discovery  
16 laws the jail population is declining even more  
17 rapidly. Now is the time to take the savings from  
18 reducing the incarcerated population on Riker's  
19 Island and invest in expanding programming and  
20 treatment and in communities that have been harmed by  
21 decades of divestment, neglect, and the  
22 criminalization of poverty. Now, with respect to  
23 Thrive, I want to be clear. I support fully the  
24 intention of Thrive NYC, and I applaud the mayor and  
25 the first lady for bringing attention to the mental  
needs of New Yorkers, especially those who have

3 fallen through the cracks of our mental health  
4 systems in the past. This is important and I support  
5 it. But the very nature of Thrive NYC means that we  
6 need more, more than the usual level of information  
7 about spending and outcomes to evaluate the success  
8 of its 30-plus programs. This could be a very  
9 powerful moment for Thrive and our agencies because  
10 the more disclosure and transparency the better the  
11 public will be informed. Unfortunately, the Office  
12 of Thrive NYC has missed its own outcome reporting  
13 deadlines, posted outdated budget information on its  
14 website, and failed to provide an accounting for  
15 FY2019 spending eight months after the end of the  
16 year. We have to do better. And quite frankly, if  
17 Thrive cannot provide this basic and critical  
18 information in a timely fashion then I do question  
19 whether it's appropriate framework for delivering  
20 mental health services. You can't have it both ways.  
21 So, to conclude, I hope my message today is clear,  
22 because it is somewhat urgent. The economic growth  
23 we've relied on in recent years is slowing down,  
24 especially when we look ahead to 2021. And as we  
25 have seen with the coronavirus, an unexpected shock  
and up-end economic growth forecasts in ways that are

3 difficult to predict today. We can and must do more  
4 to prepare for the risks and uncertainties that lie  
5 ahead. Today we face critical challenges in keeping  
6 our city affordable for working families as the cost  
7 of housing and childcare soar. If we are not  
8 actively preparing today for the future those  
9 challenges will only get more daunting. We cannot  
10 allow this happen. We must ensure that we can  
11 continue to provide the promise of New Yorker today  
12 and in the future. So thank you for giving me this  
13 opportunity to chair, ah, to come here today, Mr.  
14 Chairman, to the members of the City Council. I'm  
15 happy to answer any questions you may have.

16 CHAIRPERSON DROMM: Thank you very much,  
17 Mr. Comptroller. Um, I have introduced everyone  
18 already. So, at your briefing, fiscal 21 budget last  
19 week, ah, you said that OMB's predication of the  
20 Medicaid shortfall was the worst-case scenario of the  
21 potential effect on the city's budget, but that you  
22 have not fully assessed the effect of the shortfall.  
23 So are you any closer now to predicting the effect of  
24 the Medicaid shortfall on the city's budget?

25 COMPTROLLER STRINGER: You know, we're  
still where we have been, so, you know, we see at the

3 higher end, ah, which I think is where OMB would be,  
4 which would be 1.1 billion. I think that is the  
5 worst, ah, worst-case scenario. But it's not  
6 unreasonable. Um, at the low end we could see as  
7 little as 220 million, assuming that the Medicaid  
8 grows by 3%, in line with the state's global cap.  
9 Something tells me the truth lies somewhere in the  
10 middle, but we can't say with great certainty. So I  
11 would give you that, that large, that large range to  
12 grapple, that large range to grapple with.

13 CHAIRPERSON DROMM: OK. Um, in your  
14 testimony you also talked about Thrive. So, um, can  
15 you explain more what it means to have Thrive on the  
16 agency watch list and what do you hope to learn by  
17 adding it to the watch list?

18 COMPTROLLER STRINGER: Look, I have, ah,  
19 the tools that I have at my disposal is to audit, to  
20 do economic analysis, and look at ways to elevate  
21 some concerns we see with certain spending in the  
22 city. The reason we have the watch list is not  
23 embarrass or play gotcha in any way, but it's really  
24 to information the administration and the council as  
25 to trends that we are seeing that are disturbing.  
That's why we continue to put the Department of

3 Corrections on the watch list because we want you,  
4 ah, to drill down on some of the fact pattern that  
5 we're seeing financially, things that don't make  
6 sense to us that perhaps can resolve itself during  
7 your deliberations. We've had the Department of  
8 Education, for example, on the watch list in years  
9 past when we felt there needed to be higher scrutiny,  
10 and I do think we have to make sure at the end of  
11 this budget process, whatever the council decides to  
12 do, ah, we need to have more transparency in part  
13 because Thrive is an umbrella for 30 agencies, some  
14 that come into the program, some that leave the  
15 program, and we have to have a better rhyme and  
16 reason to, one, why, what is covered under Thrive,  
17 what is the disclosure, we just don't need what the  
18 budget is, but we actually need what the expenditures  
19 are, and they have to play by the same rules as every  
20 other agency. So we give you that, again, not to  
21 embarrass anybody, not to impede the mission, but  
22 sometimes I have to come here and offer some tough  
23 medicine and because it's our, it's our, the way we,  
24 you know, it's the way we construct a budget, you  
25 know, through this back and forth.

3 CHAIRPERSON DROMM: What information do  
4 you think would be necessary to determine whether or  
5 not Thrive has been successful?

6 COMPTROLLER STRINGER: Well, I think we  
7 have to, I think we have to measure outcomes. We  
8 have to know whether or not people are better off, so  
9 some of the basic questions, when you look at some of  
10 these programs are how more people have been able to  
11 access to services and treatment, are instances of  
12 self-harm down, are more people employed and living  
13 independently? Are fewer people showing up to the ER  
14 or homeless shelters or getting arrested? Ah, now I  
15 understand that it's always difficult to strictly  
16 measure outcomes, but that has to be the goal and I  
17 think we could have more disclosure in that area.  
18 And, by the way, if you really want this to work,  
19 it's OK to step up and say something's not working,  
20 because then you know Thrive is working, because you  
21 do have to grapple with very complicated issues  
22 related to mental health, housing, homelessness,  
23 nothing is ever gonna work the way you think it is,  
24 and we all know that, we've been in government. The  
25 way we can assure confidence with the public is that  
those discussions are happening in a transparent way.



3 I just think that's very reasonable. We have  
4 questions. I think some of the council members have  
5 raised important issues. But the one thing that I  
6 think we all agree on is the more transparency we  
7 have the more we can analyze the actual budget, the  
8 more we can figure out which agencies are covered  
9 under Thrive, ah, that means there's a better shot  
10 that the Thrive programs will actual work for the  
11 people who need it the most.

12 CHAIRPERSON DROMM: Do you think that  
13 once the data is, ah, released for the metrics that  
14 were published in June 19, ah, that we'll be able to  
15 more accurately, ah, measure the progress of Thrive?

16 COMPTROLLER STRINGER: I, I hope so. I  
17 would, I would expect the more numbers you have the  
18 more, the better the conversation will be.

19 CHAIRPERSON DROMM: And would you have  
20 any, um, suggestions yourself as to how Thrive might  
21 improve?

22 COMPTROLLER STRINGER: Well, first and  
23 foremost, I want us to understand the actual funding  
24 and the actual budget. I'd like to have a better  
25 grasp of what agencies are in Thrive, what have, why  
some have been in, what others have come out, and I'd

3 like to have the transparency, in part because it  
4 makes it easier for me to do my job. The more  
5 numbers that we have in our office with our  
6 professional staff the better we can answer tough  
7 questions. And we're not looking, ah, in any way to  
8 say, well, every program has to work, every program  
9 has to be successful. I know that's not gonna  
10 happen. Anyone who thinks is not in the real world.  
11 But we have to spend more time looking at what works  
12 and what doesn't so that we as a city can see what  
13 programs we need and where we have to go. Remember,  
14 mental health issues branch out into so many  
15 different areas. We see it in our homeless crisis.  
16 We see in the unaffordable city. We see it in terms  
17 of family relationships. It is a very complicated  
18 set of issues, and again, I commend the mayor and the  
19 first lady for offering, ah, to lead in this effort,  
20 but that doesn't mean we don't ask tough questions as  
21 well. There has to be a balance.

22 CHAIRPERSON DROMM: All right. Let me  
23 just move a little bit to taxi medallions. Um, you  
24 know, on February 20 the attorney general demanded  
25 810 million dollars from the city, claiming that the  
city made hundreds of millions of dollars marketing

3 and auctioning thousands of medallions while keeping,  
4 while helping to keep values artificially high. Um,  
5 we know it's not the time or the place to discuss the  
6 merits of the case per se, but, um, obviously this is  
7 a risk to the city. Um, as the chief accountant to  
8 the city under what conditions to GASB rules require  
9 that the city, um, book the whole or partial amount  
10 of the claim as a contingent liability on our budget?

11           COMPTROLLER STRINGER: Well, I think we  
12 do have that responsibility. Right now the claim is  
13 pending with the office. It just arrived a short  
14 time ago, um, but I don't want to comment because  
15 we're still under review. But pending that, um, I  
16 can come back to you with a better understanding of  
17 that.

18           CHAIRPERSON DROMM: She gave us a  
19 deadline of, um, I guess it was a 30-day deadline,  
20 um, are you able to comment on that and how is the  
21 Comptroller's Bureau of Law and Adjustment preparing  
22 to address the claim?

23           COMPTROLLER STRINGER: We are actively  
24 preparing to review that claim. We are reviewing  
25 that claim. But it would be inappropriate for me to  
discuss that given that it's under legal review.

3 CHAIRPERSON DROMM: OK.

4 COMPROLLER STRINGER: So I guess I'm  
5 saying just bear with me.

6 CHAIRPERSON DROMM: Yeah, OK. Ah,  
7 indirect rate program. In November the  
8 administration allocated 54 million across 12  
9 agencies to cover the cost of raising the indirect to  
10 for providers. After a provider claimed a new rate  
11 under this initiative the agency will need to send a  
12 contract amendment to the comptroller's office. At  
13 this time OMB has noted that it will lead to a  
14 significant increase in contract amendments. So how  
15 does your office plan to manage the influx of new  
16 amendments?

17 COMPROLLER STRINGER: Carefully, and  
18 with great, ah, care. And as you know, one of the  
19 things that we have been noted for over the life,  
20 during my term in office is the way we have managed  
21 these contracts, the way we have reviewed them and  
22 got them back as quickly as possible, so that we  
23 could move the money to the providers who need them  
24 the most. That will continue. You know, in every  
25 area when I've thought we needed to move resources  
within the comptroller's office we've been able to do

3 that. It is a prior of our office, um, and one of  
4 the ways or the steps we, we, that helps address this  
5 issue is we make sure we have timelines for each  
6 agency to reduce the contracts and we increase as  
7 much transparency on those pending contracts. So I  
8 think we're ready to meet that challenge and we'll  
9 work closely with the first deputy mayor and OMB on  
10 these issues.

11 CHAIRPERSON DROMM: Do you have a  
12 dedicated team working on this issue or specific  
13 people?

14 COMPTROLLER STRINGER: We, we have, ah,  
15 we have a Office of Contracts, so, you know, my  
16 office is responsible for registering 30,000  
17 contracts a year. Deputy Comptroller Lisa Flores,  
18 ah, heads that union, ah, heads that union, ah, unit,  
19 rather, um, of great union employees as well. Um,  
20 and she's about the best in the business when it  
21 comes to this and she's worked with every agency in  
22 city government. I have great confidence in the work  
23 of the, um, of that unit, and they have met some very  
24 high, excuse me, they've had a very high bar, ah,  
25 over the six years.

3 CHAIRPERSON DROMM: So what can the  
4 council do during this budget negotiation process to  
5 ensure timely registration of these indirect cost  
6 amendments?

7 COMPTROLLER STRINGER: Every time an  
8 agency comes here, ah, ask them about their  
9 procurement procedures. Ask them why they're holding  
10 onto contracts for months, if not years. It would be  
11 very helpful to me if you could hold them to the  
12 highest possible standard, because what we've learned  
13 is while the comptroller's office has been able to  
14 add staff and resources to the contracting unit to  
15 meet the increased demand, we need the agencies to  
16 focus on procurement. As you know, Council Chair,  
17 you've been involved in a lot of the cutting issues  
18 of our time. Ah, it's very hard to rally people in  
19 the streets for procurement reform. I've never seen  
20 a demonstration of more than 50 people on this issue.  
21 But what you and I both, if we're lucky, ah, but we  
22 do know that procurement is the heart and soul of  
23 city government and we are a city that relies on  
24 nonprofits and others to deliver services. When  
25 those contracts do not come to our office in a timely  
fashion we end up hurting the providers who spend

3 more time having to take out bridge loans and the  
4 like and we don't let them do the job they're  
5 supposed to do, which is to provide those services.  
6 This has been, as you know, a running issue within  
7 the agencies. I think that every commissioner should  
8 take a review of their procurement strategies. By  
9 the way, some do very well. Others have had a hard  
10 time. We've always said to the agencies if you have  
11 a program call us, right? You know, you got an 800  
12 number with us. We'll call you any time, any place,  
13 but you gotta meet us halfway and get these contracts  
14 to us. And the, and the information has to be  
15 provided. You know, people have to understand that  
16 when we do contract review for 30 days, what we're  
17 also looking at, we're not just looking at whether  
18 the I is dotted and the T is crossed. You know,  
19 there are issues of fraud and waste and we are  
20 responsible for taking that first look. So it's a  
21 very serious contract review. But we do it within 30  
22 days or less.

23 CHAIRPERSON DROMM: All right, thank you,  
24 and Chair Gibson.

25 CHAIRPERSON GIBSON: Thank you, Chair.  
Good afternoon, Comptroller.

2 COMPROLLER STRINGER: Hello.

3 CHAIRPERSON GIBSON: I'm so glad you were  
4 talking about contracts that are reviewed within 30  
5 days. One of my favorite topics. So we heard...

6 COMPROLLER STRINGER: I, I knew this  
7 would be your big day, OK.

8 CHAIRPERSON GIBSON: You knew it, you  
9 knew it. So you said that your office, the Bureau of  
10 Contract Administration, handles about 30,000  
11 contracts per year. Um, we've received feedback here  
12 at the council that often contracts are sent back to  
13 the submitting agency for additional information.  
14 Um, but there are many instances where contracts are  
15 approved on the 29th day, right before we get to the  
16 closing deadline. And so I wanted to understand what  
17 the staff of this unit looks like, um, that's  
18 overseen by this incredible woman, um, that leads the  
19 division in terms of some of the steps that your  
20 office goes through. Because before a contract gets  
21 to the comptroller's office it already goes through a  
22 series of, of different, um, assessments and  
23 approvals before your office makes the final sign-  
24 off.



3 COMPROLLER STRINGER: I'm, I'm not sure  
4 what you want to know.

5 CHAIRPERSON GIBSON: So I wanted to  
6 understand the staffing that you have in the Bureau  
7 of Contract Administration that handles 30,000, um,  
8 contracts and do you typically see areas where  
9 contracts are sent back to agencies for a certain  
10 reason? Are there certain trends that you're seeing  
11 where it kind of highlights there could be a bigger  
12 issue?

13 COMPROLLER STRINGER: Yes. So what I  
14 would take issue with your analysis is that the  
15 contract goes through an agency review. I'm sure it  
16 does. But many of these contracts, um, come to our  
17 office incomplete, information not verified,  
18 contracts with serious issues. Also, the contracts  
19 come to us in some cases six months or a year late.  
20 So the question on your end I think may very well be  
21 why is the contract coming to the comptroller's  
22 office? Many of these contracts are a hot mess with  
23 failure to provide us with information. So we should  
24 stop the game and we should tell the agencies that  
25 they have an obligation to get the contracts to us on  
time. We should stop the game and the agencies

3 should provide the information that we request. We  
4 should stop the game in forcing not-for-profits to  
5 take out bridge loans, sometimes a million dollars,  
6 and we should stop the game with the small providers  
7 who can't afford to take out a bridge loan. I have  
8 more heads of not-for-profits who got hired to do  
9 work with social service issues, with children, with  
10 seniors, who basically spend more time navigating the  
11 agency bureaucracy than actually solving the problem.  
12 So here's what I would recommend. This is so easy.  
13 We don't have a bloated, ah, department there. Lisa  
14 Flores has managed to return 90% of the contracts  
15 within 30 days, which is what the charter mandates us  
16 to do. And we do that. Sometimes it takes 21 days,  
17 sometimes it takes 29 days, but we always send the  
18 contract back, ah, we always resolve the issues.  
19 Most of the time we send the contract back is because  
20 the agency didn't provide the information that we  
21 need. And my job is to also watch out for waste and  
22 fraud, and if we get a contract that's incomplete,  
23 not by the not-for-profit, by the procurement officer  
24 of the agency, we have a potential problem in city  
25 government. So what I would suggest is that this  
budget cycle it would be very helpful to us if you

3 could ask some of these questions of the agency. I  
4 don't feel there's a need to ask for any more staff  
5 money, um, to handle this. I think our office has  
6 done an excellent job, so I'm not trying to say we  
7 need more. One time I testified during the council  
8 hearing and someone said is it a lack of personnel at  
9 the agency level, and I said please, don't hire  
10 anybody else. Just manage the system competently.  
11 And if we did that we would see a better result,  
12 Madam Chair.

13 CHAIRPERSON GIBSON: So in your current  
14 review of all of the contracts, if you are noticing  
15 there are trends with respect to certain agencies,  
16 right? You mentioned, you know, the watch list,  
17 there are some agencies that do better than others.  
18 Um, as one example of, you know, DHS being one agency  
19 we hear back from the providers that are waiting for  
20 contracts to be registered, but the back end is  
21 usually at the agency level. So my question to you  
22 and your office, if you're seeing that there are  
23 trends associated with certain agencies that are  
24 always late and delayed in sending contracts to your  
25 office are there recommendations that we can make  
that could provide greater efficiency? If a few are

2 doing it bad and the rest are doing it good then why  
3 are the few so bad that they can't improve and be  
4 better is my question?

5 COMPROLLER STRINGER: Ah, Madam Chair,  
6 you actually asked a very timely question. My first  
7 deputy comptroller reminds me that we are about, but  
8 you have to keep this off the record.

9 CHAIRPERSON GIBSON: On the record, OK.

10 COMPROLLER STRINGER: Can we be off the  
11 record, I don't want, if the press will, 'cause we  
12 not ready to announce it.

13 CHAIRPERSON GIBSON: OK.

14 COMPROLLER STRINGER: But we are going,  
15 we are about to release that information on the  
16 agencies that have been late and, ah, I think you  
17 will enjoy that report. But keep it confidential  
18 until I release.

19 CHAIRPERSON GIBSON: OK. [laughs] OK.  
20 We'll hear about it.

21 COMPROLLER STRINGER: Yes ma'am.

22 CHAIRPERSON GIBSON: Um, wanted to ask a  
23 question. Before you arrived we had OMB here  
24 testifying. Last year the city in its overall effort  
25 to phase out cluster housing in the City of New York,

3 most of the cluster housing, we started about 4000,  
4 now we're down to about 1200 units, most of it  
5 located in Brooklyn and my county of the Bronx. Um,  
6 last year there was a controversial, ah, acquisition  
7 of 17 buildings valued at 174 million dollars with  
8 millions of dollars of capital work that needed to be  
9 completed to provide for these units to be put  
10 online. So last year we asked the question of OMB  
11 and DHS is this the only time that we're looking at  
12 acquiring buildings or will there be a phase two?  
13 There's a phase two. So the phase two are 14  
14 buildings and HPD has a line item in their budget  
15 that's about 74 million dollars, um, but that's not  
16 the only amount. We believe there will be more  
17 funding, obviously, for the capital. So I guess I  
18 wanted to understand your thoughts. This is not a  
19 program where I'm necessarily a fan of because I  
20 think it's a tremendous amount of money that we're  
21 paying out to landlords who have never taken care of  
22 their buildings and now it's payday for them, just so  
23 that we can acquire their buildings and turn them  
24 over into more quality. So phase two is coming down  
25 the pipeline and we expect to see some changes in the

3 executive budget, but I just wanted to know your  
4 thoughts on that general practice.

5 COMPROLLER STRINGER: We, we are in, we  
6 have an open investigation right now on this  
7 practice. I can't tell you where it takes but I  
8 would be happy to answer more in-depth questions  
9 about it where we can. But I want to thank you for  
10 raising this issue because it's real, um, and we do  
11 have to get our arms around it, and this has become  
12 part of the policy of city.

13 CHAIRPERSON GIBSON: OK. You've  
14 indicated, um, your letter of transmittal says that  
15 91% of the contracts submitted for registration in  
16 2019 were ultimately registered. Does that mean that  
17 it was the first time you received the contract?  
18 Does it mean that you received it in 2019 and it was  
19 registered? What does that actual number mean?

20 COMPROLLER STRINGER: I don't have that  
21 information offhand, but I can certainly get it for  
22 you.

23 CHAIRPERSON GIBSON: OK, OK, that will be  
24 great.

25 COMPROLLER STRINGER: And, by the way,  
our report will, will show all of that as well.

3 CHAIRPERSON GIBSON: OK. And I don't  
4 know if I missed it, ah, I do apologize, but this  
5 budget year, unlike the previous years, is a little  
6 different. The state risks I think are more  
7 profound. Um, greatly concerned about the Medicaid  
8 cuts, TANF, um, I'm a supporter of the Home Stability  
9 legislation. I think that would do a tremendous  
10 amount of work if we can pass it.

11 COMPTROLLER STRINGER: I, I agree. I  
12 agree.

13 CHAIRPERSON GIBSON: Um, but wanted to  
14 understand, obviously a lot of the priorities have  
15 here at the council, the initiatives, one shots,  
16 members are looking to have items baselined, based  
17 off a lot of great succeed. So I wanted to know your  
18 thoughts on what we could be doing here at the  
19 council to fight back, as we normally do, to make  
20 sure that we can minimize as much state risk as  
21 possible.

22 COMPTROLLER STRINGER: Well, let me  
23 commend the council. There is not a year, um, that  
24 I've served in the assembly, borough president, or  
25 now in my capacity as comptroller that the council  
has not been up in Albany through multiple

3 leadership, ah, years, ah, fighting like hell for New  
4 York City. And I will join you in that fight. I was  
5 up in Albany recently and, ah, twice already this  
6 session, making sure that we're fighting for people  
7 and, look, we, we as a city are the economic driver  
8 of the state. We always have been. Ah, we are, some  
9 would argue we are the driver of the economy  
10 throughout the world, and part of what our job is is  
11 to make sure that we continue to play that critical  
12 role, and sometimes I feel that, like you do, that  
13 Albany dumps, dumps everything on our shoulders, ah,  
14 and at some point, at some point there's a breaking  
15 point. So I do think we have to be vigilant.

16 Sometimes, you know, you can't play checkers with  
17 Albany, you gotta play a little chess. But we all  
18 have to be united as New York City elected officials  
19 to go to Albany. You know, we never go to Albany and  
20 demand more than our fair share, right? It's rare.

21 I can't think of a year where we went to Albany and  
22 we were outlandish in our ask. Ah, pre-K was a very  
23 well-thought-out ask. Ah, and other initiatives have  
24 been very thought out. But we never go overboard.

25 All we say to Albany is do no harm, do no harm, and I  
think we have to continue that mantra. I'll work



3 with the mayor going to Albany and doing everything  
4 we can as a collective 'cause while sometimes we may  
5 have disagreements among city elected officials we  
6 are united in our response to Albany and the federal  
7 government.

8 CHAIRPERSON GIBSON: OK. Thank you.

9 Thank you, Chair.

10 CHAIRPERSON DROMM: Thank you very much.

11 We have a question, or questions, from Council Member  
12 Grodenchik.

13 COUNCIL MEMBER GRODENCHIK: Thank you,  
14 ah, Mr. Chair, Madam Chair, ah, good afternoon Mr.  
15 Comptroller. It's always good to see you.

16 COMPTROLLER STRINGER: Good to see you.

17 COUNCIL MEMBER GRODENCHIK: Um, I was  
18 glad to hear you talk about procurement, because  
19 sometimes I feel like I need another 49 people, if  
20 you know what I'm saying. Um, and especially capital  
21 procurement, because it's just mind-boggling to me  
22 that before a contract, especially for capital, and  
23 some of those contracts can be in the billions of  
24 dollars, before it gets to you it gets to, and I'm  
25 [inaudible] talking about a specific order. It goes  
to the Mayor's Office of Contract Services, OMB, the

3 law department, and maybe even our friends at the  
4 design commission and I'm just wondering if you could  
5 share with me a little of your insight on how we, um,  
6 I know in Parks it's like 73 different steps. I'm  
7 not even talking about intra-agency stuff, I'm  
8 talking about, ah, the externalities that people have  
9 to deal with and I, I know you've been a champion of  
10 this issue, but I, I hope you could talk for just a  
11 minute or so on that.

12 COMPROLLER STRINGER: Sure, and by the  
13 way, I failed to introduce our first deputy  
14 comptroller, Alaina Gilligo, who's joined us.

15 COUNCIL MEMBER GRODENCHIK: Don't  
16 introduce her on my time, you know what I'm saying?  
17 I'm only kidding [laughs], only kidding.

18 COMPROLLER STRINGER: I have connections  
19 here, I get a few seconds.

20 COUNCIL MEMBER GRODENCHIK: Yes, yes.

21 COMPROLLER STRINGER: Um, a couple  
22 things. So there is, there is some good news. You  
23 know, when we started this journey as comptroller we  
24 did look at capital spending of agencies. This is a  
25 huge item, a 125 billion dollar capital program, and  
what we found were a lot of the agencies were not,

3 were not spending the money that was allocated. As  
4 you see from our budget presentation, I can show  
5 you...

6 COUNCIL MEMBER GRODENCHIK: Our Chair  
7 Gibson has been, certainly been a champion on that  
8 and we've, we've tightened that up a lot under her  
9 chairmanship.

10 COMPTROLLER STRINGER: Well, you've got,  
11 well, let me tell you, Madam Chair, congratulations  
12 to you and the agency. We are now are seeing huge  
13 rates of improvement in capital spending, 77%. When  
14 we started this in FY2014 in our first report the  
15 agencies were at 52%. So this is a very positive,  
16 ah, this is a very positive situation. You know,  
17 when I was a borough president allocating capital  
18 dollars for parks and playgrounds it would be, it was  
19 not unusual to get a call eight years later saying  
20 hey, do you want to come to the opening, which people  
21 rarely invite the old borough president, it never  
22 happens, but on occasion, and it's now nice to see  
23 that within a council member's term and a community's  
24 deliberation we're actual seeing these projects  
25 online. So congratulations to your work. It's right  
here, and we said that as much at our budget

2 presentation. And, ah, I think the Parks  
3 Department...

4 COUNCIL MEMBER GRODENCHIK: They're  
5 getting better.

6 COMPTROLLER STRINGER: Much better, much  
7 better.

8 COUNCIL MEMBER GRODENCHIK: They're  
9 getting better, they're trying, they're trying.

10 COMPTROLLER STRINGER: Better.

11 UNIDENTIFIED: Better.

12 COMPTROLLER STRINGER: No, better.

13 COUNCIL MEMBER GRODENCHIK: Not perfect  
14 but better.

15 COMPTROLLER STRINGER: Not perfect.

16 COUNCIL MEMBER GRODENCHIK: I thank you,  
17 um, for, for your insights there and, ah, I  
18 appreciate the work, um, and I do thank Mark  
19 [inaudible] when, when we cut a ribbon because, ah,  
20 oftentimes he puts some seed money into those plans  
21 as well. So thank you, Mr. Comptroller. Thank you.

22 COMPTROLLER STRINGER: And Barry, thank  
23 you for your weather report.

24

25

2 COUNCIL MEMBER GRODENCHIK: OK, you're  
3 very welcome. Look for a snowstorm by the end of the  
4 week.

5 COMPTROLLER STRINGER: Really?

6 COUNCIL MEMBER GRODENCHIK: Maybe.

7 COMPTROLLER STRINGER: No.

8 COUNCIL MEMBER GRODENCHIK: Maybe.

9 CHAIRPERSON DROMM: Thank you, Mr.  
10 Comptroller. Ah, that's it for now and we appreciate  
11 you coming in and giving testimony, and if we have  
12 any follow-up questions we'll get a hold of you.

13 COMPTROLLER STRINGER: Mr. Chair, let me  
14 thank you for your leadership. I know, I know how  
15 hard you work every budget time listening to all the  
16 testimony. I actual don't know how you keep it all  
17 straight, but somehow you work your magic and I just  
18 want to thank you for always giving us the courtesy  
19 of coming in and the questions that you ask. Thank  
20 you very much.

21 CHAIRPERSON DROMM: Thank you very much.  
22 I think we're going to go right into, um, IBO. OK,  
23 yes. [pause] [gavel] OK, good afternoon, my name is  
24 Daniel Dromm and I chair the Finance Committee. We  
25 are joined by the Subcommittee on Capital Budget,

3 chaired by Council Member Vanessa Gibson. We just  
4 hear from the comptroller. We will now hear  
5 testimony from the director of the Independent Budget  
6 Office, Ronnie Lowenstein, after she is sworn in by  
7 council. In the interest of time, I will forego an  
8 opening statement.

9 COMMITTEE COUNSEL: Do you affirm that  
10 your testimony will be truthful to the best of your  
11 knowledge, information and belief?

12 DIRECTOR LOWENSTEIN: I do.

13 COMMITTEE COUNSEL: Thank you.

14 DIRECTOR LOWENSTEIN: And I'm joined here  
15 by IBO's deputy director, George Sweeting.

16 DEPUTY DIRECTOR SWEETING: Hello.

17 COMMITTEE COUNSEL: Good afternoon. OK.  
18 You may proceed, thank you.

19 DIRECTOR LOWENSTEIN: Very good. In  
20 place of written testimony, ah, you have our full  
21 report on the mayor's preliminary budget that was,  
22 ah, released last Friday. We did something kind of  
23 this year. We locked our forecast at the very end of  
24 January, so we froze it. We kept, that's when we  
25 made the numbers final, and on February 5 we released  
a brief snapshot of our key findings from, from the

3 report. Ah, it's really brief, it's largely charts  
4 and tables. Many of the charts are interactive, so  
5 it's best viewed online, um, but we have copies of it  
6 in print, which are pale imitation, if people want  
7 them. The reason we did that was we thought that by  
8 releasing our forecast as early as possible in the  
9 budget cycle we would be helping the council and  
10 other elected officials to get the information  
11 sooner. Um, it's now clear that the world we're  
12 looking at is very different from the world we were  
13 looking at a money ago, and, um, we'll be working  
14 over the coming weeks and months to monitor what's  
15 happening and gauge its impact on the locally and  
16 fiscal, economic and fiscal outlook. So this is a  
17 work in progress. But you've got the snapshot and  
18 you've got the full-length report. I'm going to take  
19 a few minutes to present the main highlights from the  
20 report. I think the main finding we had was even  
21 what at the time struck us as a very conservative  
22 negative economic forecast the city's budget for 2021  
23 and the financial plan through 24 are basically in  
24 balance under the mayor's proposals. Tax ranine  
25 veins are rising on average faster than city-funded  
spending. And the gaps projected for 22 and 23 are

3 relatively small and effectively there's no gap at  
4 all, 22 and 23 are relatively small and in effect  
5 there is no gap for 2024. But even back in January  
6 we saw there was considerable risk to the forecast.  
7 Risk not just from coronavirus, ah, not just from  
8 economics, um, but also risks from the state, risks  
9 that local needs will be far greater than we  
10 anticipated, and so on and so forth. OK, so our  
11 forecasts always start with the economics, which  
12 underlie our revenue and spending projects. So  
13 starting at the US level, back in January we forecast  
14 economic growth to slow throughout the course of this  
15 year. We expect real GDP, that's GDP adjusted for  
16 inflation, to rise just 1.8% for the year as a whole.  
17 That's down from 2.8% two years ago and 2.3% last  
18 year, so it's a full percentage point down, which is  
19 a lot. We're expecting growth to slowly start to  
20 increase, um, during next year. But for the year as  
21 a whole we're expecting, ah, GDP growth of just 2%.  
22 And the main reasons for that forecast are that the  
23 fiscal stimulus associated with the tax cuts and job  
24 act have largely ended and moreover the never-ending  
25 trade wars, ah, have sapped business confidence,  
dampened investment, and weakened the global economy.



3 Of course, sitting here today we understand the US  
4 growth of 1.8% is probably unduly optimistic. So  
5 slower US growth, of course, translates into slower  
6 growth in New York City and looking just in terms of  
7 job growth, we expect job growth to decline sharply  
8 over the next two years. Just 56,000 jobs in a year  
9 over year basis this year and 28,000 next, which is  
10 down from 85,000 jobs last year. To put that into  
11 context, we're saying that right now we expect job  
12 growth this year and next year to be just equal to  
13 what we enjoyed last year, and so that's a huge  
14 change. And it's been the case over the past few  
15 years, we expect much of this job growth to be in  
16 home health care. Um, as valuable as these jobs are  
17 they don't pay a lot and they're largely part time.  
18 So they have far less of an economic impact than many  
19 other sectors. Ah, risks to the economic forecast  
20 are legion, um, and I should say that even when we  
21 first put the forecast out in the snapshot we saw  
22 this forecast is somewhat different from most of our  
23 foreclosures. Typically when we release a forecast  
24 we like the forecast to be balanced in its risks,  
25 which is to say usually we think the upside potential  
of things will be better than we expected is roughly

3 in line with the downside potential that things will  
4 be worse. Um, but even back in January we saw that  
5 the primary risk to the forecast was on the downside,  
6 ah, a forecast for weaker-than-projected economic  
7 growth, or perhaps even no growth at all. And, as  
8 you would expect, moving onto the spending side of  
9 the ledger, ah, slower economic growth translates  
10 into slower, well, going to taxes, rather, slower  
11 economic growth translates into slower growth in  
12 revenues over the planned period. We forecasted tax  
13 revenues will rise an average rate of 3.7% from 2019  
14 through 2024. If that's the case, that would be the  
15 slowest five-year average since the Great Recession.  
16 We expect to see strongest growth, not surprisingly,  
17 in the property taxes, strongest and steadiest  
18 growth, with the property taxes increasing an average  
19 rate of 5.3% over the plan period, and by 2024 the  
20 real property tax is expected to bring in 36 billion  
21 dollars, which comprises pretty much half of all tax  
22 revenue. Now turning to the spending side of the  
23 ledger. Ah, there's a striking lack of new  
24 initiatives included in the preliminary budget.  
25 Additional funding for the special ed Carter cases  
and transportation needs at the Department of

3 Education together make up more than half of the new  
4 needs in the current year, a situation that may or  
5 may not persist, um, and after adjusting for the use  
6 of prior year surpluses we project that city-funded  
7 spending under the mayor's proposed budget will  
8 increase an average annual rate of 2.5% over the plan  
9 period. Ah, so 2.5% average growth in spending  
10 compared with 3.7% average revenue growth, um, ah,  
11 bodes well for the future of the city fisc. So based  
12 on our economic and tax foreclosures and our  
13 estimates of spending under the mayor's financial  
14 plan, we forecast the city will end this fiscal year  
15 with a surplus of 2.7 billion, which is just slightly  
16 less than what is forecast by OMB, and assuming the  
17 surplus is used to bring 21 into balance we project a  
18 modest surplus of only about 240 million dollars for  
19 next year. Assuming next year's surplus is rolled  
20 into the following year, the remaining shortfall for  
21 22 is 1.7 billion. That's just 2.2% of city-funded  
22 spending. Ah, but we've got reserves of 1.25 billion  
23 in each year of the plan, which is sufficient to  
24 offset about three-quarters of the gap we project,  
25 um, and the story for the following year is basically  
the same. We're expecting a gap of 1.6 billion, or

3 2.1% of city-funded spending, which could largely be  
4 eliminated with the reserves budgeted into the plan.  
5 For 2024 we're expecting a gap of less than 250  
6 million dollars, which is to say no gap at all. Of  
7 course, this forecast completed just four long weeks  
8 has already been overtaken by events. We'll be  
9 working on monitoring what's happening, um, gauging  
10 its impact on the city's economy and its fiscal  
11 outlook. Um, but before we turn to the questions  
12 I'd, I'd like to just mention that over the next few  
13 weeks, as we have in the last few years, we'll be  
14 releasing budget briefs. These are typically two-  
15 pagers that look at specific issues raised in the  
16 budget, timed for release in advance of the relevant  
17 council hearings. Um, we released the first of them  
18 this morning on pension savings and there's a whole  
19 stream of them to come. Um, I thank you for the  
20 opportunity to testify and we'd be happy to answer  
21 any questions you may have.

22 CHAIRPERSON DROMM: Thank you very much  
23 for coming in and giving testimony, um, very thorough  
24 and, um, a good breakdown of what it is that ex  
25 looking at. I have some questions about some  
specific programs that maybe you can shed some light

3 on for us. The first one is the New York City  
4 Employee Assistance Program. Ah, the administration  
5 recently announced it's expanding the Employee  
6 Assistance Program to the Department of Education  
7 employees and their families. This program  
8 deliveries comprehensive services to help employees  
9 overcome quality of life concerns that may interfere  
10 with their work, including alcohol and chemical  
11 dependency, clinical counseling, and assistance with  
12 finding financial and housing supports. Do you know  
13 the difference, um, between what is covered under an  
14 employee's health insurance, such as GHI, and what is  
15 covered under the EAP?

16 DIRECTOR LOWENSTEIN: I've asked George  
17 to take it.

18 DEPUTY DIRECTOR SWEETING: Ah,  
19 specifically in terms of what's covered under GHI,  
20 um, we were not at this point able to figure that  
21 out. I mean, there's a description of what the  
22 program will be but, ah, we have not, we have not  
23 gotten into that yet.

24 CHAIRPERSON DROMM: OK, are you aware of  
25 any, how many sessions these employees might get?

DEPUTY DIRECTOR SWEETING: Um, no, sir.

3 CHAIRPERSON DROMM: OK. And how does the  
4 program, um, how much does the program currently  
5 cost?

6 DEPUTY DIRECTOR SWEETING: It's a little  
7 over 1 million dollars this year, I believe. And,  
8 ah, this would bring it up over 2 million, according  
9 to news accounts when the announcement was made.

10 CHAIRPERSON DROMM: And which workers  
11 have access to it?

12 DEPUTY DIRECTOR SWEETING: Ah, well,  
13 there are different programs, that some, some, ah, in  
14 some agencies, ah, particularly in police and fire, I  
15 believe, there are programs that are run by, by  
16 their, I guess in cooperation between the unions and  
17 the, ah, agencies themselves, but there's also a  
18 citywide program that is run out of the office of  
19 labor relations, um, and I believe actual, you know,  
20 a police officer would have the choice of, of either  
21 one of those programs to, ah, to look at. The  
22 Department of Education has not had a program in  
23 recent years and they were not covered by the, ah,  
24 what was run out of labor relations, so this would  
25 be, you know, an increase in the scope of the Office  
of Labor Relations EPA program.

2 CHAIRPERSON DROMM: Are there other  
3 departments that, ah, don't have EAPs?

4 DEPUTY DIRECTOR SWEETING: Um, I, I  
5 believe there are a number that don't have, um, you  
6 know, their own specific program and that's what the  
7 OLR program is there for.

8 CHAIRPERSON DROMM: And, oh, so that's  
9 the citywide program?

10 DEPUTY DIRECTOR SWEETING: Yes.

11 CHAIRPERSON DROMM: OK, all right. Um,  
12 Relocation and Employment Assistance Program, or  
13 REAP, ah, as part of the recently released budget  
14 options you're calling on the city to consider  
15 allowing relocation and employment assistance  
16 programs to expire. According to your report,  
17 savings in the first year would about 3 million  
18 dollars, growing to 33 million in 2033. Can you talk  
19 about the program and the advantages of allowing it  
20 to sunset as scheduled on June 30, 2020?

21 DIRECTOR LOWENSTEIN: OK, I've got that  
22 one. Um, we put it out there as an option, um, in  
23 part because there's been very little study of the  
24 REAP program. Um, there's a boundary commission  
25 that's supposed to meet every five years to determine

3 whether the geography of the REAP program makes  
4 sense, but based upon a review of city resources  
5 going back the commission hasn't met since 2013.

6 Perhaps more important, nobody's ever been able to do  
7 a study, a thorough study of the REAP program, ah,  
8 determine whether these benefits are really doing,  
9 are needed to retain and, attract and retain  
10 employees. Um, to do that, um, we would need, we,  
11 IBO, or anybody else would need a lot more  
12 information than is currently available.

13 Specifically, you'd need to know who is applying,  
14 who's getting it, where these firms are coming from,  
15 what their employee profile looks like, where they're  
16 going, and how many employees over time they, they  
17 have. Um, it would be great to have that information  
18 and we've pushed to get, as the council knows, we've  
19 pushed to get that information. Ah, but without it  
20 we're renewing a program that may or may not have any  
21 impact. Now, you might say 33 million dollars isn't  
22 the end of the world, but if you recall it was just  
23 last year that Amazon looked likely to take advantage  
24 of the program and even if they had come in with  
25 20,000 employees, not the full 40, but the 20, um,  
that would have cost a total of 60 million dollars a



2 year, which is literally double what we're paying for  
3 it now. So, you know, we've gotten away without  
4 spending huge amounts of money on it, but it's really  
5 an unknown and if we leave it there's it's going to  
6 be very tempting for firms that might not need this  
7 assistance to tap into it.

8 CHAIRPERSON DROMM: So are there any  
9 arguments in favor of extending the program?

10 DIRECTOR LOWENSTEIN: Without knowing  
11 what you're doing, ah, we must have had some pros,  
12 um, what were they? Um, oh, sorry, OK. Yes, George  
13 reminds me that the main pro that we came with was  
14 this is a very expensive place to do business. But  
15 we're talking about 200 firms here out of the  
16 hundreds of thousands in the city. So helping this  
17 slice of 200 firms that's not one of our best-ever  
18 arguments.

19 CHAIRPERSON DROMM: Um-hmm, OK. Let's  
20 talk a little bit about the risk from the  
21 coronavirus. Has the IBO analyzed the risk posed by  
22 the virus to, ah, New York City's economy?

23 DIRECTOR LOWENSTEIN: Not even remotely.  
24 Um, ah, but certainly we've been watching it closely.  
25 In terms of the, in broad terms the impact on the

3 global economy, um, even if the spread were to  
4 basically stop at this point, something under 100,000  
5 cases, there's already been considerable disruption  
6 in the global economy, um, in global trade in  
7 general, in Chinese exports in particular, ah, which  
8 is a problem for us. China is our second-largest  
9 trading partner after Mexico, but it's the single-  
10 largest source of US imports. Um, many of these  
11 imported goods aren't just final consumer goods, but  
12 are intermediate products that go to make other  
13 output here in the United States. So if that stream  
14 of parts or supplies is cut off, which is basically  
15 what's happening, there are US firms that are gonna  
16 have to slow their production or perhaps even stop  
17 production entirely, all of which is gonna slow the  
18 US economy, and so, you know, through the last week,  
19 um, macro forecasts in general were notching our  
20 forecast down. Um, while the Federal Reserve has  
21 tools at its disposal to help when the economy slows,  
22 um, those tools are best served to stimulate demand.  
23 But this is a supply-side problem and there's nothing  
24 the Fed can do that will suddenly boost exports of  
25 widgets from China that will keep our production  
processes flowing. Um, and perhaps the most

3 important thing to say of all this is, um, this  
4 expansion has been led by consumption and if we don't  
5 have goods, um, and people's faith in the system, and  
6 people are getting nervous, and people are right to  
7 get nervous, um, I think consumption is at a risk as  
8 well. And then there's a whole group of other  
9 problems that are more specific to the city. Um,  
10 certainly fear of the virus has kept people from  
11 Chinatown and Sunset Park in Flushing.

12 CHAIRPERSON DROMM: Elmhurst, too. I was  
13 in a restaurant over the weekend, you know, trying to  
14 promote businesses in my district and, um, the  
15 restaurant owner said that it was down 50%. Um,  
16 supermarkets, seeing people take stuff off shelves,  
17 ah, to send over to China, um, and, ah, the inventory  
18 is not what it was. It's not horrible right now but,  
19 um, they're worried that people are hoarding stuff as  
20 well.

21 DIRECTOR LOWENSTEIN: Yeah, I can  
22 understand that. I was at Whole Foods yesterday,  
23 which, um, my husband and I rely heavily on take-out  
24 on the Upper West Side, and we looked around our  
25 cabinets and said maybe we should put some food  
products into them because unlike the hurricanes and

3 the snowstorms we've weathered maybe there won't be  
4 take-out next time, so, yeah, we were shopping, too.  
5 Um, but in terms of issues specific to New York, um,  
6 China is the second-largest source of foreign  
7 travelers to the city. Ah, foreign Chinese tourism  
8 has already slowed, um, which probably has had  
9 something to do over the last two years with the,  
10 with the trade problems. Um, but for the time being,  
11 ah, they're not coming. And that's a problem, too.  
12 So all of that is, is problematic. Um, we've been  
13 closely following Mark Zandi's forecast at  
14 economy.com. He had forecast as recently as a few  
15 days ago that if there were no global pandemic that  
16 the impact on US GDP growth was just a few tenths of  
17 a percent and that this threat of a global recession  
18 was 20% to 40%. Over the weekend he changed those  
19 numbers pretty dramatically. They haven't put the  
20 final form of them out yet, but the statement he gave  
21 to CNBC over the weekend was if there were to be a  
22 global pandemic, um, that it was roughly 50/50 that  
23 the global economy and the US economy would go into  
24 recession, would contract, in terms of economic  
25 output.

3 CHAIRPERSON DROMM: Thank you. I'm going  
4 to turn it over to my, my cochair, Vanessa Gibson.

5 DIRECTOR LOWENSTEIN: OK.

6 CHAIRPERSON GIBSON: Thank you, Chair.  
7 Good afternoon.

8 DIRECTOR LOWENSTEIN: Good afternoon.

9 CHAIRPERSON GIBSON: Thank you for  
10 coming, once again, and I'm looking through your  
11 analysis and I just have two quick questions. One  
12 focuses on homeless services and if you heard earlier  
13 today at the opening of our hearing the Speaker  
14 talked a lot about homeless, ah, services and how  
15 much we're spending to maintain the homeless families  
16 we have here in the city and, ah, obviously the  
17 impact on long-term affordable and supportive  
18 housing. Um, in your expenditure re-estimates for  
19 the preliminary budget you expect the cost of  
20 homeless services to exceed the administration's  
21 budget amount by 124 million dollars in fiscal 2020  
22 and 216 million in fiscal 2021. So I wondered what  
23 the difference is between your projection and the  
24 administration, and then as a look through on pages  
25 17 and 18 you actual describe it. You talked about  
your forecast of greater-than-expected DHS

3 expenditures as primarily the product of two factor.

4 The city is underfunding the provision of shelters,

5 particularly for single adults. The city's current

6 shelter cost estimate does not account for continued

7 growth in the size of the single adult shelter

8 population or for increases in the per diem cost of

9 shelter. And the other factor are the TANF cuts and

10 the cost shifts that Albany wants to impose on the

11 city, which we took a last year in TANF and I think

12 this year the hit is supposed to be a little bit

13 more. Um, we're supportive of the Home Stability

14 bill that's being lead by Assembly Member Hevesi and

15 others. Um, and so I guess I wondered because we

16 have the same ideas of what these costs would be what

17 you thought could happen if we were able to get this

18 bill passed and if the bill doesn't get passed what

19 do you think we should be expecting to see in terms

20 of the projected higher cost that you think the city

21 will be spending on homeless services?

22 DIRECTOR LOWENSTEIN: Neither one of us

23 has any information at all on the bill.

24 CHAIRPERSON GIBSON: OK.

25 DIRECTOR LOWENSTEIN: But we'll happily

look into and get back to you.

2 CHAIRPERSON GIBSON: Oh, OK, great.

3 DIRECTOR LOWENSTEIN: Um, but we've  
4 spelled out, ah, both in the snapshot and in the, um,  
5 report itself that you were kind enough to read that,  
6 ah, we believe that these costs will be higher. Um,  
7 we've had similar predictions in past years and, um,  
8 unfortunately they've all come to pass. So we expect  
9 that this one, too, will be an issue. But we'll take  
10 a look at the bill and see what it does in terms of  
11 our forecast...

12 CHAIRPERSON GIBSON: OK.

13 DIRECTOR LOWENSTEIN: And get back to  
14 you.

15 CHAIRPERSON GIBSON: OK, great. I also  
16 say that the increase in single adult population in  
17 shelters could also be attributed to, ah, single  
18 adults coming home from prison, um, and many of them  
19 not having a permanent address, many of them going to  
20 Bellevue, they go to Ward's Island, and they're in  
21 the homeless shelter system until they get long-term  
22 housing. Um, I've been asking the city to work  
23 better with the state because there's no interagency  
24 coordination, city and state, where, um, many of our  
25 adults are released from state prison and they're

3 coming back to New York City, but there's a huge gap  
4 in the level of services that are needed, and so that  
5 burden falls on the City of New York. So I wonder  
6 with the increase in single adult, ah, shelter  
7 population, I wonder how much is attributed to single  
8 men and women coming home from prison, predominantly  
9 men, single men.

10 DIRECTOR LOWENSTEIN: I don't believe,  
11 due to privacy concerns, that we really have a good  
12 handle on the demographics of the shelter population.  
13 Um, some years ago we were able to get demographic  
14 information getting, giving us a better handle on who  
15 it was that's coming into shelters, just in terms of  
16 numbers and where they were coming from and how long  
17 they were staying. But much of that very granular  
18 information that was available even a few years ago  
19 is no longer available, um, for reasons I'm sure you  
20 understand in terms of privacy and, and protecting  
21 New Yorkers. Um, so I guess what you should do is  
22 ask that of HPD, no, I guess the Department of  
23 Homeless Services.

24 CHAIRPERSON GIBSON: Yeah, it's DHS.

25 DIRECTOR LOWENSTEIN: DHS, yeah, and see  
if you get a better answer.



3 CHAIRPERSON GIBSON: OK. Um, this City  
4 Council both in my first term and now in this term,  
5 we had been working with a number of our law  
6 enforcement and uniformed agencies, albeit NYPD,  
7 Corrections, Sanitation, and FDNY on uniform cost  
8 control, um, and so just as one example with DOC with  
9 the closure of Riker's Island and the reduction in  
10 what we believe will be uniformed staff, to get them  
11 to more of a manageable level of their uniformed, um,  
12 overtime. Um, I'm looking through a little bit of  
13 your, so on page 18 as well, that talks a little bit  
14 about expecting overtime costs for the police and  
15 Fire Department, ah, will be higher than estimated in  
16 the mayor's plan. Um, do you have any idea what that  
17 is attributed to specifically for NYPD and FDNY?

18 DEPUTY DIRECTOR SWEETING: I believe on  
19 the NYPD it's basically, um, an analysis of the  
20 spending trends and looking at, at where things have  
21 been in the past and assuming they haven't made, ah,  
22 significant changes to their policies, so that it  
23 will continue. On the FDNY we did look a little  
24 further and, ah, in particular, ah, one of the issues  
25 is, ah, the, there's a staffing shortage in EMS and  
so there's been a compensating increase in overtime

3 in, in the EMS, ah, budget, ah, to make up for some  
4 of that. They're also making up for it with, um, ah,  
5 bringing in more of the private affiliated  
6 ambulances, the ambulances that are affiliated with  
7 private, ah, hospitals, in order to keep the total  
8 number of ambulances on the, on the streets even, ah,  
9 but part of it is being done through overtime of city  
10 staff.

11 CHAIRPERSON GIBSON: Wouldn't you agree  
12 that that's not the best approach? We've been  
13 getting a lot of feedback from unions that represent  
14 EMS, EMTs, and paramedics about their working  
15 conditions, about the disparity in pay and salary  
16 when you compare them to other, um, first responders.  
17 Um, and so understanding that while we should be  
18 recruiting more EMTs to join EMS and more paramedics,  
19 we also should be paying them more, too. Um, I think  
20 the reality is is there's a huge, you know,  
21 difference. Their work is just as critical and  
22 important as it is of every other first responder.  
23 And I know like we always are, you know, getting  
24 information about their working conditions, about how  
25 we can improve things. Many of us have stood on the  
steps of City Hall about it, protesting and

3 advocating. So just my thought that I think, you  
4 know, obviously I understand we have to use overtime  
5 when we need, but we also should be looking at, um,  
6 salary increases and working conditions as well.

7 DIRECTOR LOWENSTEIN: Well, we have a  
8 budget brief coming out that touches on that topic.

9 CHAIRPERSON GIBSON: Oh, perfect.

10 DIRECTOR LOWENSTEIN: Um, ah, which  
11 doesn't answer all of your questions, but at some  
12 point in the budget brief, um, the department says  
13 that will take, because of attrition, and part of the  
14 attrition is attributable to EMS workers, um, taking  
15 advantage of an opportunity to go in the fire  
16 department, it's attractive in terms of, of pay and  
17 other reasons. Um, that lack of current EMS  
18 personnel would take, I think it was two years to  
19 deal with, and from an economics perspective you have  
20 to ask yourself why does it take two years to hire  
21 them, and the answer is probably because you're not  
22 paying them enough to bring them. I can't say that  
23 for certain, but just in terms of supply and demand  
24 if you need to hire more quickly, um, keeping the  
25 quality high, ah, you might need to look at your wage  
levels.

3 CHAIRPERSON GIBSON: OK, thank you so  
4 much, we look forward to working with you. Thank  
5 you. Thank you, Chair.

6 DIRECTOR LOWENSTEIN: Thank you.

7 CHAIRPERSON DROMM: OK, thank you, ah,  
8 Ronnie, and thank you, George, for coming in and we  
9 look forward to working with you. And I'm going to  
10 bring up our next panel. Thank you very much.

11 DIRECTOR LOWENSTEIN: OK.

12 CHAIRPERSON DROMM: OK, our first panel  
13 is going to be Ralph Palladino, the second vice  
14 president of Local 1549 DC37. We have Ben Arana from  
15 Local 3 IBEW, John Forster, Local 375 DC37, and, ah,  
16 Flandica Jones, I think. Sorry if I'm mispronouncing  
17 it, um, from the New York State Nurses' Association.  
18 I just wanted to remind you you're on a three-minute  
19 clock, so thank you very much for coming in, and  
20 Ralph, would you like to start?

21 RALPH PALLADINO: Good day, Ralph  
22 Palladino, Local 1549 DC37. Um, and it's good to see  
23 you, Chairperson, and also, ah, City Councilwoman,  
24 Vanessa Gibson, as always. Um, I'm wearing black  
25 today because I'm in mourning for last year when we  
had many things of the city budget that we had

3 requested and none of them were that, that affected  
4 the saving of money for the city as well as giving  
5 jobs for low-income, ah, people to get them into the  
6 middle class-type jobs in the city, and, ah, so this  
7 year we're giving it another try. Ah, the first item  
8 would be the, um, subversion of civil service by the  
9 city whereby they are hiring, ah, replacing civil  
10 service clerical positions with non-competitive  
11 positions. This is an attack on the civil service  
12 system and the non-competitive positions are higher  
13 paid. Ah, so that is wasting city money as well.  
14 There's about 3 million dollars a year and that's a  
15 conservative estimate. Ah, you times that by the  
16 last 10 years, this is going on, I've been, that's 30  
17 million dollars, you know, over the course of all  
18 those years. Then there's the civilianization, which  
19 is wasting 30 million dollars of, um, city money a  
20 year, whereby you have uniforms performing clerical  
21 duties in the police department, though there is an  
22 arbitration saying they shouldn't be. Um, and this  
23 continues. Ah, and it should end. Um, there's the  
24 911 surcharge, which we've been fighting for and  
25 trying to get the city to go to Albany and request  
funding for the 911 surcharge. The money used on the

3 cell phones and going to Albany that if they put in a  
4 grant they can get some money to supplement and work  
5 on building the system up. No one's doing it. 911  
6 is understaffed by 50 people from last year and we  
7 believe with the texting and other issues that 200  
8 more, as we've been advocating, should be hired.  
9 Then there's the issue of the, ah, interpreters. The  
10 comptroller has a, a position which he's put out a  
11 proposal about a community legal interpreter bank,  
12 which is similar to one floated in the City Council  
13 last year, spending 16.6 million dollars of  
14 taxpayers' dollars. Ah, this is privatization.  
15 There is an interpreter title in this city and they  
16 should be hiring interpreters. It's more efficient  
17 and yes we do agree with all the reasoning that they  
18 have except it should be done by city employees hired  
19 by each agency, not in a pool. How are you gonna do  
20 it in a pool? You have to have people in the  
21 different agencies who know the rules and know the  
22 clients. We've had problems in HRA with interpreters  
23 on the phone because of this. I won't get into  
24 details on that. But it is important that that be  
25 rejected. And some of that 16.6 million dollars  
could go to hiring civil service interpreters. Ah,

3 HRA is another area where, that we did not get  
4 eligibility specialists hired last year, although the  
5 city did hire along with the City Council advocacy  
6 social workers, which is fine. Social workers are  
7 fine. They do not determine eligibility for either  
8 Medicaid or, um, SNAP program. So the fact that they  
9 were left out is not good, and so we will address  
10 that with the committee on March 23, though. And  
11 last but not least I want to say thank you for  
12 speaking out on Medicaid. I work in the public  
13 hospital system. I know what's going on. We're  
14 battling in Albany over this and we should go up  
15 together, yes, and the unions are doing that. Our  
16 local 1549 is definitely doing that, and thank you.

17 CHAIRPERSON DROMM: You know, we were  
18 shocked, I mean, I have known for a little bit now  
19 that H&H is not included on the MRT, ah, team.

20 RALPH PALLADINO: That's absolutely  
21 correct.

22 CHAIRPERSON GIBSON: Right.

23 RALPH PALLADINO: Neither are our  
24 advocates, patients, I'm a patient of Bellevue  
25 Hospital, OK? My members work there. We work in  
Metro Plus. You're absolutely correct, not fair.

3 CHAIRPERSON DROMM: OK.

4 RALPH PALLADINO: And nothing new.

5 Unfortunately.

6 CHAIRPERSON DROMM: OK, thank you.

7 RALPH PALLADINO: Thank you.

8 CHAIRPERSON DROMM: Next, please.

9 BENJAMIN ORANA: Good afternoon Chair and  
10 distinguished committee members. Thank you for the  
11 opportunity to testify at today's hearing. My name  
12 is Benjamin Orana. I'm a business representative for  
13 Local Union Number 3, International Brotherhood of  
14 Electrical Workers, and I'm the representative for  
15 the Solar PV program in our industry. Regarding  
16 Local Law 97 budget, Local 3 with Climate Works for  
17 All Coalition is asking for an additional 1 billion  
18 dollars for the next ten years for the retrofit work  
19 in affordable housing. We feel that this work was  
20 left out of the budget and the cost of these repairs  
21 should not be passed down to the tenants. Local 3ABW  
22 and its affiliated electrical contractors are part,  
23 are proud of its long history in construction and  
24 maintaining the electrical grid infrastructure that  
25 powers New York City's vibrant economy. Our skilled  
tradesmen and tradeswomen continue to be ready and



3 able to meet the new challenges brought about by  
4 technological advances through continued training and  
5 the latest renewable energy installation methods at  
6 our state-of-the-art training facility. In addition,  
7 Local 3 has been part of the installation of  
8 geothermal systems at St. Patrick's Cathedral and the  
9 first net zero school built in Staten Island. And  
10 not to mention a large number of photovoltaic systems  
11 installed throughout five boroughs. Our advanced  
12 green jobs program in solar, wind turbines, and other  
13 renewable technologies enable us to continue provide  
14 the expert and professional service that our valued  
15 customers have grown accustomed to receiving. While  
16 we support the objectives outlined today we urge you  
17 to include principles that will create good local  
18 jobs. It ought to be, it ought to set wage standards  
19 that enable new entrance into industries and  
20 opportunities to earn a good living wage, as well as  
21 receive safety training to our qualified pre-  
22 apprenticeship programs. Sorry. I would like to ask  
23 if the New York City Agency Project Labor Agreements  
24 can be used for the future solar installations and  
25 future retrofit work associated with reducing the  
carbon emissions, and PLAs already have language for

2 local hire and minority participation in place. The  
3 clock is ticking and climate change is affecting our  
4 city. We have a tough deadline to meet by 2030. And  
5 as I stated above, as the work opportunities become  
6 available to our contractors we can increase our  
7 membership from the communities through the programs  
8 that are already in place, construction skills,  
9 pathways into apprenticeships, New York City Housing  
10 Authority PLA, nontraditional employment for women,  
11 and Helmets to Hardhats. In closing, I hope that New  
12 York City government, communities, and Local 3 can  
13 work together for a cleaner planet. Thank you for  
14 the time and consideration in allowing me to express  
15 these comments on the matter.

16 CHAIRPERSON DROMM: Thank you very much.  
17 That's some system, you get an A plus, believe me.

18 BENJAMIN ORANA: Thank you.

19 CHAIRPERSON DROMM: That's some system  
20 you put in St. Patrick's there. I think I saw a  
21 piece on in *New York One* if I'm not mistaken.

22 BENJAMIN ORANO: That's right.

23 CHAIRPERSON DROMM: But a pretty  
24 incredible job.

25 BENJAMIN ORANA: Thank you.

3 CHAIRPERSON DROMM: Thank you. Next,  
4 please.

5 JOHN FORSTER: Good afternoon, sisters  
6 and brothers. Um, I will provide you with a written  
7 copy of this testimony afterwards. I'm John Forster  
8 from Local 375 and District Council 37, also the co-  
9 chair of the District Council 37 Climate Justice  
10 Committee. Um, as you may know, Local 375 represents  
11 the architects, engineers, scientists, and project  
12 managers in most of our agencies across the city.  
13 Um, I've been working actual on Local Law 97 from the  
14 very beginning, for about three years, with the  
15 Climate Works For All Coalition, and also working on  
16 climate change issues, ah, for almost 15 years. Ah,  
17 certainly the growing climate crisis is fast becoming  
18 perhaps the most important issue of our time. And  
19 here in New York City public sector workers are  
20 absolutely critical in dealing with this growing  
21 climate crisis. Ah, we, we are often first  
22 responders. We help design and build our resiliency  
23 projects. We're working on clean energy, renewable  
24 energy, including, ah, what my brother here was  
25 talking about was solar on public buildings, although  
we believe that that should move forward and not use

3 the PPAs that go with that. Ah, but also on pushing  
4 legislation such as Local Law 97 to reduce energy  
5 consumption in large buildings in New York City.

6 Local Law 97 is really a win-win for the city. It's

7 an opportunity to create good local jobs, ah,

8 especially in our, our low-income communities, but

9 it's also an opportunity to reduce fossil fuel

10 consumption, which we desperately need to do in the

11 city. What are our asks specifically? Ah, we are

12 also are asking, um, that we include another billion

13 dollars over 10 years, ah, from the city budget so

14 that we can expand the number of buildings that can

15 be brought in under the requirements under Local Law

16 97 without forcing rents to be paid higher, ah,

17 especially for our lower income tax, absolutely

18 critical. Second, we're asking to fully fund the

19 Office of Building Energy Efficiency Performance in

20 the Department of Buildings. Ah, that's going to be

21 really important as the public, the public sector can

22 adequately respond to what we see as increased

23 demands that will come, ah, with the institution of

24 Local Law 97. And then thirdly, at last, we are also

25 asking for a truly robust oversight and enforcement

of Local Law 97. Um, this is one of the many things

3 our members do in different agencies, but without  
4 that enforcement Local Law 97 is not in fact going  
5 energy consumption in the city. It's just not  
6 something that a lot people are excited about doing  
7 and unless we push it it's not gonna happen. Our  
8 members, um, and our union are part of the New York  
9 City communities. We're committed to working with  
10 our neighbors and neighborhoods to help promote a  
11 healthy and safe environment, and to expand the real  
12 opportunities to create good union jobs for everyone.  
13 Thank you.

14 CHAIRPERSON DROMM: OK, thank you very,  
15 thank you very much also. Next, please.

16 FLANDICIA JONES: Good afternoon,  
17 everybody. My name is Flandicia Jones and I work as  
18 a nurse in the Bronx for the Bronx Care Health  
19 System. I'm also a proud member of the New York  
20 State Nurses Association. New York State Nurses  
21 Association represents 43,000 nurses across New York  
22 State, including 25,000 RNs in New York City, which  
23 includes nurses in the city's public hospitals. As  
24 nurses on the front line of patient care we see  
25 firsthand the destruction that climate change and  
environmental degradation have on the health of our

3 patients. Pollutants that are being discharged into  
4 our city here are causing a steady increase in  
5 chronic asthma conditions in our most communities.  
6 These marginalized communities which are mainly made  
7 up of people of color are disproportionately faced  
8 with a whole slew of environmental injustice, like  
9 contaminated water supply and tainted soil. They are  
10 the ones that I usually heed the hardest, like  
11 catastrophic events such as Superstorm Sandy. This  
12 is not OK. Climate change is a health crisis and it  
13 ultimately affects us all. New York State Nurses  
14 Association is in support of a climate justice  
15 movement. Working towards a city not depend upon  
16 fossil fuels. The victories we got signed into law  
17 with the Climate Mobilization Act and Local Law 97  
18 are amazing. But if the funding implementation and  
19 accountability are not in place, then the legislation  
20 doesn't really matter. We need to move ahead quickly  
21 like a house is on fire because it is. We call upon  
22 the city to pass an equitable budget for our patients  
23 and communities. This include 1 billion dollars  
24 annually for 10 years to retrofit affordable housing  
25 left out of Local Law 97 and public health. This  
request might seem big. But to many of us we feel

3 that is more than appropriate and a drop in the  
4 bucket considering what we are facing and what we  
5 could be facing in the future. It is incumbent upon  
6 us to make the necessary upfront investments now to  
7 prevent a much larger expense later. For the sake of  
8 the public health of New York City let's pass the  
9 boldest budget yet in regards to climate change.  
10 Let's make sure we show the rest of the country how  
11 we get things implemented and how we get them done.  
12 Thank you.

13 CHAIRPERSON DROMM: All right, thank you  
14 very much for this panel. We appreciate you coming  
15 in and giving testimony. Thank you. Our next panel  
16 is Pastor Doris Johnson, Khari White, the 149th  
17 Street, ah, excuse me, 149th South Ozone Civic  
18 Association President, Pasen Pinchback, Rina  
19 Valcovin, Vena Valcovin, Aricelia Cook, Willie Mae  
20 Holmes, and Sergeant, we're gonna need more chairs.  
21 Jacqueline Cleveland, and Olive Hariela, Harielal,  
22 Hariel.

23 CHAIRPERSON DROMM: I'd like to start  
24 over here. Yup.

25 UNIDENTIFIED: I withdraw.

CHAIRPERSON DROMM: I'm sorry?

2 UNIDENTIFIED: Mr. Pinchback withdrawing,  
3 OK?

4 CHAIRPERSON DROMM: OK. Ah, who would  
5 like to start? OK, very good.

6 KHARI WHITE: Dear Chair and members of  
7 the Finance Committee. Thank you for allowing me to,  
8 allowing me the opportunity to address the committee  
9 about the Queens sewage backup in South Ozone Park,  
10 Queens. excuse me, I apologize, and how it has  
11 infected the residents in the area. My name is Khari  
12 White and I'm the president of 149th Street South  
13 Ozone Park Civic Association. The association has  
14 been around for over 30 years. Today we're gonna  
15 discuss briefly, ah, November 30 in regards to the  
16 sewage, ah, crisis of 2019. Currently as of now some  
17 residents are still in hotels. Some are without  
18 working furnaces and some are without heat. As we  
19 now enter the next phase, basements have been cleaned  
20 and stripped to bones. Residents have entered their  
21 claims. Now, we know this process doesn't happen  
22 overnight. However, I'm here today to make sure that  
23 the comptroller's office stays committed to seeing  
24 that each and every individual affected by the sewage  
25 and that each one that has filled their claim form is



3 properly taken care of. We are counting on you to  
4 make our community whole again. Thank you. I have a  
5 copy of the...

6 CHAIRPERSON DROMM: That'd be great, if  
7 you have a copy, if you give it to the Sergeant  
8 that'd be great. Um, so if you want to speak next,  
9 do you want to speak, ma'am?

10 PASTOR JOHNSON: Yes.

11 CHAIRPERSON DROMM: OK.

12 PASTOR JOHNSON: Do you press this  
13 button?

14 CHAIRPERSON DROMM: You can start.

15 PASTOR JOHNSON: My name is Pastor  
16 Johnson and from the sewer backing up into my  
17 basement I have been so sick and I would appreciate  
18 if you all would rush this thing through to help us  
19 out. We need someone to come there and the basement,  
20 in my basement it flooded from the sewer and I have  
21 to get someone, to pay someone myself to pick up the  
22 carpet and all didn't get it out. So whatever you  
23 could do I appreciate it because, as you can see, I  
24 can't, I been sneezing and coughing and this is hard.  
25 I can't even sleep at night, and I can't afford to go  
to a hotel. Thank you.

2 CHAIRPERSON DROMM: We're gonna comment  
3 after everybody gets done. I'm, I'm aware of the  
4 situation, but we're gonna comment afterwards. Would  
5 you like to testify?

6 BINA BARBOUIN: Yes. Good afternoon. I  
7 am Bina Barbouin. I'm one of the residents that's  
8 been affected by the Queens sewage incident, and it's  
9 been more than three months since the incident, and  
10 we are living like in clutter. We are getting  
11 depressed because as times go by we are getting more  
12 and more depressed because nothing is happening. The  
13 comptroller was there at the house. The staff  
14 architect was there to make estimate of our damages.  
15 And now we had to go testify for whatever damages we  
16 had. Now they are saying there is some more agency  
17 they have to contact before they get back to us and  
18 I'm wondering how long this process is going to take.

19 CHAIRPERSON DROMM: OK, thank you.

20 BINA BARBOUIN: OK.

21 CHAIRPERSON DROMM: Next please. You can  
22 use that microphone, yeah, just make sure the red  
23 light is on.

24 WILLA MAE HOLMES: Oh, my name is Willa  
25 Mae Holmes and I'm one of the people that the

3 basement was destroyed. They gutted my basement and  
4 they left me with a six hundred and some dollar water  
5 bill, six hundred and some dollars electric bill, and  
6 they expect me to pay it when the clean-up people  
7 did, left the water on all night and they had these  
8 blowers on and yeah I am stuck over \$1200 worth of  
9 bills. Plus my basement is full of mold and that's  
10 it. I would like to know when they will do some  
11 repairs soon, hoping that they will. Thank you.

12 CHAIRPERSON DROMM: Thank you.

13 ARICILIA COOK: My name is Aricilia Cook  
14 and I'm the vice president of the 149th Street Civic  
15 Association, and I have been working diligently with  
16 my community. Every day I'm at a home, ah, waiting,  
17 just going through one thing after another with them.  
18 It's whether you're waiting for an inspector to come  
19 through, whether it's a health issue and, um, one of  
20 the things that we really, really concerned about is  
21 the health effects of the disaster, the health effect  
22 of the long term, and many people were sick, many  
23 people were coughing, many people, mental illness,  
24 because many people now are, are, who have been in  
25 hotels now for like three months. What about that?  
Is there gonna be something set aside in the, in the

3 budget for that to address mental health issues, to  
4 address the mold issues? All of these are concern of  
5 our community and the fact that you have elderly  
6 people who are still suffering from this, um,  
7 situation that was not our fault, so that's a concern  
8 of our community and every day we are addressing  
9 these issues of the, and who's gonna, um, actual, ah,  
10 make these families whole as the mayor had promised?

11 CHAIRPERSON DROMM: Thank you.

12 OLIVE HARILAL: Good afternoon, everyone.

13 My name is Olive Harilal and I've been affected by  
14 the, um, sewer blockage. Um, my basement is totally  
15 gutted out and the, the material that we have saved  
16 now is all packed up in my living room, my dining  
17 room, and my two bedrooms, and it's, it's an  
18 inconvenience for me and for my daughter. It so  
19 happened that my daughter is still in the hotel  
20 because we don't have enough space to accommodate her  
21 at home, and my concern was the mold buildup. And we  
22 had a community meeting which I went to and they gave  
23 us the Petri dishes to check for mold and I  
24 discovered that mold was in my bedroom. It was also  
25 in my basement. I called the Department of Aging to  
get some assistance 'cause I'm a senior, and just

3 myself and my daughter live alone, and they referred  
4 me to, they said they couldn't give me any  
5 information on a mold company. They referred me to  
6 311. I called 311 and they told me the same thing.  
7 So I took it upon myself to get a mold company to  
8 come in and do the inspection and also to do, ah,  
9 cleanup of the mold that's in my bedroom, and since,  
10 since I've discovered that there's mold in my bedroom  
11 because of the health issues I've not been sleeping  
12 in my bedroom, I've been sleeping in one of my other  
13 rooms. So I'm asking when is this gonna be over?  
14 And on top of all that I got notification that I have  
15 to attend a 50H hearing, which I know is an  
16 examination before a trial. I'm not suing the  
17 company. I'm doing my claim pro se and all I need to  
18 know is when these claims are gonna be settled and  
19 when we can go back to living a normal life, because  
20 right now I'm not living a normal life, because  
21 everything is packed up in my living room, my dining  
22 room, and everywhere. So the question is can you  
23 tell me why we are subjected to a 50H hearing? Is it  
24 because some people are suing the city and some  
25 people are not, so they group everyone together? I'm  
not suing the company. I did my claim form all on my

2 own, and now I'm subject to a 50H hearing. Could  
3 that question be answered for us?

4 CHAIRPERSON DROMM: I don't know the  
5 answer to that question, but we'll find out for you,  
6 definitely. Um, and did you want to mention  
7 something as well, sir?

8 HASAN PINCHBACK: Yes.

9 CHAIRPERSON DROMM: OK. And we'll find  
10 out that answer, and I have some more questions I  
11 want to ask as well.

12 OLIVIA HARILAL: OK.

13 CHAIRPERSON DROMM: In a minute.

14 OLIVIA HARILAL: OK, thank you very much.

15 CHAIRPERSON DROMM: OK, yup.

16 HASAN PINCHBACK: All right, my name is  
17 Hasan Pinchback. I was affected by the sewage backup  
18 on November 30, 2019. I'm going to say some things  
19 here today that they're not aware of right now. I've  
20 been in a hotel since December 1. We were extended  
21 time after time. Now on the fifth is my last day.  
22 They are removing everyone from the hotels, OK, no  
23 matter if you have a place or anything. When the  
24 comptroller was up here testifying my phone rang from  
25 Self Help saying that anybody in the hotels are gonna

3 be forced into a shelter. We weren't, we, this  
4 affected us. We didn't cause ourself to be in this  
5 situation. So the city is saying right now we had  
6 enough. We're not paying for you all to be there and  
7 our homes are not ready yet. How are you going to, I  
8 wanted to comptroller to hear me, OK? It's been  
9 three months. He could have allocated a check to  
10 start the process of our homes getting put back  
11 together. OK? Like Sandy happened, money was  
12 released right away, even though there was a lot of  
13 fraud, but yet and still money was released, OK? And  
14 as it was stated the mayor said that he would ask the  
15 governor for assistance with this because it was a  
16 city issue and not a federal. The governor said he's  
17 here to help. The mayor never even made that call to  
18 get us back whole and it only have to do with our  
19 situation, and I hate to say it that it has to do  
20 with African American homes in Jamaica, Queens.  
21 That's what it is. Because when you just had the  
22 sewer main break here in Manhattan I bet you they  
23 were made whole right away. All of those basements  
24 that got flooded, it was taken care of, OK? Three  
25 months in we're in a situation where we're being  
forced into city shelters and that should never

3 happen to me, who is a homeowner, OK? Rather,  
4 taxpayer, as she said, but yet and still I didn't ask  
5 for this and right now and Ms. Cook, the vice  
6 president, mentioning about your mental health. I'm  
7 being treated for depression taking medication from a  
8 psychiatrist because of this. So my whole life has  
9 been interrupted. I am 57 years old and I shouldn't  
10 have to be going through this when I own a home that  
11 I'm paying a mortgage on, all right? I, I have  
12 enough.

13 CHAIRPERSON DROMM: Thank you very much,  
14 and for all of you who came in waited so patiently,  
15 thank you also for waiting so patiently. I don't  
16 know if any of you had the opportunity to speak to  
17 the comptroller directly. Did you, Mr. White, speak  
18 with him?

19 KHARI WHITE: Yes.

20 CHAIRPERSON DROMM: OK, what was his  
21 explanation to you? Get the mic. And, and just  
22 before I let you speak as well, I'm, I'm somewhat  
23 aware of it. I represent Jackson Heights in Elmhurst  
24 so I'm not as familiar with your community. But from  
25 what I've seen on the news reports, um, ah, it is



3 outrageous. Number one, because, um, you were blamed  
4 for it first.

5 UNIDENTIFIED: That's correct.

6 UNIDENTIFIED: Right.

7 CHAIRPERSON DROMM: Somebody said they  
8 put turkey grease or something down the drain, if you  
9 remember, OK? And that is outrageous. And finally  
10 because of your action, and only because of your  
11 actions, did the city finally admit that it was not  
12 your fault. I also want to say that I just  
13 communicated with, ah, Council Member Adrienne Adams  
14 and she gave a very impassioned speech here on the  
15 floor of the City Council last week. You may be  
16 somewhat aware of that as well. But she, um, is  
17 very, she's watching this right now, this hearing  
18 right now, and she's been working very, very hard to  
19 bring this situation to a conclusion. So I do want  
20 you to know that you do have representation. Your  
21 voices are being heard and, um, I'm, and I'm glad  
22 that you came out today to discuss the situation.

23 UNIDENTIFIED: Well, I'm gonna say  
24 something. It's because of Councilwoman Adams that  
25 we are here today.

CHAIRPERSON DROMM: Yes.

3 UNIDENTIFIED: She informed us about this  
4 hearing and I'm grateful to here and honored of her  
5 being our councilwoman and had we not, had she not  
6 informed we would not have been here. Although it's  
7 a long day, it's OK, because at least our voices are  
8 being heard and she is behind us, she is with us, and  
9 we have next steps and we are not going to just be  
10 silent on this situation. We are gonna mobilize and  
11 we are gonna be at this. We are not going to give up  
12 because we do not deserve this, and why should people  
13 have to be, ah, put out of the hotel and sent to the  
14 shelter system? They weren't living in a shelter  
15 system prior to this. So now why should they have to  
16 go into a shelter system now? It's not fair to them  
17 and we need to, they need to do the right thing. The  
18 city needs to do the right thing and make sure people  
19 are comfortable until they could get back into their  
20 homes. That's all they want. And now you're just  
21 treat them any kind of way? So we are grateful that  
22 we have her in our corner to actual work for us.

23 CHAIRPERSON DROMM: Is because HPD is,  
24 ah, overseeing your cases?

25 UNIDENTIFIED: Well, from what I  
understand it's not only, it's HPD but Red Cross is

3 the one who is supposed to be, ah, ah, making,  
4 calling the, ah, making the recommendation of those  
5 who stay in their hotels.

6 CHAIRPERSON DROMM: But HPD will probably  
7 be the one that's gonna put you to the shelter.

8 UNIDENTIFIED: No, may I answer that?  
9 What had happened was Red Cross started the process  
10 out. Then they handed over to HPD and that happened  
11 in January. OK? Then HPD had it and asked Self  
12 Help, which is a nonprofit, to help them. OK? And  
13 they're working through them with social workers with  
14 us. So HPD is the one who's saying we've paid  
15 enough. That's what's happening there. They've paid  
16 enough. Now, they extended and they extended. Like  
17 I said, the comptroller was here testifying. I was  
18 out there being told that there's not gonna be an  
19 extension past March 5. You're gonna be asked to  
20 leave and they're gonna direct you to a city shelter.

21 CHAIRPERSON DROMM: Um-hmm, well, we'll  
22 look into that and I will contact HPD.

23 UNIDENTIFIED: I spoke to the, I spoke to  
24 the comptroller, just after he spoke with you, and he  
25 didn't know that I was gonna hit him with that, that  
you're running for mayor, OK? Did you start your

2 campaign? He said yes, but he didn't announce. I  
3 said OK, well I want to talk to you about that sewage  
4 issue. And he said, he puts in the hands of his  
5 deputy commissioner now after we had people from his  
6 office coming out there giving us lip service. And  
7 now he's aware that we're coming at him even though  
8 he's being term limited out. He wants to be our  
9 mayor and this is falling in his hands. If you can't  
10 deal with this, how you gonna deal with situations  
11 dealing with eight million people? And that's what I  
12 brought to his attention.

13 CHAIRPERSON DROMM: OK.

14 UNIDENTIFIED: What I, what I just...

15 CHAIRPERSON DROMM: Mr. White, let me go  
16 back to you. Yeah, [inaudible]

17 KHARI WHITE: [inaudible] saying in  
18 regards to speaking with, ah, briefly speaking with,  
19 um, briefly speaking with the comptroller, I was told  
20 that what's gonna happen is they're going to be  
21 expediting some of the claims, claim forms, so  
22 there's a list that will be, ah, with names and  
23 addresses and he will probably, I don't know when the  
24 time or date frame, but he would do his best to  
25 expedite some of the claim forms that have names and

3 addresses on them. So that's what I was told as of  
4 today. So, um, but, again, like we said, um, we're  
5 aware of the claims within last week and so, as a  
6 community as a whole, we do know it takes time. It  
7 take, you know, I've seen, ah, this is the not first  
8 time...

9 CHAIRPERSON DROMM: Well, you've been  
10 more than patient.

11 KHARI WHITE: Right, you have to be  
12 more...

13 UNIDENTIFIED: More than patient.

14 KHARI WHITE: Exactly.

15 UNIDENTIFIED: You've been more than  
16 patient.

17 KHARI WHITE: So, so, um, you know, this  
18 is something that, you know, it needs to be  
19 rectified. We need to see some type of, ah, um,  
20 change or something...

21 CHAIRPERSON DROMM: How many homes are  
22 affected?

23 KHARI WHITE: At least over 120.

24 UNIDENTIFIED: 120 something.

25 CHAIRPERSON DROMM: 120 homes.

KHARI WHITE: Yeah.

2 CHAIRPERSON DROMM: And there were feces  
3 in that water?

4 UNIDENTIFIED: It was everything.

5 UNIDENTIFIED: Five feet of feces water in  
6 Mr. Fitzpatrick's home.

7 CHAIRPERSON DROMM: Raw sewage.

8 UNIDENTIFIED: Five feet in his basement.

9 UNIDENTIFIED: I had three in mine.

10 UNIDENTIFIED: That's just one of many.

11 UNIDENTIFIED: Both of my heating units.

12 UNIDENTIFIED: Go ahead.

13 UNIDENTIFIED: My hot water heaters,  
14 refrigerators, stove, everything is gone.

15 UNIDENTIFIED: It doesn't like, he said,  
16 how it was in my basement, but it also affected my  
17 first floor.

18 UNIDENTIFIED: Yes.

19 UNIDENTIFIED: Because it was so high.

20 UNIDENTIFIED: They did a, they didn't  
21 pump out, I pumped out. OK? The DEP commissioner,  
22 Mr. White brought him to my house and I said to him,  
23 he said we gonna get it out. I said I don't want lip  
24 service. OK? Here it came 3 in the morning, no one  
25 came to pump out my house. I have a sump pump, and I

3 pumped it out. It took 23 hours before my house was,  
4 of that raw sewage. But I got him and met him at  
5 that town hall meeting. I said to him Vinny,  
6 remember me? You came in my house. And he said,  
7 yeah, I remember you. I said, remember I said I  
8 didn't want lip service? Thank you for the lip  
9 service you gave me. And yes they replaced my hot  
10 water heater. They replaced, um, my furnace. But  
11 guess what? They did a, air quality test before the  
12 system was, before it was working. My father, 87  
13 years old now, is sick because we have central air.  
14 When they turned it on it blew all those spores  
15 through the house. 87 years old, he's sick now.

16 CHAIRPERSON DROMM: OK.

17 UNIDENTIFIED: OK, because he's able to be  
18 in the top part of the house, I can't get back in  
19 because I'm the first floor.

20 CHAIRPERSON DROMM: So, ah, I am going to  
21 guarantee you that we will reach out to HPD. We will  
22 reach out to DEP. And we will follow up with you and  
23 we will follow up with Council Member Adams as well.  
24 I'm somewhat aware of it 'cause I saw it the news  
25 that the day that it happened and immediately I said

3 that's not turkey grease. That's a bigger problem  
4 than that.

5 UNIDENTIFIED: Yes. It was offensive.

6 CHAIRPERSON DROMM: There were so many  
7 homes affected.

8 UNIDENTIFIED: Correct, yes.

9 CHAIRPERSON DROMM: And so, and I  
10 understand what you're saying about being an African  
11 American community, or people of color community as  
12 well, and I guarantee you that we will work as hard  
13 as we possibly can to get you a resolution in this  
14 matter.

15 UNIDENTIFIED: Thank you, Chairman. Thank  
16 you.

17 CHAIRPERSON DROMM: OK, thank you very,  
18 very much.

19 UNIDENTIFIED: And, and, and we feel that  
20 we are still due to have an update from the DEP to  
21 come out and speak to us and give us a check and  
22 balance as to exactly what happened and to explain to  
23 us in layman terms what they did, how the problems  
24 started, and what they actually did to rectify that  
25 problem. We are due that.



3 CHAIRPERSON DROMM: And this is  
4 absolutely horrible, and as was said before, um, you  
5 are homeowners and none of you should have to wind up  
6 in a shelter, because you already own your home and  
7 you're paying your mortgages and your taxes.

8 UNIDENTIFIED: Right, well, they, they  
9 didn't tell you what they ofd to us, that, that HPD  
10 offered to pay broker's fee, first month rent, and  
11 security to leave the hotel. But why should we enter  
12 into a contract with a landlord to pay rent and pay a  
13 mortgage? That don't make any sense. Just to get  
14 out.

15 CHAIRPERSON DROMM: Do you have a lawyer  
16 helping you?

17 UNIDENTIFIED: We can't use a lawyer  
18 because then we use a lawyer you have to deal with  
19 the city attorneys. You see? So you have to do your  
20 claim on your own or use an attorney. If you use an  
21 attorney it takes it out of the hands of the  
22 comptroller's office. It's with the legal, um, New  
23 York City lawyers deal with you suing the city then.

24 KHARI WHITE: On an individual basis,  
25 some people have hired attorneys on their own.

UNIDENTIFIED: Yes.

2 CHAIRPERSON DROMM: OK.

3 KHARI WHITE: As a whole, as a community,  
4 or as a civic we have not.

5 CHAIRPERSON DROMM: OK, I'm going to get  
6 a hold of Council Member Adams to get some more  
7 detail as well.

8 KHARI WHITE: Thank you so much.

9 CHAIRPERSON DROMM: I do need to move on,  
10 though.

11 KHARI WHITE: Yes.

12 CHAIRPERSON DROMM: Because I have, um,  
13 two other panels coming up.

14 UNIDENTIFIED: Thank you.

15 CHAIRPERSON DROMM: But my heart is with  
16 you and we will help you as much as we can possibly  
17 can.

18 UNIDENTIFIED: Thank you.

19 UNIDENTIFIED: Brother, next time I see  
20 you I'll be [inaudible].

21 CHAIRPERSON DROMM: Oh, I know, and I  
22 don't want to tangle with you, believe me.

23 [laughter] Thank you sir, thank you sir. And I  
24 understand your anger, so. All right, our next  
25 panel, ah [pause], Ariel Hirsch, ah Penny

2 Vonronratch, I'm sorry if I massacred your name. Ah,  
3 MJ Okva, and Nadine Duncan. Thank you. Would you  
4 like to start?

5           ARIEL HIRSCH: Sure, um, good afternoon,  
6 um, Chair Dromm, um, committee members, everyone else  
7 who's here. My name is Ariel Hirsch and I'm here on  
8 behalf of You Hab, the Urban Homesteading Assistance  
9 Board, um, in support of the Climate Works For All  
10 Coalition. Ah, for 45 years our organization, You  
11 Hab, has been creating, preserving, and supporting  
12 resident-controlled housing. We work with low to  
13 moderate income residents in housing cooperatives  
14 known as HDFCs, um, as well as tenant associations to  
15 build leadership, democratic participation, and  
16 community through cooperation. Um, You Hab is part  
17 of the Climate Works For All Campaign because HDFC  
18 communities are on the front lines of the climate  
19 crisis. Most HDFC residents are disproportionately  
20 impacted by the legacies of redlining, neighborhood  
21 disinvestment, and aging buildings in need of  
22 significant repairs. Um, furthermore, many HDFC  
23 buildings are in the areas of the city most  
24 vulnerable to rising sea levels and increasingly  
25 powerful storms, like Superstorm Sandy. Um, we're

3 calling on the city to allocate 1 billion dollars  
4 annually over the next 10 years to retrofit buildings  
5 that were left out of Local Law 97 because we can't  
6 fight climate change without the affordable housing  
7 community. The city has already made significant  
8 strides to fund energy efficiency and retrofit  
9 programs, um, for affordable housing and we're so  
10 grateful for the impacts and for that legislation.  
11 But this is nowhere near enough to match the city's  
12 own ambitious climate goals and the reality of the  
13 impending climate crisis. Um, residents and owners  
14 of affordable housing cannot left be out of this  
15 fight. Um, they are the ones on the front lines of  
16 climate change and they need to be at the table to  
17 guide us a through a just transition to a more  
18 sustainable New York City and that's why we're here  
19 in support of the Climate Works For All Coalition.  
20 Thank you for your time.

21 CHAIRPERSON DROMM: Thank you very much.

22 Next, please.

23 TIARA LABRADA: Yes, hi, my name is Tiara  
24 Labrada. I'm here with the Supportive Housing  
25 Network of New York. Um, my testimony today will  
focus on the urgent need to include a 3% cost of

3 living adjustment, or COLA, on the personal services  
4 budget line of all city-funded human service  
5 contracts. The city previously recognized the need  
6 for this annual contract increase and responded with  
7 a multiyear investment. Unfortunately, the last year  
8 of that investment was fiscal year 20 and there is  
9 currently nothing in the preliminary budget that  
10 recommits to the 3% COLA. Um, so I'm here on behalf  
11 of our nonprofit members, their staff, and the  
12 residents they serve to implore to city to include  
13 that 48 million dollar investment. The Supportive  
14 Housing Network is a membership-based advocacy  
15 organization representing 200 developers and  
16 operators of supportive housing statewide.  
17 Supportive housing, as you know, is permanent  
18 affordable housing within embedded social services  
19 for people experiencing homeless who also face  
20 barriers to maintaining stable housing. Our members  
21 contract with city agencies to provide the much-  
22 needed social services to stabilize this population.  
23 Um, unfortunately the contract rates for these  
24 providers have been stagnant for many years with many  
25 of our providers operating at a deficit, being  
reimbursed only 80 cents to the dollar for the

3 support services that they provide. Ah, this chronic  
4 underfunding affects our providers' fiscal stability  
5 as well as their frontline staff. Poor wages means  
6 higher turnover, which leads to inadequate care. On  
7 average, our case managers only earn about 38,000 to  
8 49,000 per year. That is not a livable wage in New  
9 York City. Um, our partners here have found nearly  
10 60% of human service contract workers are eligible  
11 for some form of public assistance. We do believe  
12 that this is illogical for the city to contract with  
13 agencies, um, to provide, ah, salaries that also need  
14 public assistance to bridge the gap for their  
15 incomes. Our providers are having difficulty  
16 retaining and recruiting staff because of this as  
17 well, um, our staff are absolutely dedicated and  
18 passionate, but they have to provide for their  
19 families and some of our providers report that, um,  
20 case managers will leave for as little as \$150 extra  
21 in their paycheck. Um, one tenant recently told me  
22 that they had four case managers in the last year.  
23 This is tumultuous for people who really need  
24 stability in their lives and it makes it really  
25 difficult for them to connect and stabilize and could  
potentially lead to them returning to homelessness.

3 Um, I would be remiss if I did not mention that this  
4 is not only an economic issue to not pay fair wages,  
5 but it's a gender and race equity issue as well. Um,  
6 nearly 90% of case managers in supportive housing are  
7 women and nearly 60% of those are women of color.  
8 And so we would say that without a substantive  
9 investment in the sector, starting with this 3% COLA  
10 increase, the city would be exacerbating a gaping  
11 wage, gaping wage inequities and acting counter to  
12 its commitments to social, racial, and economic  
13 justice. Thank you.

14 CHAIRPERSON DROMM: OK, thank you very  
15 much. Next, please.

16 PENNY WINYAVROCH: Good afternoon. My  
17 name is Penny Winyavroch. I'm the director for  
18 contracts management with Catholic Charities,  
19 Archdiocese of New York. Um, thank you for the  
20 opportunity to submit testimony on behalf of Catholic  
21 Charities as a contracting agency and as a provider  
22 of social services, and on the challenges that we  
23 face in the FY21 budget season. I wanted to  
24 highlight three issues in my testimony. One, the  
25 indirect cost rate, two, the COLA increases, and  
three, pay parity for legal services providers. Um,

3 as you know, New York City engages a broad range of  
4 private nonprofit agencies to meet critical human  
5 service needs. Increased funding constraints and new  
6 government mandates such as the minimum wage  
7 increases are well intentioned, but they are not  
8 accountability contract increases that affect the  
9 entire human services sector, leading to agreements  
10 that don't fully fund the cost of providing vital  
11 human services. As a member of the nonprofit  
12 resiliency committee, Catholic Charities proudly  
13 worked with the city and many nonprofit providers and  
14 coalitions to develop the indirect cost rate manual  
15 that provides uniform standards and the model for  
16 determining indirect and direct costs of human  
17 services contracts. Unfortunately, the indirect cost  
18 rate does not apply to City Council discretionary  
19 contracts, which provide much-needed resources for  
20 many providers, but don't fully cover the cost of  
21 providing services. This has a disproportionate  
22 effect on smaller providers within the Catholic  
23 Charities federation who don't have dedicated  
24 contract staff and therefore have more difficulty  
25 enduring contract registration delays, while  
providing advanced services below cost. We ask you



3 to consider expanding indirect cost rate initiatives,  
4 the indirect cost rate initiative to include  
5 discretionary contracts. Um, and now regarding COLA.  
6 Catholic Charities joins the Human Services Council  
7 in asking the council, in asking the City Council to  
8 renew the 3% COLA increase across personal services  
9 lines for all human services contracts in FY21. The  
10 three-year COLA included in the FY18 budget gave  
11 much-needed support to sector workers, 60% of whom  
12 qualify for public assistance. But it expires at the  
13 end of FY20. Renewed investment in the human  
14 services personnel will deliver significant savings  
15 by reducing staff turnover and the need for  
16 recruiting and retraining new workers. Um, regarding  
17 pay parity, um, there is consensus in the US that the  
18 immigration system is broken. In the absence of  
19 federal reform New York State and its localities can  
20 do much to protect, welcome, and integrate immigrants  
21 through providing access to quality immigration legal  
22 services. Catholic Charities focuses on the needs of  
23 families, especially children, and works with federal  
24 and state officials in localities to protect,  
25 welcome, and integrate immigrants. The decision to  
include pay parity for public defense and civil legal

3 services providers comes at a critically sensitive  
4 time in our nation. At this time immigration legal  
5 services work force, the immigration legal services  
6 work force is a vital part of legal services being  
7 provided in New York. Unfortunately, attrition is a  
8 problem for legal service providers in the public  
9 interest sector. The November 2019 plan included  
10 funds to promote pay parity across public defense  
11 provider contracts managed by MOCJ and HRA's Office  
12 of Civil Legal, Civil Justice. We're grateful for  
13 the initiative to, to increase pay parity, but there  
14 are two important caveats that we have. One is that  
15 this, this initiative does not apply to City Council  
16 discretionary contracts. Secondly, it, it only  
17 applies to junior attorneys. It does not apply to  
18 senior attorneys with more than 10 years of  
19 experience. So we ask that the City Council consider  
20 expanding to senior attorneys. Thank you.

21 CHAIRPERSON DROMM: In both of these  
22 issue we're trying to tackle them in the City  
23 Council, so I can't say more than that right now as a  
24 budget negotiator, but we're trying to tackle them.

25 PENNY WINYAVROCH: Thank you.

3 CHAIRPERSON DROMM: And climate works,  
4 is, you know.

5 UNIDENTIFIED: Thanks.

6 CHAIRPERSON DROMM: An important issue as  
7 well.

8 MJ OVKA: Hey, good afternoon, um, Chair  
9 Dromm, ah, Chair Gibson, and Council Member  
10 Rosenthal. Ah, my name is MJ Okvah and I'm the  
11 policy and campaign strategist of the Human Services  
12 Council, a membership organization representing over  
13 175 human service providers in New York City. Each  
14 year you hear from providers who are struggling due  
15 to the crisis of compounding underfunding of the  
16 human services sector. Ah, the city contract  
17 providers are deeply thankful for last year's  
18 commitment to cover their true indirect costs.  
19 However, indirect funding alone cannot address the  
20 full scope of this crisis. Years of underfunding has  
21 resulted in the human services work force being some  
22 of the lowest-compensated workers in New York City's  
23 economy. These are workers who do some of the most  
24 important jobs in our communities. They take care of  
25 our aging neighbors, assist families staying in their  
homes, and work with people to overcome substance

3 abuse and addiction and help people from all walks of  
4 lifes in the, in the events of an emergency. Yet  
5 despite this they are drastically underpaid. The  
6 human, the average human services worker makes only  
7 \$32,000 in New York City, far below what is required  
8 to meet basic needs and expenses. Because government  
9 contracts account for the vast majority of funding  
10 for all the human services sector these workers are  
11 an indirect work force. When contracts drastically  
12 underfund programs, set low rates per service units,  
13 and require high mandated targets the city is relying  
14 on low-wage workers to fill in those gaps. The mayor  
15 and City Council have taken important steps to begin  
16 to address this crisis in the past, with a previous  
17 multiyear cost of living adjustment. But as was  
18 mentioned by others in this panel there is no COLA in  
19 place for future years. A 3% COLA in the personnel  
20 service lines of all human services contracts at a  
21 cost of 48 million is needed in the FY21 budget.  
22 Committing to this 3% COLA will help prevent this  
23 work force from slipping further into poverty, but it  
24 is not a comprehensive solution. Even with this  
25 needed COLA these vitals workers will still be making  
less than half compared to those outside the sector

3 with similar credentials and experiences. And the  
4 city human services sector will still be running on  
5 drastically underpaid labor. No city contract should  
6 pay poverty wages. We ask the City Council not only  
7 to support this 3% COLA but to work directly with the  
8 human services workers, advocates, and providers on  
9 more comprehensive solutions to ensure that the human  
10 services work force finally earn fair pay for their  
11 labor. Thank you so much for providing me this  
12 opportunity to testify. HSC greatly values our  
13 partnership with the City Council and know that  
14 you're with us to address this important issue.

15 CHAIRPERSON DROMM: Do any of your  
16 workers receive public assistance or, um, SNAP?

17 MJ OKVA: Ah, yes, I believe the stat that  
18 was mentioned here is 60% of the workforce qualifies  
19 for public assistance. We don't know exactly how  
20 high people who use those services are, but the vast  
21 majority qualify for them.

22 CHAIRPERSON DROMM: Yes, Council Member  
23 Rosenthal?

24 COUNCIL MEMBER ROSENTHAL: I just want  
25 you to, hi, good to see you, thank you for coming  
today. I just wanted to clarify. Did you say that

1 COMMITTEE ON FINANCE JOINTLY WITH  
SUBCOMMITTEE ON CAPITAL BUDGET

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2 the average salary for human service sector workers  
3 is, did you say \$32,000 or 34?

4 MJ OKVA: 32.

5 COUNCIL MEMBER ROSENTHAL: 32. And a 3%  
6 COLA would cost roughly 43 million?

7 MJ OKVA: Ah, 48 million...

8 COUNCIL MEMBER ROSENTHAL: 48.

9 MJ OKVA: For fiscal year, um, 21, yeah.

10 COUNCIL MEMBER ROSENTHAL: OK, thank you  
11 very much.

12 CHAIRPERSON DROMM: OK. Next, please.

13 NADINE DUNCAN: Good afternoon. My name  
14 is Nadine Duncan. I am the comptroller at Sheltering  
15 Arms Children and Family Services. Thank you, Chair  
16 Dromm and also Chair Gibson and Council Member  
17 Rosenthal for allowing me to speak today. Um,  
18 Sheltering Arms is one of the city's largest  
19 providers of education youth development and  
20 community and family well-being program for the  
21 Bronx, Manhattan, Brooklyn, and Queens. We serve  
22 more than 15,000 children and families each year and  
23 employ nearly 1300 staff from across the city. The  
24 New York City Council is no stranger to the  
25 sustainability crisis in the human services sector.

3 Chronic compounding under-investment in human  
4 services means that service providers have faced  
5 stagnant contracts that have lost value over time,  
6 resulting in unjustifiable low wages. Crumbling  
7 infrastructure and staff turnover and the  
8 significantly impact, and significantly impact the  
9 ability of providers to maintain and improve the  
10 quality of services for more than 2.5 million, um,  
11 New Yorkers in need. We are grateful to the city  
12 counselor and City Council and mayor for taking an  
13 important step towards addressing decades of chronic  
14 underfunding by committing funds in the FY20 budget  
15 last year to support providers' true indirect costs.  
16 This investment along with previous multiyear cost-  
17 of-living adjustment show the city's, the city's  
18 commitment to addressing underfunding and we hope  
19 that commitment will continue this year. However,  
20 the FY21 budget does not include a COLA, meaning the  
21 cost of underfunded contracts will continue to fall  
22 disproportionately on our work force. The  
23 disinvestment in the human services work force is  
24 fundamentally a justice issue that has real impacts  
25 for the future of New York communities. Our work  
force, which is 82% women and 80% people of color has

3 become some of the lowest compensated workers in New  
4 York City's economy. Over 60% of our work force  
5 qualifies for some form of public assistance. The  
6 average human work, services workers makes only  
7 \$37,000 a year, far below the self-sufficiency  
8 standard for family living in any borough in New York  
9 City. To make matters worse, city agencies often pay  
10 their own staff significantly more than they contract  
11 providers to pay for identical positions. In our  
12 close to home programs, for example, entry level  
13 specialists can make up to \$15,000 more annually  
14 working for administrators for children's services,  
15 and if they travel just a bit further to Westchester  
16 and Nassau County right outside the city, where  
17 providers are paid per diem rates that are almost  
18 double the city rates through state-funded raise, ah,  
19 Raise the Age program they can even earn more. Um,  
20 so it would come as no surprise that across the human  
21 services sector in New York City turnover rates are  
22 30% to 40% each year. The impact that 30% turnover  
23 has on continuity of service care for our clients and  
24 the destabilizing effect it has on our operations is  
25 not sustainable, and does not support the value of  
New York City. A 3% COLA on the personal services



3 line of all human services contracts at the cost of  
4 48 million in the FY21 budget is necessary to begin  
5 to address our sector's long-standing needs and to  
6 prevent a vital work force from slipping further into  
7 poverty. Thank you, and thank you for the  
8 opportunity to present today.

9 CHAIRPERSON DROMM: OK, we heard you,  
10 thank you all for coming in and, ah, we'll be seeing  
11 you soon I'm sure.

12 UNIDENTIFIED: Thank you.

13 UNIDENTIFIED: OK, thank you.

14 UNIDENTIFIED: Thank you.

15 CHAIRPERSON DROMM: OK, our last but  
16 definitely not least panel. Ah, Phoebe Flaherty from  
17 the Align, Shane Correia from the Center for Court  
18 Innovation, Summer Sandoval from Uprose, I think,  
19 Uprose? Andrea Bowen, Caitlin Andrews, Levon and  
20 Surita Daftery from Just Leadership. OK, who would  
21 like to start?

22 CAITLIN ANDREWS: Hi, my name is Caitlin  
23 Andrews. I'm the director of public policy at Live  
24 On New York. Live On New York has a base of more  
25 than 100 community-based organizations that provide  
senior services throughout the five boroughs and

3 outside of New York. Um, we know that over the past  
4 couple of years there have been investment made in  
5 the Department for the Aging and we first want to  
6 thank both of you and the entire council for all  
7 you've done to advocate for these increases. Um,  
8 with that said, we know that the city's older adult  
9 population continues to increase and that currently  
10 it has been found that 20% of older New Yorkers are  
11 living in poverty and experiencing other daily  
12 challenges, such as rent burden. So to truly show  
13 our commitment to the older adult population, the  
14 city must properly invest in the Department for the  
15 Aging and for once go all in for aging. Um, there  
16 are a couple of things that are really time sensitive  
17 with this budget. The first, as has been brought up  
18 today, is the home-delivered meals budget. Um,  
19 currently the home-delivered meals program is out for  
20 RFP and there are providers, as the contracts  
21 currently stand, losing \$10,000 a year to hundreds of  
22 thousands of dollars a year providing this really  
23 critical service. The older adults that receive  
24 home-delivered meals, the majority of whom are women,  
25 59% live alone, um, and many of whom, the driver who  
drops off the meal is the only person that they see

3 that day. So we know it's an important program and  
4 the RFP represents a really critical opportunity to  
5 get the program right. We really appreciate the  
6 department's attention to coming up with bold new  
7 ideas for the, um, program, but we think the core  
8 issue is that the funding just isn't there. Um, Live  
9 On New York is advocating for 60 million dollars in  
10 funding to address this gap, 13 million of which  
11 could fund the weekday meals and 3 million of which  
12 could serve the six-day meal, um, the weekend meal  
13 that so many seniors really need access to, of  
14 course, a person eats more than five days, so we  
15 believe that that part of the program is really  
16 necessary. Um, this, these numbers are based off of  
17 the mathematical research that has shown the average  
18 cost of a meal in urban areas is about \$11.78,  
19 whereas in the RFP the proposed rate is about \$9.58,  
20 so we need that increase to get us in line with what  
21 we know things cost. Um, I also wanted to show my  
22 appreciation for bringing up the 10 million dollars  
23 of the model budget money. Um, we certainly are  
24 hopeful that that is in there in black and white and  
25 we know that is good to go because, um, senior  
centers received a notice outlining exactly how these

2 funds would be, um, allocated to senior centers and  
3 there are people expecting a raise increase or  
4 ability to enhance programming. Um, so we really  
5 thank you for your advocacy on that. Um, there are a  
6 number of other items that I have in my testimony,  
7 such as capital funds for senior centers to make  
8 upgrades and ADA-friendly improvements, NORCs,  
9 parity, um, a lot of which we'll get as the budget  
10 negotiations continue, but I really just want to  
11 thank you, um, for your support throughout the  
12 process.

13 CHAIRPERSON DROMM: Were you here for  
14 this all, all day?

15 CAITLIN ANDREWS: Um, I, I watched from  
16 home.

17 CHAIRPERSON DROMM: Oh, OK.

18 CAITLIN ANDREWS: Well, from the office  
19 this morning and then I popped in.

20 CHAIRPERSON DROMM: I always feel bad for  
21 the last panel and wonder how long they've been here.

22 CAITLIN ANDREWS: I was strategic about  
23 it.

24 CHAIRPERSON DROMM: OK, smart.

25 CAITLIN ANDREWS: Thank you.

3 CHAIRPERSON DROMM: All right, who's  
4 next?

5 ANDREA BOWEN: Ah, thank you Chairs Dromm  
6 and Gibson. Um, I'm Andrea Bowen. I'm principal of  
7 Bowen Public Affairs Consulting. I advocate on  
8 matters of economic justice and I'm here to outline,  
9 ah, a handful of asks and causes I'll be advocating  
10 for throughout the course of this budget season. Um,  
11 ah, starting with, um, ah, funding for the Council of  
12 Family and Child Caring Organization, or Agencies,  
13 sorry, COFCA, a great acronym. Ah, COFCA is the  
14 principle representative for nearly all not-for-  
15 profit organizations providing foster care, adoption,  
16 family preservation, and juvenile justice services in  
17 New York State. Um, this year, um, we're making our  
18 first-ever discretionary request for \$50,000 for  
19 technical assistance, customized training and  
20 coaching for child welfare staff, to help improve  
21 staff retention, competencies, and skills. I'm  
22 echoing my colleague from Sheltering Arms, um,  
23 obviously underpayment of workers and the sector is  
24 an enormous, um, issue. Um, we want to be tackling  
25 that as time goes on, especially as relates to, um,  
the underpayment of, um, child welfare workers versus

3 ECS workers. But, um, in the meantime we also want  
4 to provide, um, more personalized coaching services  
5 and things that can really help people like about  
6 vicarious trauma and issues like that, that can  
7 really help people stay on the job. So that's one  
8 issue. Ah, another I'll be advocating for through  
9 the season, ah, two asks from the Sex Workers Project  
10 at the Urban Justice Center. Um, Sex Workers  
11 Project, ah, provides clients and our legal services  
12 to individuals who engage in sex work, regardless of  
13 whether or not they do so by choice, circumstance, or  
14 coercion. Um, we're looking for funding for one  
15 attorney who can help out, um, for people who work in  
16 illegal sex trades, as people who are, you know, um,  
17 working in strip joints and, and other locations, who  
18 are subject to wage theft, sexual harassment, sexual  
19 assault, an attorney to really focus on that 'cause  
20 that's not something that we see very frequently, a  
21 lawyer for that particular cause. Also \$48,000 for,  
22 um, sex worker community empowerment groups. Um,  
23 it's a program that we've already started to help  
24 provide and serve job assistance and training, um,  
25 and other leadership building services among, ah, the  
sex worker population, um, a service that's not

3 really seen in the system and that is vitally needed.  
4 Beyond that, um, working with six organizations,  
5 you'll see on page four, um, ah, for a transgender,  
6 gender nonconforming, and nonbinary immigration legal  
7 services initiative. This is \$800,000 worth of  
8 funding, ah, ideally a new initiative, though I'm  
9 happy to talk about other, ah, ideas, um, to spread  
10 among these organizations to bolster the resources of  
11 agencies that have experienced doing direct legal  
12 work for TGNCNB, ah, immigrant communities. There's  
13 not a lot of agencies that have this very specialized  
14 information and the cases are very tricky for this.  
15 Um, happy to talk more. And finally, um, in my  
16 capacity as a volunteer board member, um, the  
17 American LGBTQ+ Museum. Um, we have gotten to the  
18 point where we are looking to hire an executive  
19 director and more staff and we are gonna be, um,  
20 asking various council members for, ah, a total of  
21 \$250,000, um, to help really bring the museum into  
22 fruition 'cause we're at that point now. Um, thank  
23 you so much for all of your support, um, greatly  
24 appreciate it, ah, and look forward to talking to you  
25 further through the budget season.

2 CHAIRPERSON DROMM: How is the museum  
3 getting funding? Is it through another organization,  
4 or how is that being dealt with now?

5 ANDREA BOWEN: Thanks for asking. Um, we  
6 received, um, we received \$125,000 from council in  
7 FY19, 145 from FY20, so thank you for your support,  
8 and several other council members, um, and we're also  
9 receiving, ah, private funding from various, um...

10 CHAIRPERSON DROMM: I mean, is it going  
11 through the Fund for the City of New York?

12 ANDREA BOWEN: Oh, yeah, yeah, yeah.  
13 It's routed through for Fund for the City of New  
14 York, although we received our museum charter in the  
15 last year from SCD, um, and we're moving forward on  
16 becoming a nonprofit ourselves.

17 CHAIRPERSON DROMM: Can you contact  
18 Sebastian with more, there's an issue or question  
19 about that.

20 ANDREA BOWEN: Will do.

21 CHAIRPERSON DROMM: OK, thank you. Next,  
22 please.

23 SHANE CORREIA: Hello? Great. Ah, good  
24 afternoon. Thank you Chairman Dromm and Council  
25 Member Gibson. My name is Shane Correia. I am the



3 deputy director of strategic partnerships at the  
4 Center for Court Innovation, so thank you for  
5 permitting me to testify today. Ah, I'm here  
6 regarding seeking renewal and increased support for  
7 the programs that we do in diversion work throughout  
8 the City of New York. Given the legislative changes  
9 of closing Riker and state changes in 2019 we've  
10 experienced increased demand for our programming and  
11 we're hoping to explain some of that today.

12 Additionally, we're also proposing new programming to  
13 address the persistent public safety issues that we  
14 see coming up again and again, whether that be mental  
15 health support for frequent repeat offenders in our  
16 criminal justice system or addressing justice, ah,  
17 gender justice violence work by serving intimate  
18 partner violence individuals directly in the  
19 communities that they're, ah, being impacted.

20 Regarding renewal, we would like to continue support  
21 for our Brooklyn Felony ATI program, our driver  
22 accountability program, and also our pre-arraignment  
23 diversion program, Project Reset. Regarding Project  
24 Reset, in addition to renewal, ah, we're [inaudible]  
25 thousands of individuals from ever stepping foot in a  
court system to dispose of their low-level case is

3 increasing in terms of demand. Specifically, thanks  
4 to legislative changes and prosecutorial interest,  
5 our current capacity is funded to serve 13,000  
6 individuals, but by year's end we're expecting over  
7 19,000 such referrals. In order to meet that demand  
8 with quality programming we request additional  
9 support. Regarding mental health, we would also like  
10 to pilot a mental health court part for frequent and  
11 repeat offenders, individuals with over 30  
12 convictions or three or more arrests within a year.  
13 These are generally individuals who cycle in and out  
14 of our system, seeing different judges and support  
15 teams. We would like to give them one judge and one  
16 support team, and then evaluate whether that has an  
17 impact on the reoffense rate. Additionally, we've  
18 submitted several apps, ah, applications, to increase  
19 mental health and juvenile justice support system for  
20 accessing the outer boroughs, where demand for the  
21 services are greatly outstripped, ah, by what is  
22 available. Ah, regarding the outer boroughs, in  
23 Staten Island we would like to expand the programming  
24 that we offer in the Bronx, Brooklyn, and Manhattan  
25 to additionally offer Staten Island judges an  
opportunity to have centralized case management, but

3 the defendants themselves to serve out their  
4 alternatives to incarceration in community nearby.  
5 Regarding gender justice, we're hoping to expand on  
6 the work that we've done at the 24 Cure Violence  
7 sites in New York City by bringing, ah, direct client  
8 services to intimate partner violence issues in the  
9 Bronx specifically. Ah, using a Cure Violence model  
10 of bringing resources out after events of, ah,  
11 distress or violence, we would like to, ah, bring  
12 community activists directly to, ah, an incident and,  
13 um, provide those services to, ah, both batterers as  
14 well as the victims without having them come to  
15 centralized courthouses. Finally, we still have a  
16 jail in the midtown community, ah, courthouse that we  
17 would like to join the rest of the city in closing,  
18 so that the community can get additional use out of  
19 it rather than as holding cells, but as something,  
20 ah, that they can enjoy the space on. I understand  
21 that this seems like quite the list, ah, but the  
22 Center for Court Innovation, I work with over 26  
23 programs, ah, serving over 75,000 people, ah, and  
24 these represent some of the issues that our project  
25 directors have noted as being of increased, ah,

3 concern to the community members. So thank you for  
4 your time.

5 CHAIRPERSON DROMM: Does your  
6 organization work with the Queens Youth Court?

7 SHANE CORREIA: Ah, we do operate the  
8 Queens Youth Justice Center, yes, and there is...

9 CHAIRPERSON DROMM: The one in Far  
10 Rockaway or the one in Jamaica?

11 SHANE CORREIA: So we operate the one in  
12 Jamaica and we're also opening the one in Far  
13 Rockaway this upcoming fiscal year when funds are  
14 released.

15 CHAIRPERSON DROMM: OK, thank you.

16 SHANE CORREIA: Thank you.

17 CHIOLADY GONZALEZ: [inaudible]

18 CHAIRPERSON DROMM: Yes. The light has  
19 to be on.

20 CHIOLADY GONZALEZ: Oh, the red light has  
21 to be on, all right. It was on the whole time. Um,  
22 ah, so thank you, my name is Chiolady Gonzalez. I'm  
23 the campaign director at Align, and I'll be reading  
24 testimony for, ah, Phoebe, who had to leave for  
25 another, ah, meeting. Um, but, ah, so the Alliance  
for Greater New York Align is a community labor

3 coalition dedicated to creating good jobs, thriving  
4 communities and, and accountable democracy for all  
5 New Yorkers. We help co-coordinate the Climate Works  
6 For All Coalition, a coalition made up of  
7 environmental justice groups, labor, and community  
8 organizations all working together to reducing  
9 emissions from, um, to fight climate change through a  
10 [inaudible]. Ah, we recently worked with, ah,  
11 Council Member Costa and other members of the City  
12 Council to pass a dirty, ah, buildings bill, Local  
13 Law 97 now. And we know that we are in the midst of  
14 a climate crisis. We only have a few years left to  
15 take aggressive to slow or to try to stop, stop the  
16 effects of climate change. According to the  
17 Intergovernmental Panel on Climate Change in 2018  
18 report we could arrive at irreversible climate change  
19 as soon as 2030. We have no time to waste. The city  
20 has made a laudable commitment to lower emissions and  
21 it has taken aggressive steps to meet those emission  
22 goals throughout passage of Local Law 97, which  
23 mandates [inaudible] buildings over 25,000 square  
24 feet meet emissions, ah, reduction goals by different  
25 compliance periods leading up to 2050. However,  
meeting a broader citywide commitment will required

3 continued effort. We must invest in the  
4 implementation of Local Law 97 and go beyond the  
5 reach if we are to meet our emissions reductions  
6 goals. The Climate Works For All Coalition is asking  
7 the City Council to allocate a billion dollars  
8 annually for the next 10 years, so a billion dollars  
9 for every year over the next 10 years, um, to  
10 retrofit affordable housing and public housing.  
11 Buildings with rent regulated and affordable units  
12 were exempted to protect tenants who would, ah, face  
13 increased cost and from displacement. But those  
14 buildings make up 50% of our residential housing  
15 stock and we must address a large percentage of  
16 greenhouse gas emissions they produce. We must also  
17 ensure that the benefits of those retrofits are seen  
18 in these communities, um, where there's, ah, are seen  
19 in environmental justice communities where there's  
20 more asthma and more health issues, um, and these  
21 funds might be distributed equitably across New York  
22 City. Tenants of affordable housing and public  
23 housing in New York City deserve clean air and  
24 comfortable homes as much as other tenants. Without  
25 additional funding we are in danger of not meeting  
our emission reductions goals and meeting those goals

3 is crucial to the future of this city and our world  
4 we're asking for the City Council and the mayor to  
5 fund retrofits for public and affordable housing in  
6 New York City. Fighting climate change must be our  
7 top priority now and for the coming years before  
8 it's too late. Thank you for your time.

9 CHAIRPERSON DROMM: Thank you. Next,  
10 please.

11 SUMMER SANDOVAL: Good afternoon. Thank  
12 you for the opportunity to testify today. My name is  
13 Summer Sandoval and I'm the energy democracy  
14 coordinator at Uprose. I'm here today on behalf of  
15 Uprose and the Climate Works For All Coalition to  
16 support the request and echo the urgency of  
17 committing 1 billion dollars annually for 10 years to  
18 fund our future by funding equitable climate action  
19 for environmental justice and frontline communities.  
20 Founded in 1966, Uprose is Brooklyn's oldest Latino  
21 community-based organization. We're an  
22 intergenerational, multiracial, and nationally  
23 recognized organization that promotes sustainability  
24 and resiliency in Sunset Park, Brooklyn. We focus on  
25 climate justice and all of our is within the just  
transition model. Climate Works For All, um, passed

3 Local Law 97 last year and the law's position to help  
4 us achieve New York City's and State's new climate  
5 goals. This year we must allocate 1 billion dollars  
6 annually to address energy efficiency in buildings  
7 that were left out of the law. This billion-dollar  
8 budget allocation will create thousands of climate  
9 jobs and renewable energy and, um, energy efficiency  
10 and retrofit, ensure long-term benefits for frontline  
11 communities, and invest in the city's, um, climate  
12 resilience. Funding and implementation of Local Law  
13 97 is an opportunity to honor community-based  
14 planning efforts and frontline leadership. Last year  
15 Uprose partnered with the collective community  
16 culture and the environment to develop a community-  
17 led proposal for Sunset Park, an industrial  
18 waterfront home to New York City's largest  
19 significant maritime industrial area called the Green  
20 Resilient Industrial District, or GRID. The GRID is  
21 a holistic vision that plans for existing and long-  
22 term climate impacts for Sunset Park. The GRID  
23 outlines the process of how to move from an  
24 extractive economy dependent on fossil fuels to a  
25 green industrial economy that trains local residents  
for renewable energy, green retrofit, and energy



3 efficiency climate jobs while promoting equity. The  
4 GRID is aligned with and operationalizes plans such  
5 as the Sunset Park brownfield opportunity area, the  
6 New York City, um, Climate Mobilization Act,  
7 including Local Law 97, and the, um, New York State  
8 Climate Leadership and Community Protection Act. The  
9 GRID has the opportunity to create and catalyze  
10 regional climate engagement from ecoindustrial jobs,  
11 green ports, and sustainable manufacturing, food  
12 security, and renewable energy. Uprose and  
13 implementation of the GRID supports the 1 billion  
14 dollar annual demand for 10 years to operationalize  
15 Local Law 97 and ensure local benefits,  
16 opportunities, and leadership from frontline  
17 communities. Thank you so much for your time.

18 CHAIRPERSON DROMM: OK, next please.

19 SARITA DAFTERY: Hello, good afternoon, I  
20 apologize I do not have a written copy of the  
21 testimony for you, but I will send it after the  
22 hearing. My name is Sarita Daftery. I'm an  
23 organizer with Just Leadership USA. Um, thank you  
24 Council Member Dromm, Council Member Gibson for your  
25 support of our campaigns to close Riker's and shrink  
the jail system. Um, the unfinished work of that is

3 to actually start the process of divesting from  
4 overfunded law enforcement agencies and so I'm here  
5 today, um, to really amplify all of the calls for all  
6 of the other necessary funding that everyone has  
7 made, um, and to talk about how we can start doing  
8 that. Um, New York City has prided itself on  
9 uplifting the values of equity fairness and respect  
10 for eight million residents. Um, a, the great  
11 reduction in the number of people in jails is a  
12 testament to that and, and to the power of grassroots  
13 advocacy. Ah, but the city's misalignment of budget  
14 priorities still flies in the face of those values.  
15 Um, each budget cycle New Yorkers passionately and  
16 articulately make the case for desperately need  
17 funding for housing, education, libraries, health  
18 care, youth programs, the list keeps going, um, and  
19 each budget cycle they walk away with only a fraction  
20 of what is needed. Every time that happens gaping  
21 holes widen in our social safety net and law  
22 enforcement agencies are once again relied on to  
23 respond to challenges they will never be equipped to  
24 address, challenges of public health, poverty, and  
25 inequality. This is a choice and our elected  
officials have the power to make a different choice.

3 The choices that created this misalignment in budget  
4 priorities have had serious and sometimes deadly  
5 consequences. While we are all well aware that the  
6 state and the federal government have contributed to  
7 the funding gaps, the truth is that New York City has  
8 the resources to address many of the needs that go  
9 unmet. With vision and politic courage we can move  
10 these resources to where they're truly needed. The  
11 mayor and the City Council will have to decide that  
12 our city will once and for all stop relying on law  
13 enforcement to address social problems. You must  
14 develop and implement bold plans to fund community  
15 resources and infrastructure to scale and in doing so  
16 create new living wage jobs in the social and human  
17 services sector and other sectors. Only by making  
18 this shift can New York City truly end the tale of  
19 two cities. This shift will not be completed in one  
20 budget cycle alone, but New York City must start the  
21 process and we can lead the nation in doing so. Um,  
22 we have developed a Build Communities platform which  
23 we'll share, um, after this hearing, which outlines  
24 all of the ways to sort of start this, this shift and  
25 map it out over, um, the next years. Um, and we know  
that, you know, Council Member Dromm that, that you

3 would actually like to fund all of this, you've been  
4 a champion for these issues. Um, and New York City  
5 could. This year's budget allocates over 14 billion  
6 dollars to law enforcement. That's the NYPD,  
7 Department of Corrections, New York Department of  
8 Probation, and district attorneys. Fourteen billion.  
9 The, one of the greatest areas of misalignment is  
10 that because of the reduction in the jail population,  
11 which came as a result of grassroots advocacy,  
12 there's an excess of 5000 correction officers. That  
13 is at a cost of 1.2 billion dollars. The city is,  
14 as, is currently planning to accept a waste of 1.2  
15 billion dollars this year to fund 5000 excess  
16 correction officers. Um, we ask that the city, um,  
17 start a plan to initiate a just transition for that  
18 work force, ah, conduct an assessment to determine  
19 which agencies are in need of more staffing,  
20 determine what training and qualifications would be  
21 necessary to work in new or currently vacant roles in  
22 these agencies, and what counseling may be necessary  
23 for officers leaving the Department of Corrections to  
24 fill those roles, and then establish a fund to help  
25 correction officers transition to other work. Um, we  
need you, the City Council members who understand the

3 importance of resourcing other priorities to urge the  
4 mayor to take the boldest step he can towards an  
5 actually safer, fairer, and more progressive city.  
6 Thank you.

7 CHAIRPERSON DROMM: OK, thank you. Yup.

8 CHAIRPERSON GIBSON: Thank you, panel.

9 Um, we appreciate all of your work, your advocacy. I  
10 just have a question for CCI. Um, I represent Bronx  
11 County so we don't have a community court, but we  
12 have Bronx Community Solutions. I've had a long  
13 partnership with them. Um, with all of the new  
14 initiatives that CCI has been a part of, um, do you  
15 work with young people who are going through family  
16 court, so with Raise the Age with a lot of the  
17 initiatives, um, we've been seeing, and I don't know  
18 if this is city, I can only speak to the Bronx, but  
19 we have a really bad trend of robberies that have  
20 been just experienced among young people so it's  
21 young people engaging in robbery among young people.

22 SHANE CORREIA: Sure.

23 CHAIRPERSON GIBSON: Um, and a lot of  
24 it's really electronics and iPhones and other things  
25 of that nature. But when I've been talking to some  
of our partners some of the young people engaging in

3 this behavior, um, it's almost a pattern behavior, so  
4 they are arrested and arrested and arrested and  
5 they're just sent into family court. Um, so I guess  
6 what I'm, what I'm asking is, is there a way that we,  
7 CCI, can work with you guys on some of this  
8 specifically in the Bronx as it relates to family  
9 court? Because I, I think it's counterproductive  
10 that they are just in and out of family court and  
11 there's an underlying issue that, you know, young  
12 people could have it, we're talking about teenagers,  
13 anywhere from as young as 12 years old to, you know,  
14 their early teens. So I would love to talk offline  
15 if there is no exact program, because I think it's a  
16 call to action, it's a cry for help, and before it  
17 exacerbates and gets really out of control and  
18 there's just this NYPD approach, I would love to do  
19 some preventive work on the front end.

20 SHANE CORREIA: Yeah, you know, I would  
21 love to respond to that.

22 CHAIRPERSON GIBSON: OK.

23 SHANE CORREIA: As a prior resident of  
24 the Bronx with two, ah, family members who've gone  
25 through the justice system, I'm also a product of a  
CCI, ah, diversion program from a very young age.

2 Um, it is an issue that is apparent in lots of the  
3 boroughs, not just the Bronx, ah, and that, ah, there  
4 are many different ways of addressing and we operate  
5 several different programs, whether it be the  
6 mandated kind, ah, but what we've begun seeing, ah,  
7 greater interest from the youth themselves is when  
8 that mandated program is also geared with an off-ramp  
9 into pro-social activities that actually attracts  
10 their attention, so something that's driven directly  
11 by the youth to engage that program, ah, is where  
12 we've seen the most success. So I would love to  
13 continue that conversation and talk about what we're  
14 doing, not only in the Bronx, ah, but the other  
15 boroughs where that model might be appropriate.

16 CHAIRPERSON GIBSON: OK, great, 'cause I  
17 don't know if it's some sort of an initiation, you  
18 know, I know there's certain seasons when crews are  
19 starting to recruit, but I also generally think it's  
20 teenagers want any money.

21 SHANE CORREIA: Yeah.

22 CHAIRPERSON GIBSON: So if we get them  
23 jobs they don't have engage in robbery.

24 SHANE CORREIA: Absolutely.

25

2 CHAIRPERSON GIBSON: And we could bring  
3 them in a steady flow of money coming in in a  
4 responsible way.

5 SHANE CORREIA: That's right.

6 CHAIRPERSON GIBSON: So I just wanted to  
7 have that conversation with you guys offline because  
8 I think that there's a bigger issue that we could  
9 potentially be dealing with.

10 SHANE CORREIA: Yeah, absolutely.

11 CHAIRPERSON GIBSON: Thank you, thank you  
12 so much everyone, thank you.

13 SHANE CORREIA: Thank you so much.

14 UNIDENTIFIED: Thank you.

15 CHAIRPERSON DROMM: OK, and with that I  
16 thank you all for coming in and for giving testimony,  
17 and this hearing is adjourned at 4:03 in the  
18 afternoon. [gavel]

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C E R T I F I C A T E

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



Date March 22, 2020