

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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HELD AT: Council Chambers - City Hall

B E F O R E: Linda Lee
Chairperson

COUNCIL MEMBERS:

Shaun Abreu
Shirley Aldebol
Alexa Avilés
Selvena N. Brooks-Powers
Oswald J. Feliz
James F. Gennaro
Crystal Hudson
Virginia Maloney
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Darlene Mealy
Frank Morano
Mercedes Narcisse
Lincoln Restler
Justin E. Sanchez
Nantasha M. Williams
Phil Wong

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

Louisa Chafee
Director of Independent Budget Office

Sarah Parker
Senior Research and Strategy Officer at IBO

Sarita Subramanian
Senior Research and Strategy Officer at IBO

Mark Levine
Comptroller

Francesco Brindisi
Executive Deputy Comptroller for Budget and
Finance at Office of Comptroller

Krista Olson
Deputy Comptroller for Budget and Finance at
Office of Comptroller

Jeffrey Shear
Department of Finance Acting Commissioner

Jacqueline James
Deputy Commissioner for Administration and
Planning and Chief Financial Office at Department
of Finance

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3 SERGEANT AT ARMS: Good morning. Welcome
4 to today's New York City Council Preliminary Budget
5 hearing for the Committee on Finance. Please silence
6 all cell phone and electronic devices. Moving
7 forward, no one is to approach the dais. Chairs, we
8 are ready to begin.

9 CHAIRPERSON LEE: Alright. Good morning
10 everyone. I hope you're all super excited to talk
11 numbers and budget. Yes. So, I am the Chair of the
12 Committee on Finance and welcome to the Fiscal Year
13 2027 Preliminary Budget hearings. And we're so happy
14 to kick it off with IBO who's going to be starting
15 off after we give our opening statements. So, we
16 have a full agenda today as we kick off the budget
17 season. We will hear from IBO, the Comptroller and
18 Department of Finance today. At this time, I'd like
19 to introduce my colleagues who are present this
20 morning. Of course we have our Speaker, Speaker
21 Menin, our Deputy Speaker Williams, Majority Leader
Abreu, Majority Whip Hanks, Council Member Narcisee,
Council Member Wong, Council Member Morano, Council
Member Hudson, Council Member Aldebol, Council Member
Maloney, and we've also been joined by our Public

1 Advocate as well. And I think I have- did I cover
2 everyone? I think I did. Okay, perfect. I would also
3 like to extend my sincere gratitude to the dedicated
4 staff of the City Council Finance Division for their
5 tireless efforts, and I mean tireless, in preparing
6 for today's hearing, and this work doesn't happen on
7 it's own. And I want to acknowledge the amazing team
8 of dedicated professionals who make it all possible,
9 Finance Director Richard Lee- give a little wave-
10 Managing Director Jonathan Rosenberg [sp?], Deputy
11 Directors Emre Edev [sp?], Elizabeth Hoffman, Chima
12 Obichere [sp?], Paul Simone [sp?], and Aisha Wright
13 [sp?], our Chief Economist Dilara Dimnaku [sp?],
14 Assistant Directors Aliya Ali [sp?], Julia Haramis,
15 Florentine Kabore [sp?], Daniel Krupp [sp?], James
16 Reyes [sp?], Jack Storey [sp?], Paul Sturm
17 [sp?], and Andrew Wilber, our Finance Counsel
18 Nicholas Connell [sp?], my Committee Counsel Brian
19 Sarfo [sp?], my Senior Advisor Athena Tse [sp?], and
20 many finance analysts, economists, and support staff
21 who have worked behind the scenes to bring
everything together. We are here today to examine
the Mayor's Proposed \$127 billion Preliminary Plan
for Fiscal Year 2027, which while balanced as per
the Charter's

1 requirements, it includes proposals from some
2 extremely concerning actions. And before I go any
3 further, I'd like to invite our leader, Speaker Julie
4 Menin, to share her opening remarks.

5 SPEAKER MENIN: Good morning and thank
6 you so much, Chair Lee. It's a pleasure to welcome
7 everyone to the first Preliminary Budget hearing of
8 the Fiscal Year 2027 budget cycle. Today marks the
9 beginning of one of the Council's most important
10 responsibilities, carefully examining the Mayor's
11 proposed \$127 billion 2027 Preliminary Budget,
12 ensuring that it meets the needs of New Yorkers and
13 safeguarding the city's fiscal future. The Fiscal
14 2027 Preliminary Budget is \$5.4 billion higher than
15 what was projected in the November Financial Plan.
16 that difference is largely driven by steps to address
17 chronic underbudgeting that the Council and many
18 other fiscal monitors had longed called out. While
19 we appreciate these first steps towards a more honest
20 budgeting practice, elements of the administration's
21 approach to balance the budget with these costs raise
serious questions that warrant close scrutiny by this
Council. Just yesterday, the analysis we released on
the remainder of Fiscal Year 2026 and Fiscal Year

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2 2027 estimates \$386 million more in tax revenue than
3 was projected by OMB, reflecting a stronger long-term
4 outlook for the city's finances. Our role over the
5 coming weeks is not only to look carefully at the
6 numbers, but to ask the hard questions, and also to
7 work collaboratively to ensure that the final budget
8 reflects both fiscal responsibility and the
9 priorities of our city. Our priorities are focused
10 on making New York affordable for the families who
11 live here, stay here, and want to thrive here, and
12 that means investing in the services that they rely
13 on each and every single day. It means making child
14 care universal and strengthening opportunities for
15 higher education. It means upgrading parks with
16 modern facilities and providing libraries with
17 book-lined shelves and flexible hours, not cutting
18 funding for libraries or for our cultural
19 institutions, and it means supporting our small
20 businesses, building affordable housing that people
21 can truly afford and protecting the public safety of
every resident across the five boroughs. These are
foundational investments that help develop healthier,
safer, and more prosperous communities, communities
where New Yorkers can start families, start

1 businesses, and stay in for generations. We also
2 recognize that the city may face economic head-winds,
3 including the threat of draconian federal cuts that
4 could affect funding streams that we rely on. In a
5 moment like this, the answer cannot be to pull back
6 from investments that we know help New Yorkers
7 survive and succeed. At the same time, the Council
8 is clear that while New Yorkers are already grappling
9 with a severe affordability crisis, significant
10 property tax increase should not be on the table.
11 That is non-negotiable. Before placing additional
12 burdens on small property owners and small
13 businesses, we must fully examine other opportunities
14 for both revenue and savings. We cannot allow
15 precious public resources to be squandered, and we
16 will look for savings in every project and program to
17 eliminate spending that is wasteful or unnecessary.
18 Ultimately, our goal is straightforward. We plan to
19 deliver a balanced budget that protects essential
20 services, eases the affordability crisis facing New
21 Yorkers and reflects a shared commitment to fiscal
discipline. We look forward to working
collaboratively with the administration throughout
this process so that the city remain financially

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2 strong by continuing to invest in the people and
3 communities we serve. Thank you, and I look forward
4 to today's discussion and testimony from IBO.

5 CHAIRPERSON LEE: Thank you, Speaker.

6 In February the mayor released his Preliminary Plan
7 giving us our first look at balanced fiscal year
8 budget 2027. The Preliminary Plan serves as the
9 initial blueprint for how the administration intends
10 to safeguard and strengthen the fiscal future of New
11 York City, not only for this fiscal year, but for
12 years to come, and it is important we get this right.
13 A key focal part of the mayor's budget proposal was
14 the fact that his administration inherited and
15 under-reported budget deficit from his predecessor.
16 At that time, the Speaker, my colleagues and I
17 acknowledge the administration's efforts to address
18 the chronic under budgeting, but also raised concerns
19 about the proposal to draw down billions from our
20 limited reserves and raise the overall property tax
21 rate by nearly 10 percent, the largest increase in
over 20 years. So, today we are here on behalf of
the 8.5 million New Yorkers who are feeling the
fiscal impact of higher prices, continued rising
costs, federal funding reductions and too little

1 relief to address these challenges. While we
2 appreciate that the proposed budget has made one step
3 forward to address the chronic underbudgeting for
4 critical safety net programs, it unfortunately takes
5 one step backwards by drawing down our reserves,
6 leaving those with very same programs more exposed if
7 we are hit by a recession or other economic shock.
8 It takes another step another step backwards by
9 proposing a nearly 10 percent increase on the
10 property tax rate. We again, find ourselves
11 confronted with the budget dance, but this time with
12 a different kind of music. While we appreciate the
13 steps to address the chronic under-budgeting, the
14 Council has made it very clear that even if the face
15 of this deficit, raising property taxes or relying on
16 the city's rainy day reserves is not a viable
17 solution. What is a viable solution is to continue
18 the work of right-sizing the budget to meet actual
19 costs and finding efficiencies in how the city
20 delivers these critical services. In this vein, the
21 Mayor had directed agencies to identify savings in
order to help reduce the deficit. This is a good step
forward, though we think the administration can and
should go further in ensuring the city's operations

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2 are as efficient as possible. We believe there are
3 mere accruals and efficiencies available to balance
4 the budget, before resorting to raiding our savings
5 and raising the property taxes. And while looking to
6 Albany for help is worthwhile, we must do more to
7 find immediate solutions within our control to
8 address these short falls. Under-budgeting is not a
9 new phenomenon, and a year after year we have figured
10 out a way to resolve such shortfalls without taking
11 drastic actions. While we appreciate the more
12 realistic spending figures shared by the
13 administration, we are not convinced that the
14 proposed actions to balance the budget are necessary.
15 Faced with these budgetary challenges, the
16 Preliminary Budget makes an effort to address some of
17 the many needs that New Yorkers continue to face
18 amidst the rising cost of living in our city. For
19 instance, the Preliminary Budget makes further
20 commitments to expanding child care and Early
21 Childhood programs, advancing the universal child
care agenda championed by the Council to help working
families remain in the workforce while easing
affordability pressures. It also continues to
safeguard and strengthen the city's social safety net

1 programs, reinforcing longstanding council budget
2 commitments and initiatives. It also begins
3 exploring avenues for implementing a more progressive
4 revenue structure, while also identifying savings
5 across city agencies to promote more efficient
6 spending. However, despite these proposals, the
7 budget still falls short of ensuring that New York
8 City remains fiscally stable, not only this year but
9 in the years ahead. Specifically, the budget plan
10 does not adequately count for how the city will be
11 building reserves in the event of further federal
12 funding cuts or potential revenue declines. It does
13 not present clear proposals to ensure that any
14 efforts to generate additional revenue fairly address
15 geographic equity and exemptions, and that the burden
16 of filling these fiscal gaps does not fall solely on
17 everyday working New Yorkers. And as we know, we are
18 not here simply to debate the numbers on a
19 spreadsheet, we are here to champion the needs of New
20 Yorkers and ensure that this administration is held
21 accountable for its budget decisions and for the
implications those decisions have for our city today
and tomorrow. And as a city, we must be more
disciplined in how we spend and manage resources, but

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2 in doing so, we must ensure that these actions do not
3 come at the expense of working families. We must
4 also eliminate wasteful or mismanaged spending
5 wherever it exists, and this includes bringing
6 greater oversight into agency's overtime budget,
7 establishing a reliable system to ensure the timely
8 collection of fines and fees owed to the city,
9 continuing to reform the city's deeply flawed
10 procurement process- I can attest to that- which has
11 too often resulted in unnecessary overspending.

12 Despite the challenging outlook for the city's budget
13 and broader economy, we remain confident that through
14 collaboration with this administration we can ensure
15 that New York City is prepared for both the best and
16 the worst of what lies ahead, and our responsibility
17 is to develop a budget that is realistic, fair, and
18 that protects the safety and economic stability of
19 our city. That is why the City Council will continue
20 prioritizing the needs of all New Yorkers, and we
21 will remain committed to funding Early Childhood
Education, effective public safety measures, and
investments that make life more affordable. We will
continue to work with the administration to ensure
transparency, particularly in how federal funding,

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2 city reserves, and projected deficits are accounted
3 for, and we will make it clear that balancing the
4 budget cannot come at the expense of our children,
5 seniors, working-class families, or the essential
6 services they rely on. Our goal remains unchanged.
7 There's work to be done, and delivering a budget that
8 is both transparent and honest will allow us to
9 protect essential services, confront the
10 affordability crisis, and uphold the city's
11 government's responsibility as stewards of fiscal
12 accountability for the City of New York. So, before
13 we hear from IBO, I wanted to hand it over to our New
14 York City Public Advocate, Jumaane Williams, for his
15 opening remarks.

13 PUBLIC ADVOCATE WILLIAMS: Thank you so
14 much, Madam Chair. Good morning. As mentioned, my
15 name's Jumaane Williams, Public Advocate of the City
16 of New York. I want to thank Speaker Menin, Chair
17 Lee, and the members of the Committee on Finance for
18 holding this important preliminary hearing, budget
19 hearing. New York City is once again at a
20 crossroads. While everyday New Yorkers struggle to
21 keep up with the skyrocketing cost of staying in
their homes, paying their utility bills, and putting

1 food on the table, the previous administration has
2 left the city budget with a serious deficit. As an
3 independent representative of the people of the City
4 of New York, it is my responsibility to ensure the
5 budget gap is not filled by making lives of everyday
6 New Yorkers even more difficult. In the Preliminary
7 Budget released last month, the mayor laid out a few
8 paths forward for filling the city's budget gap. My
9 preferred method, and I believe this, is raising
10 corporate taxes to the same levels as New Jersey, and
11 implementing a modest two percent income tax on those
12 New Yorkers who make over a million dollars every
13 year. Thankfully, the state legislators included the
14 corporate tax increase in their recently-released
15 budget proposals, but there is still more work to be
16 done on taxing multi-millionaires in New York City.
17 This group represents less than one percent of the
18 New York State residents, but they take home about 30
19 percent of total income. In Manhattan, the top one
20 percent take home over 50 percent of all income.
21 That number does not take into account the
multi-millionaire New Yorkers are set to receive a
cumulative \$12 billion tax cut from the federal
government. Even once tax increase are implemented,

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2 the richest New Yorkers will still be paying less in
3 taxes than they did last year. It is perfectly
4 reasonable to ask New Yorkers whose fortunes of grown
5 because of how city has to offer to in turn pay their
6 fare share to keep the city running. The Mayor's
7 path of last resort and some other options floated in
8 the zeit geist replaced the burden of the budget gap
9 on New Yorkers who are already struggling.

10 Increasing property taxes will disproportionately
11 harm Black and Brown New Yorkers for whom
12 homeownership has been their primary path to the
13 middle class. I'm very heartened to hear under the
14 leadership of Speaker Menin and Chair Lee, that the
15 Council has found \$1.7 billion in additional funding,
16 and savings that will prevent us from having to tap
17 the city's rainy day fund. While we absolutely
18 should look for additional areas in the budget for
19 savings and efficiencies, I doubt the
20 multi-billion-dollar budget gap can be filled through
21 savings alone, and this budget gap seems to be
growing in the next few years. After the previous
administration's years of forced austerity, we must
try our best not to cut any vital services on which
low and middle income New Yorkers rely. There are

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2 other options for raising revenue to close the city's
3 budget gap. That should be on the table as well.

4 The city is currently owed billions in uncollected
5 fines from law-breaking landlords and corporations.

6 I'm also heartened to see the Preliminary Budget
7 includes increases to Law Department staffing.

8 Additionally, excuse me, investment in collections
9 and enforcement capacities across our consumer
10 protections housing and finance agencies can result
11 in major returns and disincentivize future

12 law-breaking. In addition to raising New York City
13 corporate and millionaires tax, the state could also
14 help the city close its budget gap by raising the
15 capital gains tax, or implementing a [inaudible] tax.

16 Unfortunately, these tax options require state
17 action, and Governor Hochul had decided that it is,
18 my opinion, more important to protect

19 multimillionaires and billionaires than it is to
20 protect average hard-working New Yorkers. So I urge

21 the Governor to reconsider and I urge my peers to
support the same. I very much look forward to

hearing testimony from the IBO, Department of
Finance, Comptroller Levine, and I'm confident that

by working together we can ensure the city's adopted

1 budget begins implementing affordability agenda and
2 is balanced without hurting everyday New Yorkers.

3 Looking forward to working with the Council on
4 responsible budgeting to find the most efficiencies
5 we can, and again, make sure that we pass this budget
6 without passing on harm to New Yorkers. Thank you.

7 CHAIRPERSON LEE: Thank you so much,
8 Public Advocate. And we will now hear testimony from
9 representatives from the Independent Budget Office,
10 from Louisa Chafee, Director, Independent- or from
11 IBO, Sarah Parker, Senior Research and Strategy
12 Officer, Sarita Subramanian, Senior Research and
13 Strategy Officer, and at this time, I will turn it
14 over to Committee Counsel to swear in our witnesses.

15 COMMITTEE COUNSEL: Good morning. Do you
16 affirm to tell the truth, the whole truth and nothing
17 but the truth before this committee and to respond
18 honestly to Council Member questions?

19 UNIDENTIFIED: Yes.

20 COMMITTEE COUNSEL: You may begin.

21 DIRECTOR CHAFEE: Good morning. Good
morning, Speaker Menin, Public Advocate Williams,
Deputy Speaker Williams, Finance Committee Chair Lee,
and members of the Committee. I'm Louisa Chafee,

1 Director of the Independent Budget Office. I'm
2 joined today by my colleague Sarah Parker and Sarita
3 Subramanian, IBO Senior Research and Strategy
4 Officers. We appreciate the opportunity to testify
5 today on the Mamdani administration's first
6 Preliminary Budget. We appreciate going first, and we
7 also appreciate the new chairs. This testimony will
8 address three topics: One, IBO's estimate that the
9 city's revenues, expenditures, and gaps; two, ideas
10 on ways to begin to close the gap with additional
11 revenues, operational efficiencies and additional
12 state funds to address unfunded mandates; and three,
13 IBO's framing of potential lines of inquiry for the
14 administration. Estimated revenues, expenditures and
15 gaps: the Mamdani's administration's first budget is
16 noteworthy because it reverses years of
17 underbudgeting practices by prior administrations, as
18 you all have acknowledged. IBO applauds the
19 administration's move to acknowledge the true cost of
20 programs and services. The administration's budget
21 is grounded in two optimistic revenue assumptions.
First, it assumes that very robust growth will propel
personal income taxes and business income taxes to
greater heights. Second, while the administration

1 does not include new personal income tax revenues
2 that would require state approval, it does include a
3 new property tax revenue proposal that can only
4 materialize if this council approves such a change.
5 Given these two assumptions, the administration's
6 forecast exceed IBO's by almost every major tax
7 category throughout the Financial Plan period. This
8 city's personal income tax collections have been
9 bolstered in recent years by high earnings in key
10 sectors and increase capital gains amidst strong Wall
11 Street performance. This trend continues as shown by
12 the large bonuses issued in the financial sector at
13 the end of calendar year 2025. IBO's PIT forecast is
14 moderately lower than the administration's. Mayor
15 Mamdani has proposed a two percentage point increase
16 to the rate for individuals with incomes over a
17 million dollars. Last year's federal One Big
18 Beautiful Bill Act, OBBA, made permanent a set of
19 significant tax breaks for the highest earners, tax
20 breaks granted during the first Trump administration
21 that would have expired, but that were made permanent
by OBBA, significantly lowering the tax burdens on
New York's highest earners. Back when those tax
breaks first took effect in 2019, New York State took

1 action to recover for the state some of the funds
2 high income tax payers were no longer paying
3 federally. This points to a key distinction in how
4 income taxes are structured at the city and state
5 level. As detailed in IBO's February 10th Personal
6 Income Tax Report, the city has four tax brackets.
7 New York City applies an identical tax rate of 3.876
8 to the New Yorker whose adjusted gross income is
9 \$60,000, as it does to the New Yorker who earns over
10 \$5 billion which was the highest income in 23 which
11 is the most recently reported year. So, in contrast,
12 the state's personal income tax imposes higher and
13 more progressive increasing rates across nine
14 brackets. The state's tax rate for income of \$60,000
15 is approximately 5.5 percent, while the highest
16 bracket, \$25 million, it climbs to 10.9 percent. The
17 administration's outlook for corporate tax
18 collections is also rosy. It is boosted by Governor
19 Hochul's call for New York state to decouple from
20 certain federal tax code provisions that were also
21 enacted as part of OBBBA, but after two years, the
administration projects that corporate tax revenue
will drop substantially below recent levels. IBO
projects somewhat lower corporate tax growth

1 collections through this fiscal year and next, but
2 continued growth throughout the Financial Plan
3 period. Mayor Mamdani has proposed increasing the
4 average property tax rate from 12.283 percent to
5 13.450 percent which is a 9.5 percent increase. And
6 to explain this, we have published a report which
7 describes the structure of property tax rate setting
8 system. Reflecting strength in the tentative role
9 for 2027, IBO forecasts higher property tax revenue
10 of 3.69 billion in 27 increasing to over 41 billion
11 in 23. In general, IBO's economic outlook is
12 consistent with the Mamdani administration and the
13 broader macroeconomic consensus. The national
14 economy has generally held up. However, there are
15 conflicting signals for future performance such as
16 the strength of Wall Street and consumer behavior,
17 extremely weak job growth, and continued threats to
18 the global economic order, tariff chaos, and the war
19 in Iran. We want to flag the rainy day funds which
20 are- plan to be used for 26 and replaced in 28. So,
21 the administration, as you have noted, is using \$980
million from the rainy day fund to balance 26 and it
intends to replace those funds in 28. This points up
the need for clear rules on use of this fund. Rules

1 that are at the discretion of the Council and the
2 administration to set. IBO applauds the
3 administration's decision to reduce the allocation to
4 the Retiree Health Benefits Trust, now \$229 million
5 lower than in the November Plan. This fund has often
6 been used by past mayors to set aside excess funds
7 and avoid much of the scrutiny normally afforded by
8 the public budgeting process. So, IBO estimates
9 substantial gaps for next year and beyond. IBO
10 projects that if spending stays constant, total
11 revenues will grow by an annual average of two
12 percent a year from 25 through 30, and that partially
13 as a result of the administration's laudable
14 corrections to previous underbudgeting, expenditures
15 will increase on average 4.5 percent a year. Thus,
16 IBO projects gaps of \$535 million in the current
17 year, and almost \$6 billion in fiscal year 27. These
18 forecasts cannot yet factor in the impact of tariffs
19 or war or cuts to federal aid, or the next round of
20 collective bargaining, all of which contribute to
21 uncertainty in 2027 and beyond. How to control the
gap? So, there are several categories of expenses—
several categories of expenses are continuing to
drive the scale of total expenditures and are areas

1 that have experienced substantial growth in recent
2 years. First to note is CityFHEPS which is already
3 the second-largest rental assistant program in the
4 nation, second only to Section 8. Spending has grown
5 from under \$300 million in 21 to almost \$1.3 billion
6 in 25, with an assumption in the Preliminary Budget
7 that it will rise to almost \$3.5 billion in 2030. It
8 is doubtful that there is sufficient housing supply
9 in New York City to absorb that level of spending.
10 IBO has concerns about this steeply-increasing level,
11 but recognizes that the Council and the
12 administration are working to establish a sound
13 budget footing for this important program. Next,
14 uniformed overtime. Spending on uniformed services
15 overtime in Police, Fire, Corrections, Sanitation has
16 been chronically underbudgeted in the past with NYPD
17 spending the largest driver of total cost. NYPD
18 spending in this area has trended downward under the
19 leadership of Commissioner Tisch. In the November
20 Plan, NYPD was on pace to spend \$971 million less
21 than billion of last year, and this pace has slowed
to \$894 million. The Mamdani administration has also
realistically budgeted both NYPD and Fire Department
personnel spending for future years, which is a stark

1
2 departure from budgeting practices of past
3 administrations. At the Department of Corrections,
4 spending on uniformed overtime has trended steadily
5 upwards over the past few years, and is on pace to be
6 as high as it has ever been at \$330 million for 2026.
7 The administration did not add money to DOC's budget
8 in 2027, citing uncertainty around the ongoing
9 situation with the court-ordered federal remediation
10 manager. IBO correspondingly rejects that DOC will
11 require more money in its budget next year. The
12 Department of Sanitation has also experienced an
13 increasing trend in uniformed overtime expenditures
14 from \$140 million in 2024 to \$178 million in 2025.
15 And expenditures are unusually high this year due to
16 the two major snow storms. Next, I'd like to flag
17 due process cases. Spending on these cases which are
18 filed by public and non-public students seeking
19 special education services outside of the public
20 school system has grown from \$807 million in 2021 to
21 \$1.2 billion in 2025. The Preliminary Budget adds
additional funds for the program's budget for a total
of \$1.6 billion in 2027 and beyond. There are two
areas driving this increase in spending, tuition
payment for privates schools and spending on

1 educational services for non-public school students.
2 Between 2021 and 2025, spending on non-public school
3 students who are entitled to services under 2000
4 amendment to the state law grew by 91 percent. Those
5 state eligible cases accounted for 59 percent of all
6 due process cases settled between August of 21 and
7 February of 26, and account for 29 percent of total
8 payments for that period of time. Large growth in
9 due process cases is but one example of unfunded
10 state mandates New York state imposes on New York
11 City. New York is also being required to bring class
12 sizes into compliance by September 28 or risk losing
13 a large portion of state education aid. In December
14 of 25, IBO estimated that the New York City Public
15 Schools needed to budget almost 7,000 additional
16 teachers, and the administration added \$3.6 billion
17 in 2027 through 2030 to meet this mandate. But only
18 \$228 million of that would come from state aid. As
19 the Mayor cited in his presentation of the
20 Preliminary Budget, the city contributes almost 55
21 percent of the total revenue collected by the state,
but only receive less than 41 percent of state
funding. As described earlier, the state increased
its personal income tax collection from the

1 wealthiest earners of the state, most of whom reside
2 in New York City when It needed new revenue, but this
3 funding has not been directed back to the city, even
4 to assist with areas where the state is requiring
5 services, the city must struggle to fund. Another
6 area where the state has imposed significant and
7 disproportionate costs on the city is that of the
8 Metropolitan Transit Authorities para transit
9 services. The city. Is required by state law to
10 reimburse the MTA for Acces-a-Ride. Before 2024, the
11 city was only required to reimburse 50 percent of
12 para transit operating costs after fares and
13 dedicates taxes. Starting in 2024, state law
14 increased that to 80 percent through at least 2027
15 And it is currently predicted to be permanent.
16 Similarly, for foster care, the city paid about 30
17 percent of costs prior to 17 and 60 percent in 2007.
18 Well, the state shares decline from 54 percent to 26
19 percent, the balance being covered by the federal
20 government. So, this again, shifts more costs onto
21 New York City. The Preliminary Budget projects that
the city will spend \$523 million or 60 percent of
foster care costs in 2027, and that will continue to
rise. Closing the gap. So, we like to think about

1 operational efficiencies. The administration is
2 working to find savings through operational
3 efficiencies. The newly appointed Chief Savings
4 Officers at every mayoral agency are tasked with
5 responsibility to identify 1.5 percent in savings for
6 26 and 2.5 percent in savings for 27 and beyond. The
7 plans are due in March of 26. We look forward to
8 seeing those plans. The Preliminary Budget reflects
9 the hiring of 50 new auditors at the New York City
10 Department of Finance which IBO has long estimated
11 could generate \$165 million annually. Similarly, it
12 reflects the addition of 200 lawyers and 100 support
13 staff at the Law Department, as the Public Advocate
14 cited, also with the goals of generating savings.
15 There are many other areas such as supplies and
16 materials where it is likely that savings could be
17 generated and IBO looks forward to learning more
18 about these. Generating revenues to close the gap:
19 IBO has published on additional ideas to raise
20 revenues, both by eliminating or reducing existing
21 tax breaks and by increasing various other
specialized taxes. These ideas which would all
require New York State legislation to change include
the elimination of various tax abatements and

1 exemptions, either immediately or over-time. These
2 include the Industrial and Commercial Abatement
3 Program, ICAP, the Relocation and Employment
4 Assistance Program, REAP, the Relocation Assistance
5 Credit for Employees Program, RACE, and the Property
6 Tax Exemption, the Permanent Property Tax Exemption,
7 currently enjoyed by Madison Square Garden. IBO has
8 estimated the impact of various other potential tax
9 changes and we encourage you to look at our website,
10 and we'd be happy to come speak to you more about
11 them. The city may also choose to reassess and
12 structure for fees and fines. These ideas are not
13 sufficient to close the current estimated gaps, but
14 they would contribute to addressing the issues
15 longer-term. Lastly, there are questions that the
16 IBO would appreciate the administration being able to
17 further explain, and given the unusual timing of this
18 testimony, I'm going to talk about those too. We are
19 very curious as to why the administration remains as
20 optimistic about the national and local economy in
21 light of events such as the Supreme Court decision on
tariffs and the war in Iran. Why does the
administration project such an optimistic outlook for
corporate taxes, and then a precipitous fall-off in

1
2 later years? How is the administration factoring
3 into its budget planning the impact of a wide array
4 of federal changes that are already impacting New
5 Yorkers and will continue to grow in significance.
6 These include addressing hunger for New Yorkers no
7 longer eligible for SNAP, the loss of the essential
8 health plan coverage for hundreds of thousands of New
9 Yorkers, potentially plummeting vaccine rates, caps
10 on student loans, severe declines on the number of
11 foreign students coming into New York City, increased
12 work requirements for public benefits, and federal
13 cut-backs in climate and infrastructure resilience,
14 an extremely grim and serious list. This
15 administration appears to be reinvesting in
16 environmental programs such as composting, but it's
17 unclear why the administration continues to project
18 the cost of waste export and organics processing
19 lower than IBO's estimates? How do child care
20 vouchers factor into the Mayor's plans to expand free
21 or reduced child care for children ages birth through
six. Given the Governor's additional funding on top
of the supplemental base- excuse me- supplemental
funding on top of the base, what level of voucher
usage is anticipated going forward, and what are the

1 plans for the large wait list? What's the plan to
2 adjust pay parity for community-based organizations
3 under contract with New York City where employees are
4 often paid significantly less than their exact city
5 counterparts? We've got more questions. What's this
6 administration's approach to dealing with vacancies
7 and hirings? Currently, the labor reserve has been
8 budgeted funding for 1.5 annual raises for collective
9 bargaining agreements which is about half of the
10 increases negotiated by the Adams administration.

11 Does the Mamdani administration anticipate increasing
12 the labor reserve for the next round? What's the
13 basis for the savings assumption that support the
14 budgeted lower cost for health insurance through the
15 New York City Employee Preferred Provider

16 Organizations, the NYC EPPO? So, in conclusion, I
17 would like to again thank you for this opportunity to
18 testify, and we'd like to commend the administration
19 for its commitment to clarity, honesty, and
20 transparency at the outset of the 2027 budget
21 process. This Council will now navigate the very
challenging budget environment, even as issues mount
every day with wakening job growth and chaos in the
global economy. IBO looks forward to continuing to

1
2 work with you in the months ahead, and we are
3 available to address any questions you may have.

4 Thank you.

5 CHAIRPERSON LEE: Thank you so much. And
6 I'll turn it over to the Speaker to ask your
7 questions.

8 SPEAKER MENIN: Great. Thank you so
9 much for your testimony today. So, in order to
10 present a balanced budget for Fiscal 2027, the Prelim
11 Plan includes a proposed across-the-board increase to
12 the city's property tax rates. The Mayor estimates
13 that this increase would provide an estimated \$3.7
14 billion in additional revenue in each year of the
15 Financial Plan. Do you believe that a property tax
16 increase is necessary?

17 DIRECTOR CHAFEE: Thank you for the
18 question, Speaker Menin. IBO does not share
19 opinions, but we would like to point you to our
20 property tax report that we issued just yesterday
21 where we flag a number of concerns in the rate
setting, one of which is the equity issue where data
demonstrates that impacts of property tax are felt
most extreme by renters, and renters traditionally
are at the lower end of the income level.

1
2 SPEAKER MENIN: What alternatives would
3 you recommend in place of a property tax increase?

4 DIRECTOR CHAFEE: Well, there are a few
5 tools, more revenues, less expenditures. But I think
6 as our testimony really clearly laid out, there are a
7 number of very large areas where the state is
8 imposing unfunded state mandates on the city and the
9 state with their reserves and general financial
10 position could fund the requirements they are making
11 of New York City. There are a number of examples in
12 the Department of Education, most obviously the
13 class- the teacher requirements and the due process
14 cases, and we also flagged the MTA, para transit, but
15 we believe that there are opportunities. And lastly,
16 we believe that there are- this is an ideal
17 opportunity for this administration to take the time
18 to carefully analyze how operations function. We
19 know that you have led thought into the procurement
20 process reforms and other areas of how government
21 functions day-to-day. A review is not simple and is
not fast, but generally either generates the same
level of function with fewer dollars or more ability
to function with the same dollars, both of which help
the city's budget.

1
2 SPEAKER MENIN: You mentioned in your
3 testimony that there should be a hard look, which is
4 something I agree with, on tax breaks that are
5 happening at the state level. Have you looked at tax
6 breaks for educational institutions and for health
7 care institutions?

8 DIRECTOR CHAFEE: No, but we would
9 welcome the opportunity if you are asking us.

10 SPEAKER MENIN: Okay. Just interested in
11 that. Are there any additional revenues available
12 that your office believes this city should be
13 collecting?

14 SARAH PARKER: Hello. I'm Sarah Parker.
15 As Louisa mentioned in our testimony, IBO has done
16 thorough reviews of several tax expenditure programs.
17 So these are places where tax breaks are given to
18 specific companies or properties that meet criteria
19 dictated in the law. Generally, they are as-of-right
20 which means anyone who meets the specifications gets
21 the tax benefit. That also means that they have no
cost control on them, and over time there's a lot of
fluctuation year to year on who applies and is using
these programs. So that is one place that we have

1
2 flagged and we'd be happy to talk about those reports
3 with any of you.

4 SPEAKER MENIN: Okay. and going back to
5 my question about tax breaks. I mean, I just have a
6 couple follow-ups on that. So, certain educational
7 institutions like Columbia University are receiving a
8 very significant tax break. Do you agree with that?

9 SARAH PARKER: As nonprofit institutions,
10 they are under state rules not obligated to pay
11 property taxes, and the same with health care,
12 hospital facilities. We do look at what other
13 jurisdictions do, and in Boston or Cambridge,
14 Massachusetts, for example, Harvard makes pilots that
15 are smaller than what it would pay in property taxes,
16 but they do make pilots. Brown University makes
17 pilots to- I believe it's the state of Rhode Island.
18 So there are examples of payments in lieu of taxes
19 being made.

20 SPEAKER MENIN: Right.

21 SARAH PARKER: That is not something that
we've explored here in New York City.

SPEAKER MENIN: Are there any ideas in
that regard that would not require state legislation
to make a fix to this?

1
2
3 SARAH PARKER: As you well know, most tax
4 rules are set in state law, with the exception of
5 setting the property tax rate.

6 SPEAKER MENIN: In terms of the draw down
7 of reserve funds, so- and I know you went over some
8 of this in the testimony, but we have a number of
9 questions on this. So, Prelim plan includes the
10 utilization of over \$1.2 billion from long-term
11 reserves funds, \$980 million from the rainy day fund,
12 as you talked about in your testimony, \$229 million
13 from the Retiree Health Benefit Trust to assist in
14 balancing the budget. It also brings down the
15 end-year reserves for the upcoming budget to just
16 \$100 million or less than one percent of the City's
17 budget. This budgetary action has only been utilized
18 recently during periods of severe economic shock.
19 When do you feel it is appropriate to utilize assets
20 of the city's rainy day fund?

21 DIRECTOR CHAFEE: We very much believe
that rules should be set, but that we believe it's
not the IBO's role to prognosticate on what those
rules should be. But our understanding of the
legislative basis is that the state sets the

1
2 framework, but it is between the Council and the
3 administration to negotiate what goes in and what
4 comes out and when. And so we would be happy to
5 offer any kind of support should you choose to
6 advance that attempt at setting rules.

7
8 SPEAKER MENIN: Okay. And what is your
9 opinion in regard to the Mayor's proposal to drawn
10 down both long-term and end-year reserve funds in
11 general?

12
13 DIRECTOR CHAFEE: The budget needs to be
14 balanced, and we've flagged our concerns about both
15 the lack of rules and the general actions of the
16 intention to repay.

17
18 SPEAKER MENIN: And just so we can get
19 your sense on this, what is IBO's opinion on the
20 appropriate level of reserves for the city to have?

21
22 DIRECTOR CHAFEE: IBO is agnostic on the
23 appropriate level, but we believe it should be linked
24 to the overall size of the budget, and we also
25 believe that there should be consideration of the
26 state of the economy and other threats in the general
27 environment.

28
29 SPEAKER MENIN: Okay. Moving onto
30 CityFHEPS. So, since the inception of the program,
31

1 the baseline budget for CityFHEPS has been
2 considerably lower than actual spending.

3 Historically funding for CityFHEPS has been added
4 during the fiscal year to meet the actual demand. The
5 Council's long pushed the administration to more
6 accurately budget for this program which we know IBO
7 has advanced at that argument as well. In the Prelim
8 Plan, funding for CityFHEPS was increased to match
9 HRA's projected actual expenditures for the program.
10 These increases brought the CityFHEPS budget to \$1.78
11 billion in fiscal 2026, \$2.21 billion in fiscal 2027,
12 \$2.64 billion in fiscal 2028, and \$3.04 billion in
13 fiscal 2029. So, how is the funding added in the
14 Prelim Plan align with IBO's analysis in spending
15 projections for CityFHEPS for fiscal 2026 and in the
16 outyears?

17 DIRECTOR CHAFEE: Sarita?

18 SARITA SUBRAMANIAN: Yes, as you noted,
19 we also looked at the large amounts that were added
20 for the CityFHEPS program. In the past, how IBO has
21 looked at this program is to- basically looking at
the floor, right? So, thinking about the level that
was spent last year and the assumption that we needed
at least that level to proceed for the current and

1
2 future years. And now, with these additional funds,
3 IBO is wondering whether the supply side can really
4 meet the demand. I think there's no doubt with the,
5 you know, the affordability crisis, the impending
6 federal cuts that are coming, that there will be
7 demand for these- this rental assistance. But I
8 think because of the increase in rents- so not just-
9 obviously with rent stabilized units, that's
10 different than market rate units, but IBO's look at
11 rent increases and sort of projected what that might
12 mean, as well as the supply of housing, and we're
13 really wondering if both the supply and the increases
14 in rent will be able to met based on the assumptions.
15 So, the- from our understanding, the assumptions are
16 that the program will grow, although the growth is
17 expected to slow, but that still leads to, as you
18 mentioned, really large expenditures by 2030 that
19 we're not sure if the supply side can- has room for
20 that.

17 SPEAKER MENIN: Okay. We've got a lot
18 more questions, but in the interest of time, I'm
19 going to pass it over to Chair Lee first. Thank you.

20 CHAIRPERSON LEE: Okay, great. And
21 before I start, I just wanted to also recognize we've

1
2 been joined by Council Member Justin Sanchez, Council
3 Member Brewer, Council Member Avilés, Council Member
4 Mealy, Council Member Marte, and on Zoom we have
5 Council Members Gennaro and Feliz. So, really
6 quickly, for underbudgeting- you know, I think the
7 Mayor's, you know, release of the Preliminary Plan,
8 as you mentioned, is getting more to being truthful
9 in terms of what the actual budgeting is and sort of
10 trying to address ending the under-budgeting in many
11 areas. It includes an additional \$7.54 billion to
12 rightsize the budget to a more realistic cost
13 estimate, and you know, that includes cash
14 assistance, CityFHEPS, rental assistance, shelter
15 costs, DHS. So, do you believe the updated cost
16 estimates for these areas included in the Preliminary
17 Plan are more realistic or are realistic?

18 DIRECTOR CHAFEE: Yes, in general, we
19 believe they're more realistic. There are
20 fluctuations in certain areas. So, for example, we
21 flagged Department of Corrections, and we have some
concerns about the judgements and claims, but it
feels that given as a whole, the administration's
commitment aligns with the Mayor's indication of
being accurate and honest in the expenditures.

1
2 SARITA SUBRAMANIAN: And I would just add
3 to that, that as a result, a lot of these areas that
4 you mentioned, so cash assistance, CityFHEPS are not
5 areas we have, you know, readjusted based on our
6 estimates, which we have historically. But you know,
7 I think there is a question about are they the
8 appropriate levels. I think really for CityFHEPS,
9 that's something we're not sure about. We don't have
10 enough data to understand, you know, what type of
11 apartments, for example, are used with those
12 vouchers, you know, the number of bedrooms,
13 bathrooms, if they're rent-stabilized or market-rate.
14 And so I think having more data from that side of
15 things would help us better project what the supply
16 side might look like.

17 CHAIRPERSON LEE: And to your point, as
18 you mentioned earlier, it could be that the supply
19 is, you know, not as high obviously as the demand,
20 which is-

21 SARITA SUBRAMANIAN: [interposing] Right.

18 CHAIRPERSON LEE: We're probably going to
19 see. Much the additional spending included in the
20 Prelim Plan is driving- that is driving the rationale
21 for need to raise the property tax and draw down

1 reserves. Is the Mayor seeking to present a more
2 accurate estimate of the existing cost? So, I think
3 everyone seems to agree that this under-budgeting has
4 been occurring for several years, and your office and
5 the Council have called out the practice. And the
6 city's budgeting process requires that while costs
7 may be underestimated during the year, they must be
8 accurately reflected by the time the fiscal year
9 comes to a close. So, even during years when
10 expenses have been under-budgeted, the city was still
11 able to cover the under-budgeted costs without having
12 to make large withdrawals from the reserves or
13 initiate large tax increases. So, what do you
14 believe? I know that opinions are- you were saying
15 try not to give opinions, but in your best ability to
16 answer, what do you believe is inherently different
17 this year where correctly recognizing the actual cost
18 of these items would necessitate such drastic steps
19 that were not required in prior years?

17 DIRECTOR CHAFEE: The Preliminary Budget
18 accurately reflects the city's expenditures.

19 CHAIRPERSON LEE: Okay. Right, okay, so
20 I'll ask a follow-up-

1
2 DIRECTOR CHAFEE: [interposing] Sorry,
3 that was a really short answer to a beautiful
4 question.

5 CHAIRPERSON LEE: No, no, no. That's
6 good. That's good. And could this be an indication
7 that the mayor still can do- can go further in
8 rightsizing the budget to reflect the actual need,
9 this time on reducing the over-budgeted areas?

10 DIRECTOR CHAFEE: We look forward to
11 seeing the Chief Savings Officer plan. We recognize
12 it's the beginning of the cycle. We look forward to
13 understanding what the state puts forward in its
14 adopted budget, and we would expect that there would
15 be further movement in the Executive Budget.

16 CHAIRPERSON LEE: Right. Further
17 shuffling, yep. In terms of personnel accruals, so
18 currently we estimate that the city has approximately
19 14,000 vacant budgeted full-time positions, and while
20 this total is lower than in previous years mainly
21 because of recent vacancy reduction efforts which is
great, it is still relatively high. So, how much
savings do you believe the city has accrued this year
to-date, including fringe costs, based on the

1
2 under-spending resulting from the high number of
3 vacancies?

4 SARITA SUBRAMANIAN: Yes, thank you. So,
5 IBO, and we do note the same as what you just shared
6 which is that we estimate less savings than we have,
7 you know, even one year or two years ago. We
8 estimate that at about \$200 million for this year,
9 largely- and we also see the same- roughly the same
10 difference, 307,000 in budgeted headcount, and
11 292,000 in active headcount, yielding 15,000
12 vacancies.

13 CHAIRPERSON LEE: Okay, great. And just
14 to be totally clear, or I just- because I think there
15 was maybe some confusion or I heard some confusion
16 about the fact that, oh are you guys saying we should
17 eliminate? No, no, no, we're not saying we're
18 touching the line items or the number of positions.
19 We're just simply saying how much in savings can we
20 find for positions that were not hired. So, I just
21 wanted to make note of that. In IBO's review of the
city's financial plan, it includes estimates for
revenue and expenses. And I understand that for
fiscal year 2027 IBO's revenues are lower than OMBs.
Additionally, IBO estimates larger budget gaps in the

1
2 outyears of the plan. So, can you just walk through
3 some of the differences in the underlying
4 assumptions?

5 SARAH PARKER: Yes. Overall, IBO is more
6 cautious on tax revenue than what the Mamdani
7 administration is presenting given our overall
8 concerns with the economy.

9 CHAIRPERSON LEE: Okay. Your answers are
10 so efficient. And what are the main contributors to
11 IBOs estimated \$6 billion gap in 2027 and then \$11
12 billion in 2028, 29 and 30?

13 SARAH PARKER: The main contributor is on
14 the revenue side, and that is because we do not
15 assume in our estimates the property tax proposal,
16 because it is not enacted.

17 CHAIRPERSON LEE: Okay, great.

18 SARITA SUBRAMANIAN: I will note we do
19 have some expenditure items. They're not at the
20 level that they have been in the past, but a couple
21 of areas that Louisa highlighted in testimony are in
sanitation, in particular these areas that have been
historically under-budgeted and were not, you know,
rightsized as other areas which was waste export cost

1
2 and organics and compost collection. So, I just
3 wanted to highlight those.

4 CHAIRPERSON LEE: Okay. Thank you. And
5 then finally, just my last question on the economic-
6 the employment growth in the city. So, payroll
7 employment has been slowing dramatically, and as of
8 December 2025, year over year, job growth was only
9 30,100. This compared with 2024 annual job growth of
10 121,700. In addition, out of the 30,100 jobs added,
11 53,000 were in the low-paying home health care and
12 social assistance sectors. That means, excluding
13 those two subsectors, total employment declined by
14 22,900 year over year, and major sectors such as
15 finance, business services, leisure, hospital, and
16 construction have all experienced job loss. So, how
17 would you assess the employment situation in the
18 city?

19 DIRECTOR CHAFEE: Well, apart from the
20 obvious, it's pretty grim.

21 SARAH PARKER: When IBO talks about
employment, we are looking at jobs being added in
that year, and we look at it across different sector
types. So, as you noted, one of the areas where we
have seen the small amounts of growth in jobs over

1 recent years has been in the home health and social
2 services sector. And those traditionally are
3 low-paying, home health aide jobs. We expect with
4 the benchmarking that's going to be happening this
5 month that that's going to improve the jobs estimate
6 numbers for last calendar year, calendar year 2025.
7 But where our employment is right now is a very tepid
8 state of things. We are not adding jobs like we had
9 been in past years. IBO is estimating slightly more
10 than 44,000 jobs will be added next year. But again,
11 the job growth has been relatively quite stagnant.
12 It is really the high incomes scene and the financial
13 sector in particular and capital gains that are what
14 are driving personal income revenues. Underlying
15 everything with the jobs and employment forecasts
16 that IBO has, we still have the same federal risks
17 that were here last year. The tariff questions, are
18 there tariffs? Are there not tariffs? Are they
19 going to be refunded? Are new ones going to be
20 imposed, add into this layer. We also have this
21 geopolitical conflict that is new, and so that's
underlying everything here.

CHAIRPERSON LEE: Okay. Thank you for
that. And what do you think some of the biggest

1
2 challenges and barriers are for those growth, for the
3 growth?

4 SARAH PARKER: I think one of the things
5 for both businesses and employers is this level of
6 uncertainty. Without knowing what the future holds,
7 businesses are being very reluctant to add new
8 positions, because they don't want to then have to do
9 layoffs and job cuts if a recession materializes.
10 Similarly, employees are staying in positions even if
11 it's not the best fit for them, because it is a
12 pretty terrible job market for people searching for
13 jobs. And so we are in this sort of dead-locked
14 position of low hire, low fire. So, there's both
15 lost growth opportunity for businesses that should be
16 expanding, but are hesitant to, and also employees
17 finding better matches in terms of their skillset and
18 employment and wages.

19 CHAIRPERSON LEE: And also, as we've seen
20 nationally, cost for employers are also significantly
21 increasing, whether it's the insurances that they
have to gain, and so those are all things that are
factoring, I think, into that. So, just one really
quick follow-up question on the EPS accruals. Is the

1
2 \$200 million estimate for PS accruals this year based
3 on subset of 14,000 vacancies?

4 SARITA SUBRAMANIAN: Yes. From my
5 understanding, I think a large portion of those
6 accruals for Department of Education and CUNY and
7 pedagogical staff. So, those are included in that.

8 CHAIRPERSON LEE: Okay. And at that
9 rate, the average cost per vacancy is under 20,000.
10 So, could you walk us through your calculations a
11 little bit more for that?

12 SARITA SUBRAMANIAN: Sorry. So, I noted
13 the \$200 million in civilian. I neglected to add, I'm
14 sorry, the \$358 million for the pedagogical positions
15 that I mentioned. So, the total is \$681 million.

16 CHAIRPERSON LEE: \$681 million.

17 SARITA SUBRAMANIAN: Yeah.

18 CHAIRPERSON LEE: Okay.

19 SARITA SUBRAMANIAN: I apologize.

20 CHAIRPERSON LEE: Okay. Thank you so
21 much for that clarification. I'm going to pass it
along to my colleagues to ask questions, and we're
giving you guys five minutes. If we hit the
five-minute mark, we could always put you guys back

1
2 on for round two questions. I am going to start with
3 our Deputy Speaker Williams.

4 COUNCIL MEMBER WILLIAMS: Hi. The first
5 question I have is do you see any process or fiscal
6 differences between the Mamdani administration's
7 cost-savings exercise versus the PEG exercise of the
8 Adams administration? Do you see any differences in
9 terms of like the process or- based off your analysis
10 on the request?

11 DIRECTOR CHAFEE: Well, it's still early
12 days, because the results- the reports aren't due
13 until we believe March 20th. But I would say that
14 the first clear difference is that the Adams
15 administration issued a three-round PEG letter at a
16 time when the revenues were such that they were not
17 needed, and the Mamdani administration is not doing a
18 Program to Eliminate the Gap, a PEG, but rather
19 encouraging or requiring careful analysis of
20 operations to identify savings. So, they're not
21 taking the we're going to cut perspective, but rather
we're going to run this more efficiently perspective.
We look forward to seeing the reports.

1
2 COUNCIL MEMBER WILLIAMS: Okay, but he is
3 asking the agencies to make a percentage cut which is
4 similar even though the percentage is less.

5 DIRECTOR CHAFEE: There is a request to
6 figure out how to adjust expenditures, but we
7 believe- well, we're interested in seeing the
8 reports, as I am sure you are, too.

9 COUNCIL MEMBER WILLIAMS: Yeah. Okay.
10 Thank you. You mentioned class sizes, and I know
11 you've done a ton of things around analyzing roll
12 outs of class size and estimating the amount of
13 remaining costs to hiring teachers to reach 100
14 percent compliance. So, \$600 million was added for
15 fiscal 2027 in the Preliminary Plan to hire roughly
16 6,000 teachers. Given enrollment decreases since
17 2023 and 2024, does IBO believe this funding should
18 bring New York City Public Schools close to
19 compliance?

20 SARITA SUBRAMANIAN: Yes. That's a good
21 question. So, IBO has updated its class size
analysis. We've done two so far. So, as new data
come in- and we recognize that our data are on a lag,
and so we do plan to update that analysis going
forward. We do note that the money that was added

1
2 was a bit over our previous re-estimate of those
3 costs, but we do also assume an entry-level salary
4 for teachers. And so one thing that we're going to
5 be looking into, especially this year which was the
6 first year where they added a substantial number of
7 teachers, is to look at what the salary level of
8 those teachers actually was. And so if our- if we
9 need to adjust our assumption, we will be doing that
10 analysis.

11
12 COUNCIL MEMBER WILLIAMS: Okay. Two
13 minutes, okay. So, just a few questions on unpaid
14 fines and fees, and then a question on budgeting for
15 equity, you know, my favorite topic. So, the
16 people's budget- folks have a new campaign which I
17 think is great, and I know you all released a report
18 on this. And so- do you know, I know the report came
19 out in 2023. But do you have any updates on how much
20 the city has in uncollected fines and how much in
21 landlord fines in particular? I know it was like 150
in 2023 for unpaid lienable property charges and \$940
million in unpaid penalties. But I don't know if you
have a breakdown of the landlord fines versus the
uncollected fines, like any recent number?

1
2 SARAH PARKER: IBO has not updated its
3 numbers since we last looked into this. I will say
4 that with the most recent lien sale, that is a way
5 that charges to properties and paraprofessionals
6 water bills often do get cleared out. There is no
7 lien sale this year. So, this is a really
8 interesting question going forward.

9 COUNCIL MEMBER WILLIAMS: Thank you. So,
10 in February 2026, IBO's Assistant Director for Budget
11 Review, Logan, testified before the Committee on
12 Civil and Human Rights regarding budgeting for
13 equity. In his testimony he stated that when
14 considering the expense budget, IBO typically asks
15 who could be and who is actually being served by a
16 program. In evaluating the Preliminary Plan, has IBO
17 noticed any budget inequities, and have you seen any
18 budget inequities addressed in the Preliminary Plan?

19 DIRECTOR CHAFEE: As we flagged, we're
20 proud to report- publish a report yesterday on
21 property tax, and we do draw your attention to the
exciting page consideration because of the equity
issues in the potential property tax rate increased.
Our full published report will be issued March 24th,
and we would intend to share more details then, but

1
2 as Logan Clark, our colleague testified at the equity
3 hearing. Part of the challenge in understanding
4 equity is the current structure of the budget's units
5 of appropriation, a topic that I will not let go of,
6 makes it very hard to understand the nuances of how
7 different agencies are actually allocating their
8 funding.

9 COUNCIL MEMBER WILLIAMS: Thank you. I
10 know I've had many conversations with you all on this
11 topic, and I appreciate you trying to figure out how
12 to assess this, given the lack of transparency and
13 how we do the budget in New York City which I hope to
14 continue to work with everybody here to ensure that
15 the administrations actually comply with the Charter
16 that states they are supposed to give us more units
17 of appropriation so we can actually make an
18 assessment on whether or not they're spending the
19 money equitably and/or receiving money equitably
20 across the city. So thank you much.

21 CHAIRPERSON LEE: Thank you. And next
we'll go to Majority Leader Abreu.

COUNCIL MEMBER ABREU: Thank you, Chair,
and I want to thank you, Louisa, for your
presentation and for making yourself available

1
2 outsides of this forum as well. Mayor Mamdani
3 promised on the campaign trail to double the budget
4 of the Department of Consumer Worker Protection. The
5 Preliminary Plan does not reflect this promise as the
6 fiscal 2027, at the school 2027 but totals \$74.7
7 million, actually a slight decrease from \$75.1
8 million at fiscal 2026 adoption. Has the IBo ever
9 projected the impact of DCWP spending on restitution
10 for consumers and workers?

11
12 CHAIRPERSON LEE: We have not, but are
13 you asking us to?

14
15 COUNCIL MEMBER ABREU: I would love to
16 see that.

17
18 CHAIRPERSON LEE: Well, we'll take that
19 as a question. Thank you.

20
21 COUNCIL MEMBER ABREU: And I'm assuming
the answer is going to be the same for the next
question. Has the OBI conducted any studies on the
effects of increased wages on deliveristas and the
broader city economy?

DIRECTOR CHAFEE: We have not studied
that, but again, we find it a very interesting
question.

1
2 COUNCIL MEMBER ABREU: Great. I think
3 this is an increasing, ya; regulation, and of course
4 this will be important to us to understand what the
5 cost is going to be to the city and whether the
6 commitments set out by the administration on
7 implementing this, there's something that we can see
8 through. Regarding B-HEARD, November 2025 the Adams
9 administration released a plan to transition B-HEARD
10 to be fully funded and operated by H&H, removing FDNY
11 from the program. FDNY EMTs previously assigned, and
12 the B-HEARD teams will be reassigned, and now
13 consist of a social worker, RN and ambulance driver.
14 The Financial Plan includes \$45 million in Fiscal 26
15 for B-HEARD. In January 2026, IBO released a report
16 identifying areas for improvement within B-HEARD.
17 B-HEARD response times have been rising steadily
18 since the start of the program in 2021. The median
19 B-HEARD response time has risen from 12 minutes in Q4
20 of fiscal 21 to roughly 21 minutes in Q3 of fiscal
21 2025. How does IBo anticipate B-HEARD's response
times changing under the new model?

19 SARITA SUBRAMANIAN: Yes. As you noted,
20 our colleague, Cassandra Stewart [sp?], also
21 testified at a hearing last week. And I think one

1
2 other aspect of our report that's really critical to
3 point out is the way that the pilot has been scaled
4 up. And so if you think about the initial start of
5 the pilot was three precincts and two teams, and if
6 you were to assume that level of staffing for the
7 number of precincts that are now currently in the
8 program, we estimate that could be up to 20 teams.
9 And that- currently it's at nine. So, I think in
10 order for- it's not just about the transition of
11 where the program is operating from, but also the
12 appropriate staffing level. I will also note that
13 response times to emergency calls or non-B-HEARD
14 emergency calls, they're also on the rise, and so I
15 think there's- there are larger questions about the
16 system as a whole and call processing times for
17 emergency calls.

18 COUNCIL MEMBER ABREU: Do you see a
19 response times improving or not improving?

20 SARITA SUBRAMANIAN: I think- again, I
21 think it depends on the level- if the level of
staffing remains the same, then we think there could
still be challenges, because it's not just about the
response times, but also these teams are spending

1
2 longer time on-scene. And so there's less
3 availability for a new team if a call comes in.

4 COUNCIL MEMBER ABREU: In the first three
5 quarters of fiscal 2025, only 38.5 percent of
6 emotional disturbed person, or EDP calls, deemed
7 eligible for a B-HEARD response were actually
8 assigned to a B-HEARD team. The metric was worse in
9 fiscal 2025 than it was in any other year of the
10 B-HEARD pilot. How does IBO anticipate this metric
11 changing under the new model?

12 SARITA SUBRAMANIAN: Yeah. Again, I do
13 think that over that timeframe the pilot area did
14 expand, and so we do think that taking a critical
15 look at the call volumes by precinct is really
16 important. We actually have a companion report that
17 does look at that. So, I think there really needs to
18 be a geographical analysis of what the appropriate
19 staffing level is.

20 COUNCIL MEMBER ABREU: And my last
21 question is, has IBO assessed long-term capital
22 savings due to PACT conversions regarding NY- sorry,
23 NYCHA PACT conversions?

24 DIRECTOR CHAFEE: IBO has written and
25 looked at what the status of what NYCHA's fiscal

1
2 position is and how it plans to utilize PACT/RAD
3 conversions and also the NYCHA Trust that was
4 created. In terms of its capital needs, NYCHA capital
5 needs are very well-documented, and the federal
6 government has not met its historic promise that it
7 would cover capital expenses for housing units that
8 are substantially below market. And so how those two
9 relate are really central questions. I'd be happy to
10 talk with you and your staff further on this topic.

11 COUNCIL MEMBER ABREU: Thank you, Chair.

12 CHAIRPERSON LEE: Thank you. And we are
13 running a little behind schedule. So, if you guys
14 could make sure to stick to five minutes, which you
15 guys are doing a great job at, so I appreciate that.
16 And next we're going to have questions from Majority
17 Whip Hanks followed by Council Member Hudson and then
18 Council Member Narcisse.

19 COUNCIL MEMBER HANKS: Thank you so much.
20 Good afternoon. Thank you so much for your
21 testimony. I just needed a little bit of clarity in
parts of your testimony. The Speaker asked you a
question about property tax. Is a property tax
needed? And as part of your response, you said that
the property tax system current affects renters, I

1
2 think as part of your- correct me if I'm wrong. Can
3 you explain a little bit about how the current
4 property tax system is affecting renters, low-income
5 renters? I think that's what-

6 DIRECTOR CHAFEE: So, what I was flagging
7 were equity concerns in- should the property tax be
8 raised, and that any property tax increase is borne
9 by obviously property tax owners, but that also
10 renters bear property tax increases, as landlords
11 traditionally pass those onto renters, and renters
12 have far fewer means to dispute that increase in
13 comparison to other classes. But this is a very
14 in-depth complicated process, and we encourage you to
15 read our report. It's really exciting.

16 COUNCIL MEMBER HANKS: 100 percent, but
17 you know, for the purpose of this hearing, we also
18 want the public to understand that any property tax
19 increase- let's just assume- which it is not- that
20 the current property tax is fair across all boroughs.
21 Being from Staten Island, we pay a higher property
tax than they do in let's say Park Slope, Brooklyn.
So, when you're talking about that pass-through, it's
always going to be the end user that deals or has to
deal with the consequences of any type of raising of

1
2 anything. So, what we'd like to know is the
3 administration going to be doing more of those-
4 digging into more of those inequities, first and
5 foremost borough-wide- excuse me, citywide. And you
6 know, is this analysis going to really reflect the
7 true- the unfair practices that the property tax
8 system currently has when it comes to how each
9 borough is treated?

8 DIRECTOR CHAFEE: So, thank you for your
9 questions. And to be super precise, the IBO's report
10 is on property tax rate setting which is part of the
11 larger property tax system, and we were simply trying
12 to explain how the rates work. We appreciate your
13 questions and we'd be happy to talk with you in-depth
14 more, but we were talking about a slice of the
15 overall system.

15 COUNCIL MEMBER HANKS: Thank you. One
16 more question. Part of your testimony we said- so,
17 New York City spends more than anyone in education
18 per student. So, you're saying that some of these
19 due process cases are the reasons for close- like,
20 one of the things that we can close the gap.
21 Spending on these cases which are filed by public and
nonpublic students seeking special education services

1
2 outside of the public school system has grown from
3 \$807 million in 2021 to \$1.2 billion in 2025. Can we
4 talk about what is, you know, driving this spending
5 and if there could be any, you know, reasons that we
6 could use this as part of the original budget for
7 students?

8 DIRECTOR CHAFEE: So, every student has
9 the right to be educated in New York City.

10 COUNCIL MEMBER HANKS: Right.

11 DIRECTOR CHAFEE: And we were not
12 implying that students do not have that right. What
13 we were looking at is the rapid escalation in costs,
14 and we've been continuing to look very carefully at
15 exactly how the process is set up, who is applying
16 for due process, where are they being educated, and
17 how is that system functioning. And we would
18 appreciate the opportunity to talk more with you, but
19 again, we want to stress that- we're not implying
20 that eliminating the system. We're rather
21 challenging the rapid increase in costs in the
system.

COUNCIL MEMBER HANKS: Oh, I appreciate
that. My questions were for clarity.

DIRECTOR CHAFEE: Absolutely.

1
2 COUNCIL MEMBER HANKS: Right. It was for
3 clarity, because-

4 DIRECTOR CHAFEE: [inaudible]

5 COUNCIL MEMBER HANKS: again, these are
6 open to the public.

7 DIRECTOR CHAFEE: Yes, absolutely.

8 COUNCIL MEMBER HANKS: You said a lot of
9 things in here that for clarification, so that was
10 the reason of my question.

11 SARITA SUBRAMANIAN: Yeah, I just wanted
12 to clarify also that the cases that we were talking
13 about due to the state law are a portion of these
14 total due process cases. In general under the
15 federal IDEA Act, students are entitled to, you know,
16 file these cases, and when public schools are not
17 able to provide the services. So, we were just
18 talking about the state law that changed the rules
19 under which non-public school students could also
20 avail of due process cases.

21 COUNCIL MEMBER HANKS: Thank you.

CHAIRPERSON LEE: Awesome. Thank you.
Also, we've been joined by Council Members Nurse,
Carr, and Dinowitz. And Council Member Hudson?

1
2 COUNCIL MEMBER HUDSON: Thank you so
3 much, Chair, and hello. Good afternoon. As
4 referenced in your testimony and also in this most
5 recent line of questioning, yesterday you released a
6 helpful explainer laying out how New York City sets
7 property taxes. You note that while the state sets
8 property values for tax purposes, the city sets the
9 rates which are subject to state-imposed caps and
10 oversight. One issue many of us are looking to
11 address is the over taxation of cooperative buildings
12 to ensure middle-income and in my district,
13 specifically, Black and Brown households are not
14 priced out of their homes. Can you please confirm
15 that the state under New York Real Property Tax Law
16 Section 1802 groups together all residential
17 buildings with four or more units, including co-ops
18 and condos, into one property tax cap?

16 SARAH PARKER: New York State defines
17 four property tax classes. Class one being
18 residential properties with one to three units, small
19 residential properties. And class two being
20 residential properties with four or more units. So,
21 that includes both cooperatives, condominiums, and
rental buildings.

1
2 COUNCIL MEMBER HUDSON: Thank you. And
3 if the City Council wanted to set the tax class share
4 lower for different types of class two properties, do
5 you believe the Council has the authority to do so,
6 or must it maintain uniformed class shares for all
7 class two properties?

8 SARAH PARKER: I'm going to start with
9 saying I'm not a lawyer.

10 COUNCIL MEMBER HUDSON: Fair, me either.

11 SARAH PARKER: New York State sets a cap
12 on how much each share can grow compared to the year
13 before or shrink by five percent, and Council has the
14 authority- is enabled to set the share less than five
15 percent if it wishes and has in the past. So, that
16 is- there's a cap at the state level, but there's
17 also discretion at City Council level.

18 COUNCIL MEMBER HUDSON: Thank you. And
19 based on your analysis of the property tax system,
20 what do you believe is the reason co-op shareholders
21 are voicing concern regarding high property taxes?

SARAH PARKER: There are so many
questions and issues with our property tax system
both on the- how we value properties for taxable
purposes and the differences between market values

1
2 and taxable values. There are also many choices made
3 on how the total tax levy is allocated across the
4 four types of property classes, and all of that leads
5 to eventually boiling down to the property tax bill
6 that a building or a household is getting, and for
7 co-ops, I think there's certainly a lot of discussion
8 on how to predict what is going to happen to bills
9 year to year. And for residents who are living on
10 fixed incomes or who bought when values were much
11 lower than what they are now, they're facing changes
12 and have maintenance changes to reflect those
13 charges.

14 COUNCIL MEMBER HUDSON: Thank you. I
15 appreciate that answer. And then I'd like to also
16 briefly talk about the administration's proposal to
17 potentially raise property taxes to 13.4 percent
18 which would be, as you mentioned, a 9.5 percent
19 increase. What types of class two properties would
20 be impacted with the greatest tax increase under this
21 proposal?

18 SARAH PARKER: So, class two and class
19 four properties, class two being large residential
20 buildings and class four being commercial and
21 industrial buildings, are responsible for about 80

1
2 percent of the total property tax levy. Within class
3 two, as I mentioned, we have rental buildings and we
4 have cooperatives and condominiums, this- there is
5 under state law a partial tax abatement for co-ops
6 and condos in an effort to make them taxed more
7 similar to how one- to three-family houses are taxed,
8 and so even within class two there is differences in
9 how this tax increase would fall. Class two being
10 one of the largest generators of property taxes.

11 COUNCIL MEMBER HUDSON: Do you know the
12 demographics of these homeowners?

13 SARAH PARKER: That's a great question,
14 and we can look into it.

15 COUNCIL MEMBER HUDSON: Okay. Thank you
16 so much. Appreciate your time. Thank you, Chair.

17 CHAIRPERSON LEE: Great. Thank you. So,
18 next we have Council Member Narcisse followed by
19 Council Member Marte.

20 COUNCIL MEMBER NARCISSE: Thank you,
21 Chair. I'm going to follow up with the taxes, because
I have one of the highest foreclosure and different
things going in our city. And we have to be mindful
because this is the most vulnerable New Yorkers that
are going to be affected the most. To follow up, we

1
2 are in the middle of a housing affordability crisis.
3 From IBO's perspective, how might increasing property
4 taxes affect the economic of building rental housing
5 in New York City?

6 SARAH PARKER: It is clear that raising
7 property taxes adds to the cost of operating and
8 maintaining a building year over year. This would
9 hit every type of property in New York City. as I
10 mentioned, particularly it would hit class two and
11 class four properties, because they are responsible
12 for generating a larger dollar amount of property
13 taxes.

14 COUNCIL MEMBER NARCISSE: I say 80
15 percent?

16 SARAH PARKER: 80 percent, it'd be
17 roughly 80 percent between those two in 2025, so last
18 year.

19 COUNCIL MEMBER NARCISSE: So, from your
20 perspective, is that a reasonable thing to do since
21 we're in a crisis right now? People out there cannot
even have space.

DIRECTOR CHAFEE: So, IBO is agnostic on
opinions, but we did in our testimony highlight the
challenges and also try to identify other mechanisms

1
2 that we believe are available to address the overall
3 necessity of presenting a balanced budget.

4 COUNCIL MEMBER NARCISSE: Thank you.

5 Now, I'm going to switch to medicine since I'm a
6 nurse. On January 5th, 2026, the U.S. Department of
7 Health and Human Services issues a memo implementing
8 significant changes to the federal government Peds
9 [sic] which is our kids, pediatric vaccination
10 schedule. The federal vaccine for children programs
11 covers the cost of recommended vaccines for children
12 who are uninsured, under insured, Medicaid-eligible,
13 or enrolled, and we're talking about the American
14 Indian, Alaskan native, and the more than 1,000
15 participating health care providers across the city.
16 Because the VSC programs only covers vaccines
17 included in the federal schedule, further changes
18 could shift the cost of certain vaccines from the
19 federal funding to the state, the city and
20 potentially families. In March 2026, IBO released a
21 report outlining the potential impact of the federal
vaccine funding and the policy changes on New York
City. The fiscal 2027 Preliminary Plan includes
\$182.3 million for DOHMH disease prevention and

1
2 treatment program area. How much of this funding
3 support childhood vaccination programs, and does IBO
4 anticipate needing to increase funding if federal
5 vaccine coverage changes?

6 SARITA SUBRAMANIAN: Yes, thank you. We
7 do also note in our report that although the federal
8 guidance changed, the New York State Department of
9 Education as well as the Governor has stated that New
10 York State requirements will not change. And so that
11 is something that we're really closely tracking to
12 see if there is a decline in the funding for the
13 vaccine program, because 60 percent of New York City
14 student are eligible to receive and over 1,000
15 providers participate in that program. So, we do
16 also note that the vaccine changes- the
17 recommendations that were changes are those that have
18 had higher cases in the past recent year,
19 particularly RSV for very vulnerable young babies,
20 it's potentially fatal. So that's something that we
21 plan to keep tracking, the infection rates, to kind
of see what might be some of the impacts of these
changes.

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2 COUNCIL MEMBER NARCISSE: Yeah, because
3 the dangerous part of it, some folks don't even want
4 to vaccinate their kids.

5 SARITA SUBRAMANIAN: Well, and those
6 trends were already beginning prior to this.

7 COUNCIL MEMBER NURSE: Yeah, and the
8 conversation about not vaccinating is scary, and it's
9 very unstable right now, anyway. In the first quarter
10 of fiscal 2026, 63.5 percent of children ages from 24
11 to 35 months were up-to-date on immunization, a
12 slight decline from the same period in fiscal 2025,
13 and below the 70 percent target. How does IBO
14 anticipate vaccine schedule completion [sic] rate
15 changes if federal recommendation continues? Because
16 we're talking about the Big Beautiful Ugly Bill, and
17 then when it goes deeper with the cut, that's the
18 concern that I have.

19 SARITA SUBRAMANIAN: Yes, and that's
20 something that we are also very closely tracking. We
21 do note that the New York City Department of Health
has joined into a group of other states to, you know,
sort of- but I do think- we do think that this
federal change is going to really play out
differently in different states depending on the

1
2 decisions of state leaders, and that's a real risk in
3 terms of who is coming into New York State, you know,
4 and not knowing their prior vaccination status. And
5 so, I think this is something that we will be closely
6 tracking going forward. It's hard to tell what might
7 happen right now.

8 COUNCIL MEMBER NARCISSE: Thank you.
9 Thank you, Chair.

10 CHAIRPERSON LEE: Thank you. Next we
11 have Council Member Marte followed by Council Member
12 Brewer.

13 COUNCIL MEMBER MARTE: Thank you, Chair.
14 Last year, Mayor Adams stopped the plan to put
15 municipal retirees on Medicare Advantage. In the
16 past, the IBO has testified that this Medicare
17 Advantage plan was misguided and would not actually
18 save the city \$600 million as proponents of this plan
19 said it would. Does IBO still maintain this
20 position, and does IBO believe that the cost for
21 retiree's traditional Medicare warrant privatization
as a cost-saving measure?

SARAH PARKER: IBO has been carefully
tracking what is happening with the Health Insurance
Stabilization Fund, and we have been particularly

1
2 noting that the trend has been to withdraw money from
3 it. One of the proposed savings, as you noted, was
4 to switch retirees who are eligible to Medicare over
5 to Medicare Advantage. That did not happen, and so
6 IBO is very much looking forward to learning from the
7 administration what the plan is for the health
8 insurance fund, Health Insurance Stabilization Fund
9 going forward, and we would like to note that in this
10 budget, the Mamdani administration put notable
11 amounts of funding in to cover the health insurance
12 differential between the city's HIP and now the nice
13 PPO Plans, which is recognizing with taxpayer dollars
14 in this budget that the Health Insurance
15 Stabilization Fund is out of money, and that is
16 something the City Comptroller noted. A report at
17 the very end of 2025, last year.

15 COUNCIL MEMBER MARTE: Thank you for
16 that. Switching over to NYCHA. Recently, the Trump
17 administration has proposed capping rental assistance
18 for able-bodied adults for two years. NYCHA's
19 resident data book from January 2025 indicate that an
20 average tenancy of 27.2 years in Section 9. How
21 devastating would it be if we switched to the Trump's
administration proposal allowing two-year limits for

1
2 able-bodied adults, and do have any analysis on the
3 rise of homelessness with the cost associated with
4 that as well?

5 SARAH PARKER: This is a great question.
6 And I want to point to- IBO wrote about federal
7 changes being proposed and how they relate to public
8 housing and how they would impact New York City as
9 part of our federal changes local impact series. And
10 in that report, IBO noted that the two-year cap being
11 proposed would increase apartment turnover at a time
12 when both Section 9 and Section 8 have extensive wait
13 lists. So, more households would be able to
14 affordable housing, but the two-year cap would
15 destabilize housing for many low-income tenants
16 citywide with little prospect that such households
17 could find affordable housing elsewhere.

18 COUNCIL MEMBER MARTE: Thank you for that
19 response. Follow-up question on NYCHA. Recently,
20 there was an investigative report that came out that
21 said there were 6, 700 units that were vacant in the
NYCHA system. Has IBO done any analysis of how much
it would cost to fix those units, and how much money
the city can save in future years if we're able to

1 transition people from homeless shelters into these
2 vacant apartments?

3 SARAH PARKER: That is something we look
4 forward to working with our partners at NYCHA to get
5 more information on the conditions of those
6 apartments, and their process for turning apartments
7 around for new renters.

8 COUNCIL MEMBER MARTE: Thank you. That's
9 all the questions I had.

10 CHAIRPERSON LEE: Okay, great. Next, we
11 have Council Member Brewer followed by Council Member
12 Carr.

13 COUNCIL MEMBER BREWER: Thank you very-

14 CHAIRPERSON LEE: [interposing] Oh, and
15 sorry, just want to recognize we've also been joined
16 by Council Member Brooks-Powers and Council Member
17 Restler.

18 COUNCIL MEMBER BREWER: Thank you very
19 much. I appreciate the work that you did when I
20 requested about what are the fines and fees that are
21 uncollected. The question I have is- I know you
mentioned that there's a hiring of Department of
Finance in your testimony. So, I'm wondering do you
think- I think you had a number as to what it might

1 collect. It certainly wasn't the \$2 billion. So my
2 question is do you think that is going to even
3 collect what you suggested? Do they need more? What
4 would be the answer if there is one to collecting
5 more of these fines and fees, etcetera?

6 SARAH PARKER: So, IBO created that
7 estimate by looking at what auditors generally are
8 able to collect in particularly the corporate
9 business tax. That's what the auditors are generally
10 looking at, and so that's how we generated that
11 estimate.

12 COUNCIL MEMBER BREWER: Okay. Second
13 question is you talked about the- I wonder the issue
14 of Carter and Connell [sic] and the whole- Connor
15 [sic] and the whole issue of more costs going towards
16 private schools paying for young people who have
17 IEPs. Is there a way of looking at if the Department
18 of Education is to provide those kinds of schools,
19 then we would not have this huge amount for Carter
20 and Connor? Is that something that you could look or
21 you have looked at? There's a real delta there.

DIRECTOR CHAFEE: So, we are continuing
to work with our partners at the Department of
Education to completely understand this rapidly

1
2 increasing area and to balance the legal requirements
3 of students for a fair education with the process
4 surrounding it to understand how the costs are being
driven.

5 COUNCIL MEMBER BREWER: Would that be a
6 study to figure out what it would cost to build X
7 schools versus what is being paid? Obviously, some
8 students will always be part of the private school
9 system, but it seems to me within that there's a
delta there that could in fact help with these costs.
10 Is that something that you could look at?

11 DIRECTOR CHAFEE: We are in the process
12 of pulling together as much information as we can,
and yes, it will result in a study.

13 COUNCIL MEMBER BREWER: Okay. And then
14 the pilot for Columbia, NYU and others, do you have
15 some sense of what it could bring in? Obviously, you
16 can look at Harvard. You can look at Brown. You
17 could look at Yale. they're all doing it. And is
there some number that you might suggest for that?

18 SARAH PARKER: So, higher education and
19 medical institutions forgo about \$1.5 billion in
property taxes.

20 COUNCIL MEMBER BREWER: \$1.5, okay.

1
2 SARAH PARKER: I also would like to note
3 though there is with immigration restrictions on
4 foreign students, changes to federal student loans,
5 and also a lot of federal changes on how health care
6 is funded. These are institutions that also have
7 many financial questions themselves and are major
8 employers for New York City.

9 COUNCIL MEMBER BREWER: Okay, so we want
10 to be careful.

11 SARAH PARKER: It's a balance.

12 COUNCIL MEMBER BREWER: We want to be
13 careful what we're asking for is what you're saying.

14 SARAH PARKER: Of course.

15 COUNCIL MEMBER BREWER: In terms of EDC,
16 that's always an agency that seems to have a lot of
17 money, but we never know how much. January 24 you
18 did a report estimating from 2019 to 2024 they had an
19 annual net revenue of \$154 million from city-owned
20 assets, but they only remitted \$38 million per year
21 over the previous three years. You recommended that
EDC remit additional income, resulting in additional
\$25 million. Has IBO conducted a follow-up analysis?
And have you assessed how this additional revenue

1
2 might impact EDC operations and if it's really
3 viable. Like I said, we never know what EDC has.

4 DIRECTOR CHAFEE: We have not, and we
5 would welcome the authority to have better insight
6 into EDC, because it is not a mayoral agency.

7 COUNCIL MEMBER BREWER: I know.

8 DIRECTOR CHAFEE: We have no additional
9 rights for requesting data, but we feel that it would
10 be in taxpayer's interest to understand the details
11 of what's occurring at EDC.

12 COUNCIL MEMBER BREWER: What kind of-
13 where would that authority come from, city, state or
14 EDC board?

15 DIRECTOR CHAFEE: Probably a combination
16 of the first and third.

17 COUNCIL MEMBER BREWER: Okay. We will
18 work on that. And then just finally- you also talked
19 about corporate taxes, and you mentioned that the Big
20 Ugly Bill- you called it something else, the Big
21 Beautiful Bill- that there was obviously we all know
the nice gift to some of our corporations from that
Big Ugly Bill. So, my question is, is there again a
delta between what could in fact- because there is a
big concern about too much taxing means people leave

1
2 the city, blah, blah, blah, but it seems to me that
3 there is an opportunity to what I would call redo
4 what the Big Ugly Bill did, and then without doing
5 additional taxes. So you would just basically be
6 doing what the- undoing what the Trump administration
has done, or am I wrong in what I'm saying?

7 DIRECTOR CHAFEE: No. Thank you for your
8 question. We also agree that with the change in tax
9 legislation on a federal level, there is an
10 opportunity on the state and thus for the locality to
11 shift. We think the precedent was set by the state in
12 2019 when they shifted tax brackets as the feds were
reducing the state increased, and I'm going to hand
it Sarah for some more details.

13 SARAH PARKER: One of the major changes
14 in the One Big Beautiful Bill was to decouple- was to
15 have depreciation on an accelerated schedule, and the
16 Governor's Executive Budget has proposed to decouple
17 New York State from that. So, that would be a major
18 change for businesses where the break is on the
federal side, but would not be granted on the state.

19 COUNCIL MEMBER BREWER: Because that's a
20 better message. Like, we're basically stating undo
Trump as opposed to saying more taxes. We're
21

1
2 basically saying get us back to where we were, which
3 is a much better message. So, thank you very much.

4 CHAIRPERSON LEE: Thank you. Next we
5 have Council Member Carr followed by Council Member
6 Wong.

7 COUNCIL MEMBER CARR: Thank you, Chair.
8 Director, always a pleasure to see you. My question
9 is on NYPD headcount. The headcount for the NYPD has
10 not reached its budgeted headcount of 35,000 for the
11 last five consecutive years, 35,000 for the last five
12 consecutive years, and I believe as of adoption back
13 last June we were hovering around 33,000+. There's
14 an extremely high attrition rate in the NYPD ranks,
15 losing about 250 to 300 officers per month, and then
16 you have recruiting challenges. And now, the mayor
17 wants to cut that headcount, further terminating the
18 phase-in of 5,000 new officers. I'm not sure if
19 that's what you were referring to in your testimony
20 as a more realistic budgeting, but it would save only
21 \$17.8 million which is not much in the grand scheme
of things for this coming year. And so I know the
number always goes up in the outyears, but we're
concerned traditionally in this body with the high
cost of NYPD overtime, and that's on pace for this

1
2 fiscal year to be about \$900 million. So, my
3 question is how does continuing to erode the
4 headcount at the NYPD impact overtime costs? Are we
not being pennywise, pound foolish here?

5 DIRECTOR CHAFEE: So, thank you for your
6 question. Lovely to see you, too. I'm going to say
7 what I've said repeatedly, namely we've done a study
8 on this, because we were very interested in the
9 headcount and we would be happy to share it with you
10 again, but we looked carefully at years within the
11 service and where overtime increased and decreased,
12 and what we saw was an increase between year 17 and
13 20 in overtime. What I highlighted in my testimony
14 was that the trajectory for years of overtime not
15 decreasing, that curve has been bent by the current
16 Commissioner. And while the decreases are not
enormous, it is of note that the decrease- that
overtime is decreasing.

17 COUNCIL MEMBER CARR: [interposing] I
18 think that, you know-

19 DIRECTOR CHAFEE: [interposing] Compared
20 to the previous year.

21 COUNCIL MEMBER CARR: Understood. And I
think that, you know, what's driving my questioning

1 is, you know, our borough has one of the lowest NYPD
2 headcounts in Staten Island in decades, and that's
3 compared to a population of about 150,000 at that
4 time compared to almost half a million now. And so I
5 think that there's a growing need, and to have a
6 lower headcount overall serving a much, much larger
7 population is disturbing. But I'll move on to the tax
8 question I have. I think the critical part of any
9 budget inquiry should be analysis of the long-term
10 impact of raising taxes. I saw the Citizen Budget
11 Commission report that said while the number of high
12 earners, millionaires in New York City, has grown,
13 it's lagged behind the nation's growth. So, our
14 share of the nation's millionaires plummeted 31
15 percent between 2010 and 2022 according to this study
16 while it grew in states like Texas and Florida, and
17 it has to be due in large part that New York City has
18 the highest combined tax rate in the nation. CBC
19 further found that New York shares stayed at 2010
20 levels, the state and city would have collected-
21 excuse me, the tax rate stayed at 2010 levels, the
state and city would have collected more than \$13
billion in additional personal income tax revenue for
2022. Has the IBO made any similar analyses of the

1
2 potential downstream and long-term impacts of the
3 mayor's proposal to raise income, corporate and
4 property taxes?

5 DIRECTOR CHAFEE: So, thank you for your
6 question. I'm going to answer the first part on the
7 PD specifically to Staten Island, and I'm going to
8 say that that is also from our perspective an equity
9 issue, and that we would very much appreciate the
10 ability to understand, for example, size of precincts
11 in relation to geography, and with the PD's current
12 single unit of appropriation across the entire city,
13 we can't do the analysis that you understand from
14 your lived experience. And now I'm going to hand it
15 to Sarah to talk about our personal income tax
16 analysis for 2023 and our understanding of the high
17 end of New York City filers.

18 SARAH PARKER: To help address your
19 question, yes, Texas and Florida have been adding
20 more millionaires than New York City, but to just be
21 clear, New York City already had a lot of
millionaires and they're still here. And the ones
that have left were replaced by new wealthy
households. In general, one always must balance how
to decide how much revenue to generate out of a

1
2 particular tax, and then also to think about who it's
3 going to impact and what their decision-making will
4 be. There has been a lot of rhetoric around whether
5 the highest earners in New York City will leave New
6 York City as a result of any personal income tax
7 changes, and this is something- we did not see that
8 when there was a cap on SALT deductions. That
9 happened out of the last Trump tax bills, and I think
10 in general it's important to keep the perspective
11 that there are many reasons why people want to live
12 in New York City besides just how we structure our
13 tax rates. That is one piece of an equation and
14 certainly a household financial question, but also
15 where people own their homes and where they send
16 their children to schools.

14 COUNCIL MEMBER CARR: So, you're
15 disputing the CBC analysis? You don't agree with
16 what their figures say with respect to the personal
17 income tax loss compared to what we would have had if
18 we had a different tax burden or structure?

18 SARAH PARKER: I think we are trying to
19 answer the question in two different ways.

19 COUNCIL MEMBER CARR: Alright, well my
20 time is up, so I'll yield it back to the Chair. But
21

1
2 thank you for your answers to the earlier parts of my
3 questions. Thank you.

4 CHAIRPERSON LEE: Thank you. I know I'm
5 biased, but I'm personally here for the food in
6 Queens which is amazing, because of our amazing
7 immigrant community. So, I'll just put that out
8 there. So, we have Council Member Wong followed by
9 Council Member Morano.

10 COUNCIL MEMBER WONG: Thank you, Chair.
11 I'm disappointed that the OMB chose to break from the
12 normal course of Preliminary Budget hearings by
13 testifying at the end instead of in the beginning.
14 As the agency that primarily guides the mayor's
15 budget process, the OMB Director should have been the
16 first out of the gate during the March Preliminary
17 hearing so that the Council and the public could
18 fully understand the administration's priorities
19 given that- before I get into my questions for IBO, I
20 want to take a moment to talk about what my
21 constituents are seeing and feeling right now.
Families in Maspeth, Middle Village, Glendale,
Richwood, Rego Park, and Elmhurst already feel like
they are being taxed from every direction. They're
paying more property taxes, income taxes, sales

1
2 taxes, tolls, congestion pricing, and a growing list
3 of penalties, fines, and fees. Now they're hearing
4 about proposed property tax increase that could bring
5 in roughly \$3.7 billion a year, while at the same
6 time there are discussions about bringing municipal
7 parking meters into residential blocks. On top of
8 that, homeowners are now being told that they must
9 purchase a city-mandated garbage cans, along with
10 other costs, and continue to be pushed into them as
11 unfunded mandates. At some point, enough is enough.
12 The solution to our fiscal challenges cannot always
13 be to tax more or charge more. Government has a
14 responsibility to live within its means, prioritize
15 core services, and ensure taxpayer dollars are being
16 spent wisely. My constituents should not feel like
17 they are the city's ATM every time the budget gets
18 tight. Now, a few questions. Considering- regarding
19 projections, conflicting projections. We have heard
20 different numbers about the size of the budget gap
21 from different sources, from the Comptroller's
independent analysis and from you. What projections
should this council actually rely on?

DIRECTOR CHAFEE: Thank you. I would like
to say that we are trying our best, and I regret

1 we're not OMB. But that said, we use different
2 mechanisms to forecast and project, and there are a
3 variety of entities that forecast and project City
4 Council Finance, Office of Management and Budget, and
5 the Comptroller, and we are looking at approximately
6 the same areas. We're just making judgements as to
7 what we think will actually occur. And so we tried
8 to discuss some of the judgements we have. For
9 example, we are concerned about the overall state of-
10 the instability of the overall economy and how it
11 manifests in New York City. And that's one of the
12 reasons why we have a different perspective on
13 revenues than the administration. We've also
14 discussed with our peers in the Comptroller's Office
15 different judgements as to what certain programs
16 might cost, but we're all looking at approximately
17 the same areas.

COUNCIL MEMBER WONG: Okay, thank you.

16 My next question. When you look at the city's
17 spending trajectory over the next several years, do
18 you believe spending growth is occurring at a
19 sustainable pace, or should the city be exercising
20 more restraint?
21

1
2 DIRECTOR CHAFEE: We're agnostic on
3 opinions. We believe there needs to be a balance,
4 and we believe that the administration should be
5 applauded for being accurate on what the expenditures
6 are, and that the revenues need to meet the
7 expenditures.

8 COUNCIL MEMBER WONG: Okay. I have one
9 minute left. I serve in a school board, and I've
10 seen schools that's under-enrolled, and it's my
11 understanding there's a lot of schools out there-
12 I'll tell you the number in a minute- that's been
13 below, way below enrollment. In fact, there are
14 below 150 kids in these schools that I've been
15 examining. Now, before COVID, usually the mayor or
16 the Chancellor will come in there. We got to combine
17 these under-enrolled schools. But that hasn't
18 happened since COVID. Is this something you have
19 looked at, because according to what I looked at
20 there are over 113 of them, and combining them makes
21 sense, and we'll save a lot of money because
education's 40 percent of our budget. Can you talk
about that?

SARITA SUBRAMANIAN: Yes. And this is
something that we have been tracking very closely at

1
2 the funding- on the funding level as well, because
3 one thing we noted was that there is no funding to
4 hold schools harmless for these. So, that's
5 something that has been funded every year since COVID
6 began, and when enrollment started declining. So,
7 that's something that we noted as not in the budget.
8 Now, that could mean that they already have the funds
9 budgeted to support that, but that's something that
10 we haven't heard yet. And so it's possible that- and
11 other chancellors have proposed combining schools,
12 and so that's definitely something I think that could
13 be on the table and something that we might see.

11 COUNCIL MEMBER WONG: Okay, thank you.

12 CHAIRPERSON LEE: Okay, great. So, next
13 we have Council Member Morano followed by Council
14 Member Mealy.

15 COUNCIL MEMBER MORANO: Thank you for
16 your testimony and thank you for the very economical
17 answers that you've given to some very tricky
18 questions. Your testimony notes that recent personal
19 income tax growth is heavily driven by Wall Street
20 bonuses and capital gains. If those are responsible
21 for a significant share of revenue growth, are we

1
2 effectively balancing the city budget on the fortunes
3 of one industry?

4 SARAH PARKER: The finance sector and
5 other high-wage sectors are very much driving our
6 personal income tax revenue. I will say, that is not
7 a new pattern for New York City.

8 COUNCIL MEMBER MORANO: So, if the
9 financial sector has a down-turn, what percentage of
10 the city's revenue growth could disappear?

11 SARAH PARKER: It's hard to know the
12 timing and size of that downturn, but certainly
13 personal income tax revenue is driven by capital
14 gains. So, if Wall Street has a booming year, and
15 people decide to realize those capital gains. That
16 shows up in the personal income tax, and how bonuses
17 are given out by companies, those are all risks.
18 There's also a lot of change happening in the sector
19 particularly with AI becoming a major part of this
20 conversation.

21 COUNCIL MEMBER MORANO: You mentioned
that complying with the state's class size mandate
could require nearly 7,000 new teachers and billions
in additional spending. From a fiscal perspective,
understanding your agnosticism on opinion, is New

1
2 York City increasingly becoming a pass-through
3 government that pays for policies that are decided in
4 Albany?

5 DIRECTOR CHAFEE: The state law requiring
6 teacher size to change was not funded by Albany.

7 COUNCIL MEMBER MORANO: So, what
8 percentage of the city's long-term spending growth is
9 now driven by state mandates rather than local policy
10 choices that we've made?

11 DIRECTOR CHAFEE: That's a really
12 interesting question. Thank you. We look forward to
13 answering that.

14 COUNCIL MEMBER MORANO: The Speaker had
15 asked you about the rainy day fund. The
16 administration is using under their plan nearly a
17 billion dollars from the rainy day fund to balance
18 the budget and promising to replenish it later. If
19 the economy weakens before that happens, are we
20 essentially spending our emergency reserves before
21 the emergency arrives?

DIRECTOR CHAFEE: The emergency is not
defined. So, we- that's why we talk about rules on a
regular basis. We really recommend the definition of

1
2 what is an emergency and what require- you know, the
3 details of pays in, what pays out.

4 COUNCIL MEMBER MORANO: You note that
5 CityFHEPS spending could grow from under \$300 million
6 in 2021 to about \$3.5 billion by 2030. Has IBO
7 evaluated whether the outcomes like reductions in
8 homelessness are growing at anything close to the
9 same rate as the spending?

10 SARITA SUBRAMANIAN: We do note that is
11 the largest mechanism for exits from shelter. And so
12 I think one thing that we often struggle with is, you
13 know, what is the counter factual, and that's a
14 really hard question and not one that, you know, we
15 are able to find. So we do note that most of the
16 rental assistance vouchers are going to those that-
17 the vast majority are going to those that are exiting
18 shelter.

19 COUNCIL MEMBER MORANO: What I'm trying
20 to understand is if spending increases 10-fold, but
21 the problem doesn't shrink proportionally, what does
that tell us about the sustainability of the program?

SARITA SUBRAMANIAN: Yeah, I think that's
a really good question, and I think that it's
exacerbated by the pandemic and a lot of the

1
2 struggles that people have faced since the pandemic,
3 as well as, you know, some of the challenges of
4 access to other benefits that are now also at risk.
5 And so that putting increased pressure with not being
6 eligible for SNAP or Cash Assistance and leaving even
7 fewer resources for, you know, paying rent. And so I
8 think the challenges that there's a larger need for
9 housing assistance, and I think the key piece is, you
10 know, to see what happens with new housing that is
11 planned through City of Yes, whether- and what rent
12 those units are going to be available for, because
13 that's the other-

COUNCIL MEMBER MORANO: [interposing]

14 Finally, Council Member Hanks asked you about
15 attempts at property tax reform. This is something
16 the mayor's talked about. The Mark Shaw [sic]
17 Commission dealt with this extensively. The former
18 Chair of this committee Brannan dealt with it, as did
19 a lot of folks across the aisle. Has the IBO done
20 any analysis if we were to more equitably distribute
21 property taxes with Albany's help? Whether that
22 would be something that would likely be revenue
23 neutral, or would it lead to an increase or decrease
24 in revenue?

1
2
3 SARAH PARKER: IBO over the years has
4 been a part of these conversations, and those were
5 extensively on all aspects and many areas of the
6 property tax system. I think one of the fundamental
7 questions is if changes are made to increase equity
8 within and across the different property class
9 shares. Is it arranged in a revenue neutral way,
10 which would mean some people are "winners" and some
11 people are "losers," or is it just changes that are
12 phased in to be generating increased revenue. And
13 those are questions for Council here in the city and
14 also with the state to make decisions on.

15 CHAIRPERSON LEE: Okay. Sorry. Okay, so
16 next we have- sorry. Thank you. Council Member
17 Mealy and then followed by Council Member Justin
18 Sanchez. Oh, okay, perfect. Okay. So, Council
19 Member Justin Sanchez, you are up, followed by
20 Council Member Avilés.

21 COUNCIL MEMBER J. SANCHEZ: Thank you so
much for being here. Quickly, we briefly spoke about
some of the major events that are happening such as
the World Cup. I am curious because I didn't see any
increased budget allocation in terms of Sanitation to

1
2 help account for this increased tourism. So, I
3 wanted to know for events such as this in the past
4 and as we're celebrating the 250th Anniversary of
5 America and all the other great fun things that this
6 summer will bring, are there any major events like
7 this that have had these kinds of budget allocations
8 for some of these agencies in the past? And then,
9 are there any understanding of how other American
10 cities have dealt with events of this scale in their
11 budgeting to prepare, or do we know that yet?

10 SARAH PARKER: So, one of the things that
11 we're very much thinking about is there's both
12 security questions, so police and overall presence on
13 our streets as we have an influx of people for the
14 World Cup. Transportation costs, I know the city is
15 working very hard to identify how to get people from
16 New York City to the Meadow [sic] lands for these
17 games in an efficient manner with its partners with
18 New Jersey Transit and the MTA. There's always
19 questions about the size and scale of that, and I
20 think this is something we would look particularly to
21 be in the Executive Budget to acknowledge those. In
terms of the city- the city is also trying to think
about what it gets out of having the World Cup in our

1
2 backyard which is very exciting. You have hotels and
3 entertainment. If people come to New York
4 specifically for these games, hotel prices are going
5 to be very high. That's good for the hotel industry
6 and hotel taxes. But it also means it might scare
7 away some other tourists. If hotel prices are high,
8 they might go visit a different American city. And
9 so that's something that we're all thinking about in
10 terms of the World Cup.

11 COUNCIL MEMBER J. SANCHEZ: Also, are
12 there any other potential shortfalls outside of the
13 World Cup, or you know, the 250th Anniversary coming
14 up that we might not be paying attention to that we
15 should be looking at as we go over this upcoming
16 year's budget?

17 SARAH PARKER: I think we're really
18 hopeful that our snow storms are past us, because
19 those were-

20 COUNCIL MEMBER J. SANCHEZ: [interposing]
21 As am I.

SARAH PARKER: previously in costs that
were not reflected in the budget.

COUNCIL MEMBER J. SANCHEZ: Thank you.
And quickly turning to revenue generation. Cities

1
2 such as Miami, Albany have residential parking
3 permits that- for its residents that while generating
4 revenue also open up parking spots for actual
5 residents. I'm curious if there are any studies or
6 things that you have seen to see how this could
7 potentially help be a revenue-generator in the City
8 of New York.

9
10 DIRECTOR CHAFEE: Yeah. So, we have
11 looked at parking permits, and Sarah will give some
12 details.

13
14 SARAH PARKER: Generally, one is
15 approaching- we looked at what other cities do, and
16 generally when purchase parking permits as trying to
17 allow the free curb space to go to people who live in
18 the neighborhood. One of the challenges is if you're
19 setting a fee, it's supposed to match the cost to
20 administer the program. So, in terms of revenue
21 generation, there's questions on- you want to have a
permit, but you don't want it actually to be a way of
just creating money, that it looks like a tax.
There's also just a lot of decisions that need to be
made if the city were to pursue this along the lines
of what visitors do and how you address commercial

1
2 corridors where people might want to park and then be
3 able to shop.

4 COUNCIL MEMBER J. SANCHEZ: Thank you so
5 much. I really appreciate it.

6 SARAH PARKER: Happy to talk about that
7 topic.

8 CHAIRPERSON LEE: Okay. Council Member
9 Avilés.

10 COUNCIL MEMBER AVILÉS: Thank you. Thank
11 you, Chair. And deeply appreciate your responses and
12 how concise and clear you have been throughout this
13 process. So, thank you for that. I wanted to follow
14 up a little bit on the NYCHA piece, particularly in
15 terms of the potential consolidation of Section 8 and
16 Section 9. Can you talk to us a little bit about,
17 you know, what you see as the potential impacts to
18 NYCHA if that were to happen?

19 SARAH PARKER: This is also something we
20 covered in our federal changes local impacts report
21 on NYCHA from this past fall. So the federal
government has proposed an arrangement that would
create a state rental assistance block grant, and it
would be a single block grant for addressing housing
programs that it currently operates as separate

1
2 programs. This would allow greater state discretion
3 on how to designate and allocate funding, but the
4 amount that it was proposing would be a lower amount
5 of funding than New York City currently gets for
6 these distinct programs from HUD. Particularly, for
7 NYCHA, this would mean a smaller overall funding
8 pool, and would also require the state and the city
9 to make difficult choices on how to allocate housing
10 funding if it has a smaller overall dollar amount
11 across various programs.

12 COUNCIL MEMBER AVILÉS: Do you have a
13 sense of what the reduction would like in actual
14 terms?

15 SARAH PARKER: So far, this has been more
16 of an idea floated and less of a policy proposal
17 [inaudible]

18 COUNCIL MEMBER AVILÉS: Got it. Thank
19 you. So, in terms of on the RAD/PACT side- first of
20 all, definitely want to underscore our interest in
21 your looking at the question around vacant units in
NYCHA and how we can- the process to getting units
back online, the costs. It has been an absolute pain
point for the city as we are in the middle of a
housing crisis to know that there are 6,000 potential

1 plus units sitting empty is, you know, mind-blowing.
2 So, look forward to your work on that. But in terms
3 of RAD and PACT conversions in particular, do we know
4 what portion of the potential \$38 billion in capital
5 funds that would be attainable through conversions
6 would be attributed to PACT conversions, and what
7 might be contributed to the trust?

8 SARAH PARKER: I can speak to my
9 understanding. I think NYCHA would be more specific,
10 able to give more specifics.

11 COUNCIL MEMBER AVILÉS: Probably not.

12 SARAH PARKER: But my under- my
13 understanding is that the capital budget funding for
14 these conversions is a larger pot of money, and then
15 as specific developments vote to go- tenants get to
16 vote whether they want to go through a RAD/PACT
17 conversion or through the NYCHA Trust program or
18 remain Section 9. That's a whole process in and of
19 itself that IBO has written on. But as projects
20 select into one option or another, then funding out
21 of the capital budget is allocated for those
projects.

COUNCIL MEMBER AVILÉS: Has NYCHA
reported to you at all? Have you looked at where the

1
2 Trust is currently and if there has been any progress
3 in developing that model and moving units through
4 that?

5 SARAH PARKER: I think we need to talk to
6 our partners at NYCHA.

7 COUNCIL MEMBER AVILÉS: We'd love a look
8 at that as well as another option. So, in terms of-
9 if given the current state of affairs, is your sense
10 that- well, actually, I'll retract that question. In
11 terms of- could you talk to us a little bit about
12 CityFHEPS? Obviously, we've seen the program
13 increase exponentially, and yet, we are sitting here
14 with a housing crisis, and we obviously have pumped
15 in a huge amount of money into a shelter system that
16 is seemingly more expensive, both in the short and
17 long-term than using very effective housing vouchers.
18 Can- have you looked at ways, potentially some of
19 those costs could be decreased or if they're drivers
20 that we could look at more intently on how to make
21 sure this program gets the support it needs?

SARITA SUBRAMANIAN: Yeah, so as I
mentioned, I think there could be a lot better
reporting on the share of CityFHEPS apartments that
are rent stabilized, you know, in terms of the

1 current cases and also new vouchers that are given.
2 And also looking at our- some more data on the
3 dimensions of apartments. So, the bedroom size,
4 household size, and that would give us some sense of
5 also the level of rent, and I think rent- the
6 increases in rent are a key driver to the costs that
7 are benign projected. In addition to, you know, the
8 rate of attrition for voucher holders, and that's
9 also something that we don't have information on.
10 So, I think some more information on these areas
11 could help us better understand what is happening on
12 the supply side.

13 CHAIRPERSON LEE: Great, thank you. And
14 next we have Council Member Mealy. You are going to
15 make a statement, right?

16 COUNCIL MEMBER MEALY: Yes, I just-

17 CHAIRPERSON LEE: [interposing] And then
18 followed by Council Member Brooks-Powers.

19 COUNCIL MEMBER MEALY: Thank you. I just
20 want to commend you, Director. You're the first of
21 my knowledge that at least gave us a blueprint of
what to do. You want us to ask OMB and the city
agencies within a week about revenues. Why does the
administration remain as optimistic about the

1 national and local economy in light of such events
2 such as the Supreme Court on tariffs and the War in
3 Iraq- Iran. I'm glad that you've given us these
4 questions to ask them, even though they should have
5 been here earlier before you. But I just want to
6 thank you for putting these questions out there,
7 letting us know what we need to ask them just as
8 well. So, thank you, and thank you, Chair.

9 DIRECTOR CHAFEE: Thank you. As I said,
10 they're questions that we're curious about. So,
11 thank you for hosting us.

12 CHAIRPERSON LEE: Great. And then
13 Council Member Brooks-Powers?

14 COUNCIL MEMBER BROOKS-POWERS: Thank you,
15 Chair, and thank you for your testimony today. It's
16 great to see you. I just only had one question which
17 is what is IBO's perspective on the city's
18 Preliminary Budget, and have you identified any
19 specific areas for efficiency or cost-savings to
20 address the fiscal deficit? And I know the Council
21 issued a statement about a day or so ago in terms of
where there could be some potential resources to plug
that hole, but I'm curious from your perspective what
that looks like.

1
2 DIRECTOR CHAFEE: Thank you for your
3 question. We do have a series of research thinkings
4 on- called what if's which used to be called budget
5 options about thinking about how government could do
6 services differently, many of them being either
7 increased outcomes or decreased costs. One area that
8 we flagged this year were the cost of supplies where
9 we think that if a cap were put on what the city may
10 spend on supplies right now, a cap of 90 percent of
11 the current allocated amounts, about \$200 million
12 could be saved simply by that action. So, there are
13 areas within the budget where we think there wouldn't
14 be necessarily major changes in how agencies
15 function. Supplies are unusual because if you look
16 at the spending rate, there tends to be a large spend
17 at the end of the fiscal year which from agency
18 operations is something- is sometimes the perspective
19 if there's additional money, and so they saved- they
20 wait until the last quarter and then surge. Perhaps
21 those items aren't as necessary as those purchased
regularly throughout the year. That's why we're
considering the cap.

COUNCIL MEMBER BROOKS-POWERS: Thank you
for that. Thank you, Chair.

1
2 CHAIRPERSON LEE: Great, thank you. And
3 I think with that, we're actually done with this
4 portion of the testimony. So, thank you so much for
5 coming in and being with us. Thank you.

6 DIRECTOR CHAFEE: Thank you.

7 CHAIRPERSON LEE: And next we are going
8 to move into our Comptroller. Oh, I'm sorry. Sorry,
9 I forgot. There is one more question. Just really-
10 just clarifying on the 681 that you guys had
11 mentioned, does that include fringe costs for the
12 vacancy question that we had?

13 SARITA SUBRAMANIAN: No, it doesn't.

14 CHAIRPERSON LEE: Okay, perfect. That
15 was one clarification I just wanted to ask. Okay.
16 And the estimates of PS accruals in FY26 is about-
17 oh, wait. Okay, perfect. Thank you. Okay, so I can
18 ask, okay. Sorry. In the estimates of the PS
19 accruals in FY26 is about \$680 million and the
20 Financial Plan includes a placeholder for agency
21 savings of \$710 million in that same year, and it
sounds like the agencies can make almost full savings
number just by accounting for accruals and not
actually taking any affirmative steps to findings
savings, and would you agree with that assessment?

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2 SARITA SUBRAMANIAN: I think I would- I'm
3 not entirely sure. I think we want to wait and see
4 what comes of the CSO reports and, yeah, and have to
5 take a look at that.

6 CHAIRPERSON LEE: Okay. Thank you. And
7 now, we can actually go into the next section which
8 is with our Comptroller who I know is here. Thank
9 you. Thank you, everyone.

10 SPEAKER MENIN: Okay, first of all, we
11 want to welcome our Comptroller Mark Levine and his
12 team who are here, and I know the members have a
13 number of different questions. I am going to turn it
14 over to Chair Lee. I'm going to be in and out, but I
15 do have questions that I'm going to be asking, but
16 I'm going to first turn it over to Chair Lee.

17 CHAIRPERSON LEE: Okay. Hello,
18 Comptroller Levine.

19 COMPTROLLER LEVINE: Hello, Chair Lee.

20 CHAIRPERSON LEE: I know, saying it-

21 COMPTROLLER LEVINE: [interposing] And
hello, Speaker Menin.

CHAIRPERSON LEE: Okay, so we're going to
quickly swear you in, and then you can go ahead right
into your testimony.

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COMMITTEE ON FINANCE

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COMMITTEE COUNSEL: Good afternoon. Do you affirm to tell the truth, the whole truth and nothing but the truth before this committee and to respond honestly to Council Member questions? Comptroller Levine?

COMPTROLLER LEVINE: Yes, I do.

COMMITTEE COUNSEL: Deputy Comptroller Brindisi?

DEPUTY COMPTROLLER BRINDISI: I do.

COMMITTEE COUNSEL: And Deputy Comptroller Olson?

DEPUTY COMPTROLLER OLSON: I do.

COMMITTEE COUNSEL: You may begin.

COMPTROLLER LEVINE: It's a very different perspective from here. I like it. Well, good afternoon again, Council Members, Chair Lee, Speaker Menin, members of the Finance Committee. Thank you for this opportunity to testify on the Mayor's Preliminary Budget and Financial Plan. I'm pleased to be joined today by Executive Deputy Comptroller for Budget and Finance Francesco Brindisi and Deputy Comptroller for Budget Krista Olson. Council Members, I had the pleasure of sitting where you are for eight years, and following the budget

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2 closely for the four years since, and I can tell you
3 that in all that time, I and we have never seen a
4 fiscal challenge as big as the one we face now. We
5 know that in part because Mayor Mamdani and his
6 administration have provided the most honest and
7 transparent accounting of the budget we have seen in
8 years. The Mayor's budget proposal accurately
9 acknowledges billions in costs that in years past
10 were routinely underbudgeted.

11 CHAIRPERSON LEE: Oh, wait, one quick
12 question.

13 COMPTROLLER LEVINE: No problem.

14 CHAIRPERSON LEE: Do you have copies of
15 the-

16 COMPTROLLER LEVINE: [interposing] Yeah.
17 I don't know.

18 CHAIRPERSON LEE: Sorry, just a logistics
19 question.

20 COMPTROLLER LEVINE: I think we do.

21 CHAIRPERSON LEE: Yeah, Chris.

UNIDENTIFIED: It's from a place of love.

COMPTROLLER LEVINE: Okay. We had budget
cuts in the Comptroller's Office.

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COMMITTEE ON FINANCE

CHAIRPERSON LEE: Yes, I know. Savings plan.

COMPTROLLER LEVINE: Efficiency savings already.

CHAIRPERSON LEE: Yes. Thank you. Sorry. Didn't mean to interrupt.

COMPTROLLER LEVINE: That's \$12 off our budget gap right there.

CHAIRPERSON LEE: Thank you.

COMPTROLLER LEVINE: No problem. No problem. Can I continue?

CHAIRPERSON LEE: Yes, I'm so sorry.

COMPTROLLER LEVINE: Okay. Thanks to the Mayor's transparency, we have the clearest view yet of where New York City stands fiscally. And here's what we see: New York City is quite simply spending more than it takes in. So, now we're confronted with a choice. Do we begin addressing this imbalance now and put the city on a stronger, more sustainable fiscal path, or do we kick the can into next year and leave ourselves vulnerable at a moment of deep economic uncertainty? I want to take a moment to address a simple question: If the economy is strong, why is our budget so out of whack? New York City's

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2 economy grew by a healthy pace last year, with real
3 wage income rising nearly three percent. Wall Street
4 bonuses are higher this season than any year in
5 history. And every major source of City tax revenue,
6 apart from corporate taxes, is rising: personal
7 income taxes, real property-related taxes, and sales
8 taxes. Unfortunately, our expenses are growing even
9 faster, which we now see clearly thanks to the
10 mayor's transparency. For example, rental assistance
11 costs, mainly our housing voucher program, CityFHEPS,
12 an essential lifeline for tens of thousands of
13 families, has been growing at four percent per month
14 and is projected by my office to reach \$2.6 billion
15 next year. For perspective, this is larger than the
16 entire annual expense budget of HPD. The cost of
17 special education due process claims, also known as
18 Carter Cases, is expected to reach \$1.5 billion next
19 year, tripling since fiscal year 2019. Our education
20 budget overall now totals \$36.9 billion, up 31.5
21 percent since 2020, even as school enrollment has
fallen by 100,000 students during that time. These
are just a few examples of rapidly-growing expenses.
Because the Mayor's Preliminary Budget now reflects
these costs, it projects total spending of \$127

1 billion in the coming fiscal year, an increase of
2 \$5.5 billion over last year. To balance the budget,
3 despite the rapid growth and expenses, the
4 administration relies on a variety of measures,
5 including four that I want to highlight, optimistic
6 revenue projections, drawing down reserves, reduced
7 prepaid expenses, and raising property tax levy close
8 to the constitutional limit. Each of these steps
9 deserve scrutiny, because each comes with its own set
10 of fiscal risks. First, the Mayor's revenue
11 projection. His plan increases the baseline tax
12 estimate by \$4.1 billion for FY 27 compared to the
13 November plan. Even the mayor himself has called this
14 projection "aggressive." In fact, the new revenue
15 estimates my office has released today- you can see
16 it in this book here, also available online. We show
17 revenue coming in \$1.8 billion lower than the mayor's
18 projections for FY26 and 27. How is that OMB got
19 such a high revenue estimate? They did that by
20 assuming that fueled the financial industry in 2024
21 and 2025 continues in 2026 in what OMB refers to as
another "exceptional year." In that scenario- in
their scenario, the securities industry would add
8,200 jobs over the next two years, triple what my

1 office projects. With total financial industry wages
2 growing by nearly twice what my office projects.

3 Then there's the draining of reserves. The mayor's
4 plan takes \$2.6 billion from reserves over FY26 and

5 27, drawing from the Revenue Stabilization Fund, the
6 City's rainy-day fund, the Retiree's Health Benefits

7 Trust, as well as the in-budget reserves for next
8 year. These reserves exist to protect the City

9 during economic downturns, or against federal cuts
10 and unexpected shocks. Drawing them down now when

11 revenues are at record level reduces our ability to
12 respond when the next crisis actually arrives. The

13 mayor's plan also draws down prepaid expenses, a step
14 that has received little attention, but warrants a

15 closer look. For decades, rolling over prepaid

16 expenses has been an important fiscal tool, allowing
17 the city to carry operating surplus forward to the

18 following year. In FY25, the city carried \$3.8

19 billion in prepaid expenses, but under the mayor's

20 plan, that drops to just \$238 million for FY26, a 94
21 percent decline. While the mayor's proposal

technically in balance for FY26, when we account for
both the reduced operating surplus and the rainy day

fund draw down, the plan indicates that operating

1 expenses this year will actually exceed revenues by
2 \$4.5 billion. And then there's the mayor's proposal
3 to raise property taxes. Our current property tax
4 system is profoundly unequal, with a brownstone owner
5 in Park Slope paying a much lower rate than a
6 brownstone owner in East New York, among many other
7 inequities and inconsistencies across the city.
8 Raising property tax rates would simply compound the
9 harm done by an already unfair system, while
10 simultaneously exacerbating our housing affordability
11 crisis. For this reason alone, I strongly oppose
12 raising them. But there's another concern that you
13 might not be aware of: Raising rates 9.5 percent, as
14 the mayor has proposed, brings us just short of the
15 constitutional limit for our property taxes, which
16 would mean we would have little room to maneuver
17 should we face an economic crisis in the future. And
18 just what are the chances of an economic crisis ahead
19 for New York City. While both the U.S. and New York
20 City economies showed some resilience in 2025, the
21 recovery has been uneven. Outside the single sector
of health care, specially home health aides, New York
City's private sector employment actually declined
over the past year by 38,000 jobs. And looking

1 ahead, the uncertainties are growing. The most
2 immediate risk to the economy now is geopolitical.
3 The recent strikes on Iran and the expanding conflict
4 there have already rattled financial markets and
5 driven up oil prices. If disruptions to energy supply
6 or global shipping intensify, the resulting inflation
7 and market volatility could weaken economic growth.
8 Other risks are emerging as well. Rapid advances in
9 artificial intelligence may become
10 labor-substituting, reducing demand for some of the
11 core occupations that anchor New York City's economy.
12 At the same time, if AI-driven gains in productivity
13 and profitability arrive more slowly or prove more
14 limited than markets currently anticipate, the
15 downside risk to asset prices could be significant.
16 Additional uncertainties include a potential
17 resurgence of inflation, continued volatility around
18 tariffs, and the prospect of more widespread
19 deportations under Trump's draconian policies. All
20 of these economic risks could challenge the
21 optimistic assumptions built into the mayor's
financial plan. And if the economy underperforms
these projections, the City will have far less in
reserves to absorb the shock. Taken together, the

1 strategies used to balance this budget: aggressive
2 revenue assumptions, drawing down reserves, reducing
3 prepaid expenses, and raising the property tax levy
4 close to its limit shift fiscal risk into the future.

5 If the economy performs exactly as the mayor has
6 projected, the plan will hold. But if revenues fall
7 short, the City could face sudden budget gaps at a
8 time when our reserves and fiscal flexibility have
9 already been reduced. It will take the efforts of
10 every player in local government, all of us, to
11 achieve a budget that avoids these risks. We will
12 need more help from Albany in the form of more equal
13 funding formulas and potentially new revenue streams.
14 We will need to find a way to slow the growth of
15 rapidly-rising city expenses. We'll need to find
16 greater efficiencies and savings in every city
17 agency. And given that the current budget plan
18 relies heavily on the assumption that New York City's
19 economy overall and specifically the financial sector
20 will continue to thrive here, we must also do more to
21 slow the departure of jobs to Texas and other parts
of the nation. None of this will be easy. Every
step we need to take will be politically challenging,
but the alternative is to pass a budget in June which

1 pushes the risk off into the year ahead, at a moment
2 when both our fiscal outlook and our economic
3 competitiveness face growing uncertainty. Despite
4 the challenges of this moment, I am confident we will
5 get through this. New York City has the most dynamic
6 and diverse economy in America. We have the most
7 talented and creative workforce anywhere in the
8 nation, and we are a global capital of everything
9 from finance to fashion, from technology to the arts.
10 If we do the hard work now to build a smarter and
11 more sustainable budget, I have no doubt that our
12 city will emerge from this moment stronger and more
13 resilient. Thank you.

14 CHAIRPERSON LEE: Thank you so much,
15 Comptroller. So, I'm just going to dive right into
16 some questions before I pass it along to my
17 colleagues. So, just talking about under-spending a
18 little bit. On January 28th, the mayor made an
19 unusual announcement, that the budget he inherited
20 faced a \$12 billion shortfall in key areas largely
21 related to social services. And to make the point he
cited in part analysis from your office calling out
the under-budgeting. Then on February 17th he
released his Preliminary Budget that addressed these

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2 shortfall, and this morning, as you mentioned, the
3 report showing that the expense budget still
4 under-estimates spending needs by \$1.4 billion across
5 fiscal years 26 and 27. So, can you explain why you
6 still see under-spending in the budget, and is it
7 that the administration didn't fully reflect the full
8 under-spending need, or have your cost estimates
9 changed? If you could give us a sense of that?

8 COMPTROLLER LEVINE: Well, look, we have
9 a gap because we have a systemic imbalance between
10 what we spend and what we bring in, and that is the
11 challenge that we are all facing in this budget
12 process, and we put a number on it in January, \$12
13 billion between this fiscal year and next fiscal
14 year. And to the mayor's enormous credit, he
15 embraced it and presented a Preliminary Budget that
16 gives a fair accounting of expenses in a way that we
17 haven't seen in years. So, he put it in stark terms.
18 And we've had some good news since January. We had
19 the best Wall Street bonus season that we've ever
20 had, and that allowed us to revise our revenue
21 projections up. We also got an already announced
22 additional assistance from the Governor of about \$1.5
23 billion, and the mayor has announced a plan to secure

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2 some efficiencies that details of which will be
3 announced on May 20th to the tune of about \$1.7
4 billion. So, we made various measures to shut that-
5 to close that gap down. The rest of it, though, is
6 largely still there, and it's closed by drawing down
7 on prepaid expenses this year by drawing from our
8 reserves, by adding in a property tax, and I can add
9 some new details in the report we put out today.
10 We've done an updated analysis. What I announced in
11 January is obviously a little outdated. And we
12 believe that we're coming in with revenue projections
13 that are a little bit less aggressive than the mayor.
14 Again, the mayor's assuming Wall Street keeps booming
15 at the current pace which could happen, and I hope it
16 happens, but we're being a little more cautious, and
17 that difference there is part of the gap that we see
18 remaining.

19 CHAIRPERSON LEE: Okay. And then the
20 re-estimates that you gave in your budget analysis.
21 So, as you mentioned the revenue expenses, there's a
\$3.6 billion gap for fiscal year 26 and 27, and this
gap includes the assumption of the proposed property
tax increases, which you just mentioned. Without the
increase, the gap would be \$7.3, right? It would

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2 actually be higher in your estimates. So, based on
3 this analysis and the testimony you gave, so does
4 this still mean you believe the property tax- the
property increase is necessary?

5 COMPTROLLER LEVINE: Yeah. We wanted to
6 put on the table every challenge we have to overcome,
7 and so we have a little bit of a more cautious
8 revenue projection. And that, I think, is about \$1.8
9 billion difference between this next fiscal year. We
10 actually did identify some expenses we think the
11 mayor is still under-counting. This is nothing like
12 the systemic under-budgeting of years past, but in a
13 couple areas I can talk about, there's a little bit
14 we believe of under-estimating expenses. Like the
15 council, I appreciated your statement of objecting to
16 draw down of reserve funds, and then lastly, there is
17 the property tax increase which we all agree we'd
rather avoid. That together leaves us with about \$7
18 billion of work that we have to focus on together to
19 find savings or new revenues to plug those holes.

20 CHAIRPERSON LEE: Okay, great. And so how
21 do you propose- sort of digging a little deeper- the
city address those additional shortfalls that exist?
Is it reserves, other tax increases, service cuts?

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2 And if what- and then what happens in the scenario
3 that the state doesn't approve the additional tax
4 increases?

5 COMPTROLLER LEVINE: Look, I don't think
6 we should be drawing down reserves at a time when the
7 economy is growing and tax revenue is increasing.
8 The rainy day fund exists for tough times, for a
9 recession, or some kind of shock we're not expecting
10 such as God forbid a pandemic or some major shock.
11 None of that applies right now. This isn't a rainy
12 day by any definition. This should not be the
13 circumstances under which we draw down from the fund.
14 So, I join you, Chair Lee, in opposing that. What do
15 we do? We're going to need progress on a lot of
16 fronts. We're going to need help from Albany. We
17 send more money to Albany every year than we get back
18 by far. We're an economic engine for New York State,
19 and we don't get our fair share of a variety of
20 programs that have funding formulas that disadvantage
21 us, and that should be fixed. And I'll give you one
example, Aid to Independent Municipalities known as
AIM. We don't get any money. Other municipalities
do. If we got what they get on a per capita basis,
our analysis shows we'd get \$2 billion a year.

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2 That's just one example of a way that we're not
3 getting our fair share. We're going to need more
4 help on that. I know we have a lot of friends in
5 Albany fighting for that, and I hope we do. We're
6 going to need to find more efficiencies. The mayor's
7 made a good first step in the plan that he's putting
8 out on March 20th. I think we're going to have to go
9 farther, and the next step will be a little bit
10 tougher. But I just don't see that we have a choice
11 right now. And then we're going to have to curb some
12 of the fast-growing expenses. I laid them out. This
13 is the most difficult thing any of us are going to
14 have to take on, because it touches vital programs,
15 but I think we can do it in smart tactical ways that
16 slow the growth without removing benefits that anyone
17 currently depends on. If we do all that, I think we
18 can get there. It won't be easy. This is a heavy
19 lift, but I'm here today to give the message that we
20 have to do this work over the next three months.

17 CHAIRPERSON LEE: Definitely, and totally
18 agree, we need to do the work together on this,
19 because it takes a village. And you and I were both
20 up in Albany for Tin Cup [sic] Day-

20 COMPTROLLER LEVINE: [interposing] Yep.

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2 CHAIRPERSON LEE: and we were all
3 advocating for help, especially with AIM, because we
4 did used to receive that funding and are no longer
5 receiving it.

6 COMPROLLER LEVINE: Yeah.

7 CHAIRPERSON LEE: So, I know that- have
8 you also looked at identifying areas where there
9 might be over-budgeting, where the city may see
10 accruals? So, I know typically there have been
11 savings that occur every year like debt-service
12 savings which averages about \$300 million annually.
13 And so just wanting to know if there was any analysis
14 for areas for over-budgeting as well?

15 COMPROLLER LEVINE: Yes, of course. We
16 look hard for this, and I think our honest analysis
17 is that there's- they're pretty minimal, that
18 they're- there isn't much to add back in there. The
19 debt savings you referenced, this is a fairly
20 technical topic, and it does depend to some extent on
21 market forces beyond our control and might in some
years depend on a refinancing, but it's hard to see
how we could justify adding in a significant amount
of money to our budget this year based on those kinds
of savings. I think in terms of accruals and current

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2 vacancies, I'll tell Council Members we have a
3 wonderful dashboard on the Comptroller's website
4 where you can see the vacancies for any agency and in
5 total across city government, but not all of them are
6 still budgeted for, and at any rate, we're fairly
7 late in the fiscal year. And there also are some
8 staff lines that are non-salary like per-diem for
9 teachers at DOE. So, I don't think there's a massive
10 amount of accrual to recoup here, maybe in the order
11 of a few hundred million, but I think basically on
12 the expense side that the mayor's pretty close.

11 CHAIRPERSON LEE: Okay. Because I was
12 actually- you perfectly segued into my next question
13 about the accruals. Because I know that typically,
14 you know- I think as of now, the current estimate is
15 approximately 14,000 vacancies for full-time
16 positions, and so I just wanted to know, because also
17 IBO right before us was saying that they're
18 projecting about \$681 million, but that's without the
19 fringe cost. So, I just wanted to know- I mean, and
20 we're sort of looking at similar numbers and just
21 wanted to know where your office stands in terms of
doing the analysis with the vacancies as well as the
fringe cost.

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3 COMPTROLLER LEVINE: I'm going to say a
4 word on the big picture, and then I'm going to pass
5 it to our Deputy Comptroller for Budget. You cited
6 the top line. I think there's also going to be some
7 reasons too that will mitigate against that,
8 including the non-salary staff, as I mentioned like
9 per-diem in the Department of Ed. So, I think our
10 net cost is probably more in the \$300 million range.
11 But I'm going to pass it to Deputy Comptroller Olson
12 to elucidate us.

13 DEPUTY COMPTROLLER OLSON: Hi. Yeah.
14 And we've done some analysis. A lot depends on how
15 they implement the hiring freeze. We've made some
16 assumptions based on what we know, and we do get to
17 about \$300 million. It includes non-health care
18 fringe, but we do see it being largely offset by the
19 unsalaried cost, and so we have not included an
20 offset. In addition, because we assume for most of
21 our gap estimates that they will achieve the savings.
We- it would expect that to be already embedded in
their savings calculation. So we're not adding
anything on top. And then as the Comptroller
mentioned we see not- we see that some of the

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2 authorized headcount is not fully budgeted and have
3 some concerns about fully valuing all of the
4 vacancies that they may reduce.

5 CHAIRPERSON LEE: Okay. And sorry, I'm
6 just jumping around a little bit. But going back to
7 the historical under-budgeting which I agree, I think
8 it's good that the mayor's side is seeking to present
9 a more accurate estimate of what the city's actual
10 expenses are. So, in that sense, it's great. And
11 for the city's budgeting, you know, the process
12 requires that while costs may be under-estimated
13 during the year, they must be accurately reflected by
14 the time fiscal year comes to a close. And so even
15 during years when expenses had been under-budgeted,
16 the city was still able to cover the under-budgeted
17 cost without having to dip into the reserves or
18 initiate large tax increases. So, going- so what do
19 you think is inherently different this year? I know
20 you sort of alluded to, where correctly recognizing
21 the actual costs of these items would necessitate
such drastic steps that were not required in previous
years.

22 COMPROLLER LEVINE: It's a very astute
23 question, Madam Chair. How the heck did we get away

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2 with this for so long. And I think the answer is two
3 things. One, that we continue to benefit from a very
4 strong economy and a very strong financial sector,
5 that we're on year 16 of bull run on Wall Street, and
6 so we kept meeting or exceeding our revenue targets,
7 and that was kind of the typical pattern. We'd spend
8 more than we thought, but a little more would come in
9 on revenue, but in the last years, even that wasn't
10 enough, and we started to have to use one-shot
11 measures to make the numbers balance, and I talked
12 about one of the biggest which I don't think we talk
13 enough about which is prepaid expenses which we were
14 able to roll over \$6 billion+ in prepaid expenses
15 when we were getting a lot of COVID money in, and
16 that was chipped away until last year. It was 3.8, I
17 think, and that's now collapsing this year. So,
18 those one-shot deals, they're called one-shots for a
19 reason. Eventually you run out, and we're pretty
20 close to running out. So, it is time to be honest
21 about these challenges and to deal with what is
pretty clearly now a systemic imbalance.

19 CHAIRPERSON LEE: No, I agree. And do you
20 think that it- this could be sort of an indication
21 that- I mean, obviously, we still have a lot of work

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2 to do in right-sizing the budget to reflect the
3 actual need. And so, you know, but this time on the
4 side of reducing the over-budgeted areas, what are
5 your thoughts on the piece of it, too?

6 COMPROLLER LEVINE: On how do we reduce
7 now?

8 CHAIRPERSON LEE: Yeah. Well, because
9 this is sort of an indication. We're trying to
10 right-size it.

11 COMPROLLER LEVINE: Right.

12 CHAIRPERSON LEE: So, then how- but this
13 time it's on the side of reducing the over-budgeted
14 areas. And so I just wanted to get your thoughts on
15 that.

16 COMPROLLER LEVINE: Look, this is tough.
17 We're going to have to work on this together. I've
18 identified three or four very fast-growing programs.
19 I talked about our Department of Ed budget which has
20 grown steadily year after year at a time when
21 enrollment is dropping. We're down 100,000 since
2020, and probably down 200,000 if you go farther
back. We have had a steady increase in these special
ed- Carter cases tripled in the last three years.
It's hitting \$1.5 billion. This body has worked well

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2 at looking at increases in overtime costs and more,
3 and there are trade offs in every one of those
4 programs areas, and I think we're just going to have
5 to work together now to right-size them, or we wait,
6 then we're in a real crisis. And the people who will
7 pay the cost for that are the most vulnerable in the
8 city, and I don't want it to come to that.

9 CHAIRPERSON LEE: Yeah, no, I agree. I'm
10 going to go towards asking about receivables and
11 payables, because especially- this is an area I know
12 that some folks are focused on especially when we're
13 trying to think through how do we get some of the
14 revenue back into the budget. The Preliminary Plan
15 recognizing \$500 million in savings by re-estimating
16 prior year payables, and these are expenditures we
17 had appropriated for in year- in prior years that the
18 city now believes it will not have to pay. And I
19 think your office is- you know, your office is
20 engaged in the determination of how much can be
21 written off. And so just out of curiosity, you know,
can you speak about what role the office plays in
making this determination of what to write off?
What's the criteria? How does that happen?

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2 COMPTROLLER LEVINE: Okay. I'm going to
3 pass it to the Executive Deputy Comptroller in a
4 moment. I just want to say a big picture that
5 obviously we want to collect everything we can,
6 right? That's the first thing you do. Before you
7 raise taxes, you want to collect what's already owed.
8 And the mayor has proposed hiring more tax auditors,
9 which seems to me a pretty prudent strategy to do
10 that. You probably will recoup more than you spend
11 on the salaries. On the other hand, the mayor's
12 announced that he does intend to go forward with a
13 lien sale which is the way that recoup property
14 taxes, money owed to Department of Finance and for
15 water bills. Look, I understand the policy
16 motivation there, because it can often fall on
17 low-income home owners and people who are struggling
18 and communities of color, but I just want to put that
19 on the table as working against the idea of
20 collecting more. And in general, a lot of what we
21 don't collect is from defunct businesses or entities
where it's going to be hard. So, I'd caution you on
over-exuberance on that. But you asked a very good
question about our role in making the estimates, and

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2 I'm going to pass it to the Executive Deputy for
3 that.

4 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:
5 Just my favorite topic. I brought a prop which is
6 our comprehensive financial record.

7 CHAIRPERSON LEE: Oh, he could really
8 hurt someone with that thing.

9 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:
10 So, the Office of the Comptroller, the Bureau of
11 Accountants, he works with agencies throughout the
12 year, especially towards the end of the fiscal year
13 when we close the books on the fiscal year and making
14 sure that they review the appropriateness of all of
15 their payables and receivables. The Mayor's Office
16 essentially every year puts for to \$500 million
17 routinely in this changes in accruals, and then they
18 are not specified. They're not identified yet. So,
19 all of those will be identified at the time of close.
20 There are some details about what is done in our
21 mighty schedule 25 for payables, which you can
download in a nice tidy spreadsheet so you can see
which agencies take down more. And it's- you know,
it's a big complicated process that happens that we
see in the fiscal year where both these payables and

1
2 receivables are looked at. And then we insist that
3 agencies, you know, take down these accruals when
4 it's necessary and warranted, and we work with OMB on
that.

5 CHAIRPERSON LEE: Great. And what types
6 of payables constitute the majority of some of the
7 re-estimates that are in budget?

8 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:
9 there is a breakdown by agency, and as I mentioned
10 schedule 25. If you go- I know everybody is excited
11 about schedule 25. It's on page 3,422. I'm sorry, I
12 don't mean to be facetious. The- last year, there
13 was a lot of takedown from the Mayor's- from OMB
14 which are mostly FEMA that were not incurred during
15 COVID. There was a substantial breakdown in payable
16 in Department of Homeless Services in part because
17 there was a double counting that we documented in our
18 budget reports in 2023 for the expenses for
19 asylum-seekers, and there was about a half a billion.
20 So, the Mayor's-, I think mayor [inaudible] was about
21 \$2 billion in takedown, in breakdown in payables.
Homeless Services was about \$700 million and DOE ws
about half a billion. But I have to say that maybe
given a little bit color to your- to the answer that

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2 the Comptroller had. You know, why are we now in
3 this process, in this situation where the prepayment
4 dropped from \$3.8 billion to, you know, a hundred and
5 something million. You know, the last year the
6 administration took very aggressive look at all of
7 this across, let me put it this way. And this
8 accounting changes, generated about \$3 billion in
9 sources that were used to cause the- to close the
10 gap. And so some of those, you know, actions have
11 been taken and they're not available going forward.
12 So that's in part why we're sitting more dire
13 situation.

14
15 CHAIRPERSON LEE: Okay. That's helpful
16 to know. And do you have which agencies right off a
17 higher share of their receivables? Is that broken
18 down?

19
20 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:
21 We'd be able to work with your staff to, you know,
work on those- on that report.

22
23 CHAIRPERSON LEE: Okay. I'd be curious to
24 see how the agencies fall in those categories. And
25 if you could also, can you provide a breakdown of how
26 much and when the receivables are written off and by
27 source of funds?

EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

We'd be happy to work with you on that.

CHAIRPERSON LEE: Okay. And while writing off prior year payables provides a savings for the city when recognized, writing off prior year receivables creates a cost as cost that previously were assumed to be covered with non-city funds have to be back-filled by city funds. And so, is your office also involved with doing this exercise as well?

EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

Yeah, it's the same process. It's at the same time, yes.

CHAIRPERSON LEE: Okay. And can you provide a history of how much in prior year receivables have been written off by fiscal year? Do you have that?

EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

Sure, we'd be happy to give you that. Most- a lot of the- there are ups and downs, and the mayoralty [sic] for the FEMA grants writes off quite a bit of them, of those receivables, and then social service agencies, ACS and DHS and DSS. they are, you know,

1
2 typically the largest contributors of those
3 write-downs.

4 CHAIRPERSON LEE: Okay, great. And you
5 kind of answered my next question which are which
6 agencies are the biggest drivers of those write-offs?

7 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:
8 Yeah. It's a lot of TANIF money. It's- we'd be
9 happy to work with you.

10 CHAIRPERSON LEE: Okay, perfect. Thank
11 you. I'm just going to quickly follow up on the
12 CityFHEPS estimates, because I think the estimates
13 for CityFHEPS costs are higher than what is in the
14 budget and what we're seeing. And so can you please
15 walk us through the calculations and assumptions on
16 that?

17 COMPTROLLER LEVINE: Yeah, I think- I'll
18 pass it to you, Krista, but I think it's pretty
19 close. This is- was the biggest area of
20 under-budgeting under the prior administration by
21 billions of dollars, actually, and I think our gap is
fairly limited. Krista, do you want to outline?
Yeah.

DEPUTY COMPTROLLER OLSON: Sure. Yes, so
they added a considerable amount in the February

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2 plan, and we see this year as being- we expect if the
3 growth continues as it has historically that the year
4 will close close to what they have also estimated.

5 However, if we continue that level of growth but slow
6 it down and basically take half of that growth and
7 apply a 1.9 percent growth, we get a slightly higher
8 estimate and believe that they would need about \$300
9 million more. And then that continues in the
10 out-year. We would expect about \$300 million more
11 per year just based on what's in the plan and our
12 applied kind of slower growth rate.

13 CHAIRPERSON LEE: So, \$300 million more
14 per year?

15 DEPUTY COMPTROLLER OLSON: Yes.

16 CHAIRPERSON LEE: Okay.

17 DEPUTY COMPTROLLER OLSON: Beginning in
18 27.

19 CHAIRPERSON LEE: Okay.

20 DEPUTY COMPTROLLER OLSON: Than what they
21 have, yeah.

CHAIRPERSON LEE: Than what- oh, I see.
Than what they have, okay.

DEPUTY COMPTROLLER OLSON: And that's-
yeah, that's for the current program.

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2 CHAIRPERSON LEE: Okay, thank you for
3 clarifying that. I have a bunch of other questions,
4 but I'm going to actually move to our colleagues to
5 ask questions as well. So, first up we have Majority
6 Leader Abreu followed by Majority Whip Hanks.

7 COUNCIL MEMBER ABREU: Hello, Mr.
8 Comptroller. Thank you so much-

9 COMPTROLLER LEVINE: [interposing]
10 Majority Leader, good to see you.

11 COUNCIL MEMBER ABREU: Thank you so much
12 for showing up. Are you worried about our bond
13 rating, and what are the rating agencies saying?

14 COMPTROLLER LEVINE: That is a very
15 important question, Majority Leader. Bond agencies
16 look very closely at how we handle our reserves, and
17 they don't generally like it when you draw down on
18 reserves in good years. And we actually got a report
19 this week from one of the three principal rating
20 agencies, S&P, and it's publicly available. Their
21 language is very similar to ours. I think they have
expressed concerns about this structural imbalance.
We are awaiting word from the other two agencies,
Moody's and Fitch, but I also want to say that we do
not expect a downgrade in our actual rating. And

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2 that we have a bond sale next week that we are
3 optimistic will be successful. So, I want to
4 reassure people that we aware able to meet our
5 borrowing needs. But we do want to pay attention to
6 what the rate agencies are saying to us, because it's
7 sort of an early warning. And if they begin to ask
8 some tough questions or express concerns, I think
9 that should force us take all these challenges even
10 more seriously, and the truth is, at least based on
11 the first comments from S&P, we're getting that
12 message already.

13 COUNCIL MEMBER ABREU: Thank you. And
14 I'm going to just pivot to City of Yes, and I know
15 the topic of-

16 COMPTROLLER LEVINE: [interposing] Yeah.

17 COUNCIL MEMBER ABREU: interest to you
18 for sure. Through the City Council's City for All
19 initiative, \$5 billion was added for housing and
20 infrastructure investments to complement the rezoning
21 passing the City of Yes for Housing Opportunity.
Included in this was a \$1 billion commitment for
housing from New York State. However, all of the
funds were re-appropriated in state fiscal year 2027.
Is your office monitoring City of Yes commitments and

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2 auditing the administration's delivery and ability to
3 spend state funds?

4 COMPTROLLER LEVINE: I don't know if we
5 have a formal audit underway on that, but I would
6 love to join with you and the Council to put that
7 under a magnifying glass. I'm also worried that these
8 dollars are fungible and being moved around, and you
9 all negotiated a great deal and we need to make sure
10 it's spent in the community. So, let's work together
11 and we'll put that into scrutiny for you.

12 COUNCIL MEMBER ABREU: Sounds great. And
13 as you know, housing construction and preservation
14 costs are increasing due to aging housing stock and
15 rising costs. Do you have a plan- are you planning
16 on looking into any of these cost increases in the
17 long-term, and is there an estimate on how much
18 housing construction costs will increase across the
19 Preliminary Plan, period?

20 COMPTROLLER LEVINE: I don't know if we
21 built that in or not, but the costs are rising. I
got a briefing on a project last week that's \$850,000
per unit, affordable housing, and we're not going to
meet our goals, our ambitious goals, unless we find a
way to get those costs under control. City

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2 government is part of the problem. It just takes too
3 long and it's too complicated to get approvals from
4 HPD, from DOB, from FDNY, and this is an area that we
5 are going to be aiming our audit tools on, to find
6 out what are these delays which are adding time and
7 cost projects, affordable and market rate. If we
8 don't get this under control, we're not going to meet
9 our housing goals.

10 COUNCIL MEMBER ABREU: Thank you so much.
11 I have no further questions.

12 COMPTROLLER LEVINE: Thank you.

13 CHAIRPERSON LEE: Great. Majority Whip
14 Hanks?

15 COUNCIL MEMBER HANKS: Thank you so much
16 for coming and your testimony, Comptroller Levine.
17 It's really good to see you.

18 COMPTROLLER LEVINE: Thank you, Majority
19 Whip.

20 COUNCIL MEMBER HANKS: So, firstly, I
21 want to applaud for your opening statement. I'm
really glad I got a copy of it, because the things
that you're saying here and the path forward, and
your conclusion, we absolutely- I mean, I do agree
with so many of the things you're saying. The New

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2 York City budget, New York State's budget, you know,
3 exceeds the state of Florida and has three times as
4 many people. Yet, people are now calling Florida or
5 the Sunshine State, New York City's sixth borough.
6 At least they're doing it in Staten Island, and these
7 are for really big reasons. It's, you know, the
8 tax-- the lower tax bracket, better quality of life.
9 And you know, and I have to ask these questions as my
10 constituents are from Staten Island, outer boroughs.
11 We often feel the brunt of some of the so-called
12 solutions that we're talking about here like raising
13 property taxes or whether it's congestion pricing and
14 the MTA, and we have this huge, huge gap. So, are
15 we-- so my big question is, are we exploring and
16 looking at measurables in agencies and programs that
17 can justify the spending that we're doing? Is the
18 Comptroller's Office coming up with a matrix to kind
19 of ensure that we're getting the results from the
20 spending? And I'd just love to hear your feedback on
21 that. It's something that I think the Council should
be working with the Comptroller--

COMPTROLLER LEVINE: [interposing]

Absolutely.

COUNCIL MEMBER HANKS: in earnest on.

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2 COMPTROLLER LEVINE: Absolutely, Majority
3 Whip. Look, I've expressed concerns about the rate
4 of growth of New York City's budget and the fact that
5 we've got to get it lined up with the actual revenue
6 coming in. I am going to defend us vis a vis
7 Florida. And yes, we have decided that we want to
8 spend on things like a public hospital system which
9 provides vital care for people in need in New York
10 that Florida doesn't do. We have a right to shelter
11 here to prevent people from sleeping on the street
12 which other cities don't offer. We invest a lot in
13 law enforcement and policing, and we also have better
14 public safety number than Florida, and certainly
15 better than the big cities in Florida. So, we've
16 made a decision to have a strong local government,
17 and we have results that show that that had made New
18 York City a better place. We do still have a fiscal
19 imbalance that we have to address, and I put that out
20 in the open, and there's going to be some touch
21 decisions we have to make to close that gap, but I
know we're up for it.

19 COUNCIL MEMBER HANKS: Well, I am a New
20 Yorkers, true, born and raised. And so the question
21 I asked is because I'm going to take that snippet and

1
2 I'm going to play it, because these are things that
3 my constituents ask. Often the question is so I can
4 get the answers that it's- so why it's so great to
live in the best city in the world.

5 COMPROLLER LEVINE: Yeah.

6 COUNCIL MEMBER HANKS: One more question.

7 COMPROLLER LEVINE: Yep.

8 COUNCIL MEMBER HANKS: FIFA World Cup tax
9 revenue impact. The Preliminary plan includes
10 additional spending for World Cup totally over \$50
11 million in fiscals 2026, 2027, combined for security
12 with additional \$19.5 million in marketing expenses.
13 Give these additional costs related to cohosting the
14 World Cup events, is it important to understand the
15 local tax revenue impact on the city, and has your
office kind of done an estimation on the projected
tax revue impact of th World cp

16 COMPROLLER LEVINE: Yes, we have. And
17 I'm very excited for the World Cup, and I'm excited
for the economic impact.

18 COUNCIL MEMBER MALONEY: Me too, again.

19 COMPROLLER LEVINE: Thank you, Chair
20 Maloney for highlighting that. But the truth is that
21 the economic impact is spread is spread around the

1 region. So it's not only New York City. and all the
2 economic impact is not dollars into our coffers. So,
3 we're estimating about \$50 million in incoming
4 additional revenue which is significant, but it
5 wouldn't quite cover the total expenditures we expect
6 to occur. I think that's okay, because there's a lot
7 of economic vitality that this event will bring about
8 and other good reasons to hold it. But on that,
9 again, I think we expect about a \$50 million bump-up
10 in revenue and costs that maybe around \$70 or \$80
million if I'm in the right range there.

11 COUNCIL MEMBER HANKS: And you can't put
a price tag on being cool.

12 COMPTROLLER LEVINE: That is true.

13 COUNCIL MEMBER HANKS: Thank you so much,
14 Comptroller.

15 COUNCIL MEMBER HANKS: Thank you.
16 Speaker?

17 SPEAKER MENIN: Hi, I'm back.

18 COMPTROLLER LEVINE: Hi, Speaker.

19 SPEAKER MENIN: Thank you so much for
your testimony and know that a number of colleagues
20 have asked a series of questions, and I know that
they touched on CityFHEPS. So, really want to start
21

1
2 there. I wanted to get your comments and the
3 CityFHEPS station, and what do you think is the
4 proper number in terms of coverage on CityFHEPS?

5 COMPTROLLER LEVINE: Yes. So, Speaker,
6 you're aware of both important the program is because
7 it's Helping now. 65,000 families remain in their
8 home and avoid homelessness. And you're always aware
9 of how fast it's growing which is close to four
10 percent of months, and when you compound that, it's
11 really not sustainable. And by the way, that is
12 before we consider might be negotiated in the court.

13 COUNCIL MEMBER HANKS: Right.

14 COMMITTEE CLERK: Which did not account
15 for, nor did the mayor in our projection. So, that
16 would be an additional rate of growth which would be
17 significant. Just to say for a moment, our office
18 did do an analysis and the original version of the
19 expansion would add at a minimum \$6 billion over five
20 years, and potentially because there's a lot of
21 unknowns on a high-end \$20 billion. So what do we do
about this? I don't think this is about throwing
anyone off their voucher. I think people need that
protection. It's just about asking can we slow the
rate of growth. And that could happen through a

1
2 variety of measures. It could happen by changing
3 some of the parameters. It also could happen by
4 establishing a cap, an expenditure cap, essentially,
5 which is how programs generally run. It's unusual
6 for New York City to have essentially what's an
7 entitlement, something like, I don't know social
8 security. If you qualify, you get it. But by
9 contract Section 8 which is sort of the federal
10 trend. The CIY cap reaches at and there's a downside
11 to that, because people wind up on a waiting list,
12 but without that- well, we have \$2.6 billion in cost
13 next year, and growing fast. So, those are tough.

14
15 SPEAKER MENIN: Yep.

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17 COMPTROLLER LEVINE: Even to say that out
18 loud is tough. I'm not minimizing it, but I know
19 you're thinking seriously about it. I think together
20 we have to come together and figure it out.

21
22 SPEAKER MENIN: Exactly. We're thinking
23 very seriously about this. We know this is a
24 sustainability issue, and so we know we need to
25 address it and we know we need to address Carter
26 cases. Any thoughts on Carter cases?

27
28 COMPTROLLER LEVINE: Yes. Tripled in the
29 last three years. Again, of course we want to

1
2 provide the best education for kids with learning
3 challenges. The obvious solution is to have better
4 programming in the schools. What's happening here is
5 children are diagnosed or maybe even unable to get a
6 diagnosis, and they have no choice but to go to
7 private schools. That shouldn't be the preferred
8 option. The preferred option should be find a way to
9 meet the needs of those kids inside the schools with
10 better diagnosis and better services. So this is a
11 programming question. I believe we could spend a
12 little more on those services inside the schools and
13 save much more than we would have spent in the
14 privates.

12 SPEAKER MENIN: And the next area I want
13 to go to is a topic that I want to go to- As you
14 know, I'm very passionate about- is cracking won on
15 no bid contracts. So, during the de Blasio
16 administration, competitive bidding was suspended
17 over 100 times to to the tune of \$7 billion. The
18 city overpaid for a lot of PPE. In the Adams
19 administration with the asylum-seekers crisis,
20 competitive bidding was suspended for over 18 months,
21 and you say numerous no-bid contracts like DocGo for
\$430 million. We've now passed legislation that is

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2 now- we passed it a couple weeks ago, that basically
3 cracks down on this long-term use of no bid contracts
4 during emergencies. Under the legislation, which is
5 my bill, it actually gives you as the Comptroller and
6 the Corp Counsel the authority to go beyond- it
7 basically suspends long-term use of no-bid contract
8 unless you and the Corp Counsel agree. So, I guess
9 my question is- I really believe we could save
10 billions of dollars by cracking down on the long-term
11 use of no-bid contracts. So, just wanted to get your
12 thoughts on that subject.

11 COMPROLLER LEVINE: Well, yes, you want
12 to be careful that you only apply these expedited
13 rules when there's a real emergency, and that you
14 only apply them for the duration of the actual
15 emergency, and that, as you said, it doesn't extend
16 beyond what's reasonable. And you put some time
17 limits on there with some reasonable exceptions that
18 we can apply. I don't think we've made an analysis
19 on exactly how much that would save. It's something
20 we can do. Perhaps the Council has already done that
21 and we'd love to work together with you on that, but
sure. As a concept, we want to make sure that we're
only applying the emergency contracting rules when

1
2 there's an emergency and only for the duration of the
3 actual crisis.

4 SPEAKER MENIN: And maybe you talked
5 about this when I had stepped out, but in terms of
6 savings in the budget, has your office identified
7 additional savings in the budget that you feel that
8 we should be focused on?

9 COMPTROLLER LEVINE: So, we've looked at
10 the fast-growing programs that we've mentioned, the
11 vouchers. We've looked at a variety of options in
12 the education budget, which has grown very rapidly.
13 Just to mention one important point, as we've lost
14 enrollment, we now have 200 schools in New York City
15 that have under 200 students, and that ends up adding
16 a lot to the cost, because you still have to have one
17 of a variety of professional functions, even though
18 you have fewer students. And you can save money by
19 combining schools which is tough. I keep saying
20 these are all difficult, because no one likes their
21 school to be merged, but that is a way we could save
significant money, and there's probably other savings
inside the school system which again has grown during
a time of falling enrollment. And then, while you
were in the other meeting, I did comment on the need

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to probably go further on efficiencies. The mayor made a first step. It's not calling them PEGs, but it's what we used to call PEGs. We're probably going to have to further on that as well.

SPEAKER MENIN: Okay. Well, we greatly appreciate your testimony.

COMPTROLLER LEVINE: Thank you, Speaker.

SPEAKER MENIN: And thank you so much for being here today, and I'll turn it back over to our Chair.

COMPTROLLER LEVINE: Thank you.

CHAIRPERSON LEE: Okay, great. Next, we have Deputy Speaker followed by Council Member Restler.

COUNCIL MEMBER WILLIAMS: I'll give my time to Council Member Narcisse. I know she has to go. Thank you.

COUNCIL MEMBER NARCISSE: [speaking French]

COMPTROLLER LEVINE: [speaking French]

COUNCIL MEMBER NARCISSE: [speaking French]

COMPTROLLER LEVINE: [speaking French]

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2 COUNCIL MEMBER NARCISSE: [speaking
3 French] For the hospital, distressed hospital, the
4 Governor announced an additional \$1.5 billion in
5 state resources to help New York City balance its
6 budget. Part of this state assistance was the
7 reversal of the distress hospital fund intercept.
8 The state had been intercepting \$150 million of the
9 city's tax revenue annually for a fund to help
10 distressed hospital across the state. Do you believe
11 that there are other New York City tax revenue
12 intercepts that the city should advocate to reverse?

13 COMPROLLER LEVINE: I want to credit,
14 again, Governor Hochul who about a month ago put on
15 the table about \$1.5 billion, \$1.6 billion of
16 additional funding for the city, and what you
17 referenced was part of that package, and this is good
18 news. But I'm going to refer to Deputy Comptroller
19 Olson to go into more depth on that.

20 DEPUTY COMPTROLLER OLSON: In terms of
21 other tax revenue intercepts, the other major sales
tax intercept is an online- is for online marketplace
sales, and to our knowledge it supports outstanding
MTA bonds. The fiscal year 25 amount was \$177
million, and it rose about one percent per year,

1
2 statutorily. However, because it is pledged to the
3 MTA and supports MTA debt service, it would be
4 complex to reverse.

5 COUNCIL MEMBER NARCISSE: Okay. And one
6 other thing that you said that I'm very grateful to
7 hear, the rainy day fund supposed to be for a rainy
8 day like epidemic, pandemics, or anything that may
9 happen. And especially nowadays, I think rainy day
10 funds should be kept, you know, close to our heart.
11 Citywide vendors, you know about the nonprofits,
12 right? The procurement and sourcing solutions
13 portal, right, Passport, maintained by the Mayor's
14 Office of Contract Services is an electronic platform
15 that manages- you know that. I don't have to go
16 through all that with you. But we have serious
17 problem with that, right? Does your office have any
18 recommendation to improve the antiquated Passport
19 system to make it more efficient and user-friendly
20 for the contractors?

21 CHAIRPERSON LEE: Plus, plus, plus, plus.

22 COMPTROLLER LEVINE: Really good
23 question. Look, Passport was itself supposed to be
24 the solution, the upgrade from an older system.

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2 COUNCIL MEMBER NARCISSE: But it's the
3 problems that we're dealing with.

4 COMPROLLER LEVINE: And there's a lot
5 of frustration with it. We've been meeting with a
6 group of nonprofit leaders on this very topic. I
7 think the smaller nonprofits are especially
8 frustrated with the usability issues. I think the
9 larger nonprofits see Passport really more as the
10 symptom, not the problem, that the problem is we
11 don't pay nonprofits on time, and we have a very
12 cumbersome bureaucratic process that Passport perhaps
13 reflects. But look, more broadly speaking, I think
14 we need to upgrade technology, and Passport is no
15 longer state-of-the-art. And the question that we've
16 been grappling with with our nonprofit leaders is the
17 pain of another platform transition worth it, or can
18 we find ways to improve Passport within the existing
19 system? We're still dialoguing with leaders on that.
20 I would love your opinion now or in the future as
21 well, Council Member.

18 COUNCIL MEMBER NARCISSE: We do need to
19 pay those services, the nonprofit. They are really
20 holding our structure together, but it's cumbersome
21 to get paid. It's just so much going on. So, I

1
2 don't know. Whatever you have, the brilliant idea you
3 have to get nonprofit paid in New York City, that
4 would be a great deal. The World Cup, the money that
5 we have here, let me see- [inaudible] additional
6 spending from the Preliminary Budget, \$50 million for
7 2026 and 2027 combined for security, additional which
8 we need, \$19.5 million in marketing expenses. Given
9 this additional cost related to co-hosting the World
10 Cup events, it is important to understand the local
11 tax revenue impact of the event on the city. Has
12 your office estimated the projected tax revenue
13 impact of the World Cup?

14
15 COMPROLLER LEVINE: Yes, Council Member.
16 I don't know if you were here. We talked about this.
17 I'll just say very briefly, we did estimate that we
18 would recoup an additional \$50 million in revenue.

19
20 COUNCIL MEMBER NARCISSE: \$50 million?

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22 COMPROLLER LEVINE: That's direct to
23 city government. Of course, there's a lot of
24 economic activity beyond New York City and in the
25 private sector, and that that doesn't quite cover all
26 our cost which we put at I think about \$70 million to
27 \$80 million, but it comes close.

1
2 COUNCIL MEMBER NARCISSE: Okay. Alright.
3 So, thank you, and thank you, Madam Deputy, for
4 giving me your time. Thank you.

5 CHAIRPERSON LEE: Sorry, and just wanted
6 to add my two sense in about the procurement and
7 Passport, because as you know, I was a user of that
8 for 12+ years, and it is a pain point. I know it's
9 better than HHS Accelerator, but again, to the point
10 that you made, it's not the main root cause of the
11 issue. It really is looking into procurement
12 policies and laws that have been in place. And this
13 is actually where I think- just my two cents- AI
14 technology can become a- can be a good opportunity
15 and use to create more jobs as well as increase it.
16 Some of our inefficiencies, and I've seen- we should
17 have an offline conversation, but I've been talking
18 to some groups also that have done this in other
19 municipalities across the country. So, I wonder if
20 there's lessons learned there that we can also figure
21 out from them.

COMPTROLLER LEVINE: Yes. I don't know if
anyone's nailed this, but we're so unique as such a
large-

CHAIRPERSON LEE: [interposing] Yep.

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2 COMPTROLLER LEVINE: municipality. But I
3 would love to work with you. You know this inside
4 and out for better for worse.

5 CHAIRPERSON LEE: Yes. Okay, awesome.
6 Council Member Restler followed by Council Member
7 Maloney.

8 COUNCIL MEMBER RESTLER: Thank you very
9 much, Chair Lee, and good to see you, Mr.
10 Comptroller. You know, I'll just begin by noting I
11 think that the- one of the challenges we had in the
12 last four years and frankly before was that there was
13 significant discrepancy on what were the revenue
14 estimates, what were the real costs that we're facing
15 as a city, and you know, you came out of the gate in
16 your first days in office releasing updated
17 assessments that I think were really helpful, and
18 then kind of shockingly the mayor came out and
19 basically agreed with you.

20 COMPTROLLER LEVINE: Yeah.

21 COUNCIL MEMBER RESTLER: And so that
22 forthright, frank, accurate accounting of the facts
23 allows us all to have an adult conversation about how
24 we're going to actually manage this gap and
25 sustainably fund the vital services that we all are

1 committed to moving forward. So, I want to commend
2 you and your team, and also commend the mayor and his
3 team for being honest about our financial outlook.
4 I'm- you know, I remember Eric Adams, it felt like he
5 was having a press conference every other week
6 celebrating however many jobs were existed in New
7 York City, and yet, when we look back at 2025 as you
8 noted in your testimony, it was not a good year for
9 our local economy when it comes to jobs. In a
10 previous life, I ran the New York City Employment and
11 Training Coalition, Coalition of 200 workforce
12 development organizations, union training funds,
13 community college, adult education programs. We need
14 to be training and connecting New Yorkers to
15 high-quality employment opportunities, and yet, with
16 the exception of home health aides essentially,
17 health care related positions on the low-end which
18 netted 70,000 additional jobs, 71,000 additional jobs
19 last year. We otherwise, as you noted in your
20 testimony, lost 38,000 jobs, jobs in construction,
21 jobs in transit, jobs in every sector you can
imagine, jobs that we need. Can you help us explain
what's going on in the local economy? How concerned

1
2 are you about this contraction in employment and what
3 we should be doing about it?

4 COMPTROLLER LEVINE: Thank you so much,
5 Council Member, for all those comments. This is a
6 major trend that we are not talking enough about.
7 But if you talk to a young person in their 20s in New
8 York City who just got out of college, they are well
9 aware that we are essentially in a low-hire/no-hire
10 economy. This is a national problem. I think for a
11 variety of reasons it's hitting New York particularly
12 hard, but just to emphasize, it's even in finance
13 where we lost jobs last year. Outside of the category
14 of home health care aides, we had 38,000 jobs lost in
15 New York City. Economists are not entirely sure the
16 reasons. Some overhang from COVID, and maybe some
17 over-hiring there. There's no doubt that all the
18 harm done by the President's tariff policy, also his
19 draconian immigration policy has an impact on
20 employment and the economy. That's under-appreciated.
21 Then there's the question of AI impact. It seems to
me that we are probably seeing the earliest signs
there, although the data are not quite solid, but if
you look at the types of jobs that we're seeing less
hiring, it is entry-level white collar jobs where we

1
2 understand AI could be changing productivity. I'm
3 worried that this accelerate, and that we as a city
4 are doing virtually nothing to prepare for it. And
5 your background in workforce development, you're
6 alarms- I'm sure the alarms are going off in your
7 head. How do we prepare people for the jobs that
8 will exist if we're seeing a shifting in the
9 landscape? How do we support people who might lose
10 their jobs? All of these remain out there. This is
11 a trend we are not focusing enough. One last point,
12 we do need to be mindful of what we're losing to
13 other parts of the country. It's great that JP
14 Morgan just spent \$3 billion to build a tower on Park
15 Avenue. They have more employees in Texas than they
16 have in New York, and we want to make sure that if
17 it's a tough environment nationally, that New York is
18 a winner here, and that we grow, that we don't lose
19 jobs to other parts of the country, that this is a
20 place companies want to hire and invest and grow, and
21 I think we all have to up our game on that.

18 COUNCIL MEMBER RESTLER: Yeah. I really
19 appreciate those points. You know, when we're losing
20 jobs in everything from construction to hospitality,
21

1
2 from financial services to transportation, utilities,
3 we've got a problem.

4 COMPROLLER LEVINE: Yep.

5 COUNCIL MEMBER RESTLER: And I agree with
6 you. I appreciate it. I was also pleased in
7 addition to JP Morgan tower, American Express just
8 announced a major new tower which is good news for
9 our economy as well. One more question in my last 12
10 seconds before Chair Lee kicks me off the stage.

11 Savings, I'm hopeful that we're going to get some
12 more revenue out of our friends in Albany, but in all
13 likelihood, it's not going to fill whether it's the
14 \$5 billion gap that the mayor estimates or the \$7
15 billion gap that you estimate. We do need to
16 identify some efficiencies. The mayor's target is
17 1.5 percent this year, 2.5 percent next year.

18 Probably not enough.

19 COMPROLLER LEVINE: No.

20 COUNCIL MEMBER RESTLER: Could you give
21 us any specifics of where you think we have
opportunities for consequential savings, areas where
there was, you know, mispending or waste in the Adams
administration, opportunities where you think we can
achieve some greater efficiencies?

1
2
3 COMPTROLLER LEVINE: It's very common for
4 candidates to talk about waste, fraud and abuse when
5 they're running.

6 COUNCIL MEMBER RESTLER: Yep.

7 COMPTROLLER LEVINE: That's our answer to
8 how we're going to save money. And in the real
9 world, it's a little more elusive.

10 COUNCIL MEMBER RESTLER: 100 percent.

11 COMPTROLLER LEVINE: I want to be honest.
12 And the next level of efficiency savings are going to
13 be harder than what the mayor's put on the table,
14 because there's no vacancies that you can book.
15 You're going to be impacting agencies in a more
16 serious way. It's going to be harder, probably
17 unavoidable. I think there is huge potential in
18 upping our technology game here to find ways to do
19 more on limited budgets. We largely have a city
20 government with technology that's stuck in the 1990s.
21 There's a shocking amount that's still done with
paper and pen. I'm not exaggerating, actual paper
and pen processes. And so I think that accelerating
the pace at which we can modernize government will
help us. This gets to the procurement question

1
2 because you can't do that if you have a three-year
3 timeline. So we've also got to solve some of these
4 procurement problems.

5 COUNCIL MEMBER RESTLER: Yeah. I mean, I
6 think let's- before we had Passport, we had Vendex
7 [sic], and nobody wants to go back to that.

8 COMPTROLLER LEVINE: Yep.

9 COUNCIL MEMBER RESTLER: So, I think
10 there are improvements that we can make to Passport
11 that are being released in October. Happy to
12 continue the conversation with you all around
13 procurement reform and making sure that we pay the
14 nonprofits the \$2.3 billion they're owed today.
15 Thank you very much.

16 COMPTROLLER LEVINE: Thank you, Council
17 Member.

18 CHAIRPERSON LEE: Great. Thank you. And
19 next we have Council Member Maloney followed by
20 Council Member Brewer.

21 COUNCIL MEMBER MALONEY: Thank you,
22 Comptroller, for being here and for already
23 showcasing two different languages of your many. I
24 want to thank you for your testimony and reinforce
25 that in a time when affordability is at the top of

1
2 the conversation, property taxes is not the answer to
3 our budget problems, and reinforce that it's not the
4 time to drain down a rainy day fund.

5 COMPROLLER LEVINE: Yep.

6 COUNCIL MEMBER MALONEY: And use these
7 other financial tools that really just pass the buck
8 and push the problem down the pike. And the point on
9 state aid was mentioned prior, that we have unfunded
10 state mandates and also the stat that we contribute
11 55 percent and only get 41 percent back while we're
12 being asked to serve these additional needs, are all
13 areas I care about. I wanted to go back to the
14 conversation you were having about jobs, and those
15 changes, are those relative to the national average?
16 Are we seeing differences here in New York City?

17 COMPROLLER LEVINE: This is a national
18 trend.

19 COUNCIL MEMBER MALONEY: Yeah.

20 COMPROLLER LEVINE: We have- we've had a
21 very bad year nationally on job creation. I think we
are pretty close, but Executive Deputy, would like to
offer any more color on that?

EXECUTIVE DEPUTY COMPROLLER BRINDISI:

The trends that we're seeing in the city are, you

1
2 know, mirrored in what's happening in the United
3 States [inaudible] yes.

4 COMPROLLER LEVINE: Okay.

5 COUNCIL MEMBER MALONEY: And as you look
6 at revenue streams, we were saying you're overly
7 optimistic in some of the administration projections.
8 Are there any particular industries or revenue
9 streams that are extra concerning?

10 COMPROLLER LEVINE: Look, we are very
11 dependent on the financial service sector, and it's a
12 sector that goes up and down. Property tax is pretty
13 stable, and Wall Street can have a great year or a
14 bad year, and so there's a lot riding on what you
15 think will happen to the stock market next year and
16 to earnings next year, and to bonuses next year
17 which- the few months of bonus season, we have so
18 much riding on it. We had a great bonus season this
19 year. We had the best ever. The mayor assumes that
20 we have a similar year next year, that we continue
21 what has been a very strong 24, 2025 into 2026, and
that is entirely possible, and I'm rooting for that.
But I see a little bit of uncertainty ahead as well.
And I talked about this in my opening testimony. I
think it's a little more prudent to be cautious on

1
2 that, and so we came in at a slightly lower revenue
3 projection, and mostly that is due to an assessment
4 of the trajectory of the financial industry.

5 COUNCIL MEMBER MALONEY: Thank you. And
6 what is the role of the city or what can the city be
7 doing to help ensure that that sector is successful
8 here?

9 COMPTROLLER LEVINE: That- thank you for
10 asking that question, because if we are relying on
11 success in the financial industry to make our budget
12 balance, then we should be asking ourselves what can
13 we do to help make that happen? And look, I think
14 this is a very big conversation. It has to do in part
15 with the affordability agenda so the company feels
16 that they can locate here and their staff can afford
17 to live here. It has to do with business climate and
18 more of a sense that this is place that people feel
19 they'll be welcomed, and we have a balancing act
20 here. Because we want to fight for workers, and we
21 want to fight for consumers. We have laws that have
to be enforced, but we also want to grow the
workforce, and we want business to feel they can grow
here. So, we've got to speak to both sides of that.
I'm not sure we're doing that adequately right now.

1
2 But you made the key point. If our budget relies on
3 a growing Wall Street and a growing financial sector,
4 then we better make sure that it continues to grow in
New York City.

5 COUNCIL MEMBER MALONEY: Thank you.

6 Shifting back to CityFHEPS. We heard before about
7 how the projections are to grow up to \$2.6 billion.
8 What are some of the key drivers that are leading to
that increase and the unpredictability?

9 COMPTROLLER LEVINE: Well, look, the City
10 Council for very good reasons changed the rules of
11 the program. For example, you used to have to go to
12 a homeless shelter and wait 90 days before you could
13 apply to CityFHEPS. That was a barrier, and the City
14 Council for very good reason said, no, get there,
15 start the application process when you get there,
16 because we would rather get you out of the shelter
17 more quickly. That understandably increased the pace
18 of growth in the program, right? You made it easier
19 to apply. There's an expansion that's now tied up in
20 court that would allow people to apply while still in
21 their homes, while they still have a lease. And
there's a good reason for that, because the logic-
because I don't want you to become homeless in the

1 first place. How about we solve this problem first?

2 But you can see why that opens it up to a large

3 number of families and individuals, and that it would

4 add a lot to the growth. So, that's why I keep

5 saying these are tough decisions, because this is

6 life-changing for families who need it. I just do

7 want to say very quickly on this, the solution to

8 housing affordability in New York City is actually

9 building more housing and more affordable housing.

10 Vouchers are a band-aid, and they're a one-shot that

11 could help people when they need it, but they are not

12 a long-term solution. The long-term solution is we

13 need to build a half million more units of housing in

14 New York City.

15 COUNCIL MEMBER MALONEY: My last question

16 which I'll reframe as a statement is from the prior

17 testimony which talked about this city may not have

18 the supply to absorb that demand, and was curious on

19 your thoughts on that, but I can yield back to the

20 Chair as well.

21 COMPTROLLER LEVINE: Well, look, I'll

just say very quickly, if you have a voucher, this is

great, but if you don't have a voucher and you're a

tenant who's struggling, you're now competing for

1
2 homes with someone who has a voucher. And that's
3 tough. This is why this is not the ideal long-term
4 solution. It is important to prevent a given family
5 entering homelessness. But we have three million
6 households in New York City. We have two million
7 tenants, over half of our renters are severely
8 rent-burdened. I mean, the numbers are
9 mind-boggling, and we have 65,000 voucher families
10 right now. So, clearly, we have to do more to build
11 the housing that people need so they're not fighting
12 over vouchers and not competing with each other for
13 scarce apartments.

14 COUNCIL MEMBER MALONEY: Thank you very
15 much.

16 COMPTROLLER LEVINE: Got it. Thank you.

17 CHAIRPERSON LEE: Okay, great. Council
18 Member Brewer followed by Deputy Speaker.

19 COUNCIL MEMBER BREWER: Thank you very
20 much. You talked about the Carter/Connor cases, and
21 I'm certainly very aware of them, and you mentioned a
we all did and we said to the IBO, more schools mean
less money going toward the private schools.

COMPTROLLER LEVINE: Yes.

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2 COUNCIL MEMBER BREWER: So, do you- I
3 don't know if it's IBO or you to do that kind of
4 analysis. I don't think DOE is going to do it, and
5 it is absolutely the right place to go. So, I didn't
6 know how you are looking at that, if at all.

7 COMPROLLER LEVINE: Well, we certainly
8 are, but I have to say that Chancellor Samuels who
9 you and I worked closely with together-

10 COUNCIL MEMBER BREWER: [interposing] Very
11 well.

12 COMPROLLER LEVINE: [inaudible] Council
13 Member. Took on some tough school mergers.

14 COUNCIL MEMBER BREWER: I'm aware.

15 COMPROLLER LEVINE: And I know that he
16 is thinking about doing this citywide. That's my
17 impression. I'll let him speak. But I actually
18 think that the DOE is quite aware of this dynamic and
19 trying to figure out how to address it. But we're
20 also doing the analysis here. And it's just an
21 unavoidable outgrowth of reducing enrollment. That
there are going to be some schools that drop below
critical level. There's some that have below 150
students even, and I think some below 125.

COUNCIL MEMBER BREWER: I'm-

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2 COMPTROLLER LEVINE: [interposing] These
3 numbers are really not defensible.

4 COUNCIL MEMBER BREWER: Yeah, I know. I'm
5 very aware of the school merger issue. I'm trying to
6 talk about trying to get IEP slots.

7 COMPTROLLER LEVINE: Oh, forgive me.

8 COUNCIL MEMBER BREWER: Yeah, it's okay.
9 Into- the mergers I know well and I agree with you.
10 But the issue of trying to get slots for the IEP
11 students so they're not going to Winston [sp?] and
12 everywhere else.

13 COMPTROLLER LEVINE: We're pushing for
14 this.

15 COUNCIL MEMBER BREWER: I was wondering.
16 Yeah, because-

17 COMPTROLLER LEVINE: [interposing] And
18 actually, I know them. The mayor has mentioned this
19 himself.

20 COUNCIL MEMBER BREWER: Yes.

21 COMPTROLLER LEVINE: So, I can only
assume DOE is working on it.

 COUNCIL MEMBER BREWER: Okay.

 COMPTROLLER LEVINE: But I'll just say we
got to pick up the pace, because-

1
2 COUNCIL MEMBER BREWER: [interposing] Yes,
3 we do.

4 COMPROLLER LEVINE: the alternative is
5 not working.

6 COUNCIL MEMBER BREWER: That's what I'm
7 saying. We all need to pick up the pace.

8 COMPROLLER LEVINE: Yes.

9 COUNCIL MEMBER BREWER: And with all due
10 respect, everybody- it has been talked about for the
11 last 30 years, so I think we need to do it. Number
12 two is Rikers. We all know that new borough [sic]
13 supposedly coming. But right now, as you know,
14 Correction has the challenges of utilizing capital
15 funding for projects that would normally be eligible,
16 but because of the impending closure, you don't meet
17 the directive 10 which I know only too well that
18 five-year issue.

19 COMPROLLER LEVINE: Yeah.

20 COUNCIL MEMBER BREWER: So, one issue
21 that comes up constantly, and I've talked to the
Commissioner about it, is the cell doors are broken,
\$38 million to fix them, but I don't think they fit
into directive 10. And I don't know how you would
play a role in that. I know you have to sign off on

1 the waiver, and I'm just wondering where that's at.
2 That means the doors are broken. Correction officers
3 are upset, etcetera, so are persons who want to be
4 safe who are detainees. How are we looking at that
5 issue?

6 COMPROLLER LEVINE: Yes, so we do
7 establish this directive that determines the
8 parameters for capital eligibility, but it is set by
9 Generally-accepted Accounting Principles, GAP, and so
10 we are not able to adjust the five-year timeline, and
11 we've been in consultation with OMB on this. This is
12 a major challenge. If either of my colleagues here
13 want to-

14 COUNCIL MEMBER BREWER: [interposing] Who
15 would grant the waiver if there is a waiver to be
16 granted? Would that be OMB or you?

17 COMPROLLER LEVINE: I don't think there
18 is- I don't think it's possible because of the way
19 the bond market works, but Executive Deputy, would
20 you like to- yes, okay.

21 EXECUTIVE DEPUTY COMPROLLER BRINDISI:
22 So, we don't give waivers on directive 10, but if
23 there is a certificate to proceed or a determination
24 from OMB regarding this particular- with this

1
2 particular submission from DOC, we'd be happy to
3 review and see what the determination is, and then
4 discuss with OMB as well. This is a matter of what
5 is the minimum, you know, life of these assets, and
6 if Rikers is supposed to be closed, right, before
7 five years-

8 COUNCIL MEMBER BREWER: [interposing] I
9 do. I'm just concerned because it's a real life and
10 death issue.

11 EXECUTIVE DEPUTY COMPTROLLER BRINDISI: I
12 100 percent agree with you.

13 COUNCIL MEMBER BREWER: You know, it's
14 not like putting new wallpaper up or something.

15 EXECUTIVE DEPUTY COMPTROLLER BRINDISI: It
16 sounds like there are two issues here, what the
17 actual work is, whether it's maintenance or capital
18 work.

19 COUNCIL MEMBER BREWER: Capital.

20 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:
21 And then there is the time span. So, both of those
things we'd be happy to look at. But this is-

COUNCIL MEMBER BREWER: [interposing]
Okay.

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2 EXECUTIVE DEPUTY COMPTROLLER BRINDISI: a
3 joint labor and eligibility determination with OMB as
4 well.

5 COUNCIL MEMBER BREWER: Okay. I will push
6 on both. Insurance, we all know about insurance
7 rates going up. Does the city also have this an
8 issue, because obviously housing, cars, etcetera, the
9 whole discussion- obviously the Governor's talking
10 about it, etcetera. So, I didn't know if that comes
11 into what should we be doing about our insurance
12 cost? Is that something that bring- is brought up at
13 all in your thinking? We're all looking for every
14 place possible to save money.

15 COMPTROLLER LEVINE: Good for you for
16 focusing on this, and I am actually not sure if we've
17 done that analysis, but Deputy Comptroller, do you
18 have thoughts on that?

19 DEPUTY COMPTROLLER OLSON: I believe the
20 city is largely self-insured, certainly for Health +
21 Hospitals, for example, for malpractice. The city is
self-insured.

COUNCIL MEMBER BREWER: So there'd be no
savings whatsoever in insurance.

1
2 DEPUTY COMPTROLLER OLSON: I can't speak
3 to every category. I don't know if you know,
4 Francesco, but certainly for health care I can say
5 this city is self-insured.

6 COUNCIL MEMBER BREWER: Okay. So, we-
7 alright. So, there's no savings at all is what
8 you're saying. That's interesting. Okay.
9 Consultant contracts, again, it's a buzzword and it
10 could mean- you know, you need consultant contracts
11 in some cases, but is this something that you-

12 COMPTROLLER LEVINE: [interposing] Yes.

13 COUNCIL MEMBER BREWER: look at
14 generally? Obviously, not everyone- I know DOE has
15 many, too many, as an example. But how do we look at
16 this, you know, sort of fuzzy project in some way?

17 COMPTROLLER LEVINE: Council Member, this
18 is actually one category of very few that we think we
19 could achieve some of the savings over what the mayor
20 has proposed.

21 COUNCIL MEMBER BREWER: Yep.

22 COMPTROLLER LEVINE: So, I appreciate you
23 intensifying that. I don't know if we've pegged a
24 number on it. Have we? But we did-

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2 COUNCIL MEMBER BREWER: [interposing] But
3 you're working on it. You're working.

4 COMPROLLER LEVINE: Yes, and we did
5 identify this as one category where we actually think
6 we could get the cost down below what the mayor has
7 projected.

8 COUNCIL MEMBER BREWER: Okay. And then
9 just finally, AI, that's something that is on
10 everybody's mind. Do you have some number as to how
11 it might or might not impact savings?

12 COMPROLLER LEVINE: Savings?

13 COUNCIL MEMBER BREWER: Yes.

14 COMPROLLER LEVINE: You mean by making
15 government more efficient?

16 COUNCIL MEMBER BREWER: I do. Just start
17 with the Police Department.

18 COMPROLLER LEVINE: Well, look, you-

19 COUNCIL MEMBER BREWER: [interposing]
20 I've never- you go to the Police Department, you're
21 just trying to get your car insurance because
somebody busted the window and out comes the paper
and the pencil.

COMPROLLER LEVINE: Yeah, exactly.
Look, you've been beating the drum on technology for

1
2 a long time, and we still have a long way to go. I
3 think we're farther behind than ever, because of how
4 fast AI is moving. I couldn't put a number on what
5 it will save, but I think the opportunities are vast.
6 Look, there is risk in peril here, too.

7 COUNCIL MEMBER BREWER: Yes, yes.

8 COMPROLLER LEVINE: Our safety and bias
9 and more.

10 COUNCIL MEMBER BREWER: Yes, absolutely.

11 COMPROLLER LEVINE: We got to put all
12 that on the table. But you know, we have very
13 complicated systems in New York City government that
14 are run on technology from the 80s.

15 COUNCIL MEMBER BREWER: Yes.

16 COMPROLLER LEVINE: Our payroll system-

17 COUNCIL MEMBER BREWER: Yes.

18 COMPROLLER LEVINE: is run on main
19 frames from the 80s.

20 COUNCIL MEMBER BREWER: Correct.

21 COMPROLLER LEVINE: And the-

COUNCIL MEMBER BREWER: [interposing] Got
to find a cobalt [sic] guy somewhere.

COMPROLLER LEVINE: What's that?

1
2 COUNCIL MEMBER BREWER: You got to find a
3 cobalt [sic] guy somewhere.

4 COMPROLLER LEVINE: Yes, exactly.

5 COUNCIL MEMBER BREWER: Alright. So,
6 it's something that everybody is looking at is what
7 you're saying.

8 COMPROLLER LEVINE: Yes.

9 COUNCIL MEMBER BREWER: Alright, thank
10 you.

11 COMPROLLER LEVINE: Thank you.

12 CHAIRPERSON LEE: Thank you so much. And
13 there was actually a situation in Chicago where they
14 actually used AI and technology to actually track and
15 make more efficient overtime.

16 COMPROLLER LEVINE: Oh, wow.

17 CHAIRPERSON LEE: It was a really
18 interesting case which I'll tell you about later, but
19 yes. Okay. Sorry, Deputy Speaker?

20 COUNCIL MEMBER WILLIAMS: Thank you. Hi.

21 COMPROLLER LEVINE: Hello, Deputy
22 Speaker.

23 COUNCIL MEMBER WILLIAMS: Okay, I have a
24 few questions. The first questions are on the MWBE
25 report. So, as of January, your office issued the

1
2 annual report on MWBE procurement, and you found that
3 MWBEs only account for five percent of the citywide
4 procurement value, and that only eight percent of the
5 value of contracts subject to MWBE participation
6 goals were registered to MWBEs. Why did your MWBE
7 report show such low numbers for the amount of city
8 contract dollars going towards MWBE certified firms?

9 COMPTROLLER LEVINE: Thank you, Deputy
10 Speaker. We actually now have a legal obligation in
11 my office because the City Council passed a bill that
12 requires us every year by January 31st to do a full
13 report on MWBEs and how good our contracting is. It
14 only covers mayoral agencies. So, I just want to put
15 that on the table. So, Health + Hospitals isn't
16 covered. NYCHA's not covered. EDC is not covered.
17 It also only covers what's in Passport. And there's
18 a problem with getting subcontractors registered into
19 Passport. So, there's some undercounting there. But
20 having said that, I think the numbers are pretty
21 stark, and they should serve as a wakeup call to us,
and it's very important to distinguish the number of
contracts and the dollar value of contracts. If you
only look at the number of contracts, the picture is
a lot better. We had about 250,000 contracts and

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2 purchase orders last year, and about 50,000 going to
3 certified firms. So, that's about 25 percent, but
4 that's not dollar value. And the MWBE firms are
5 getting much smaller contracts. The average contract
6 for firms that are not certified is about \$3.7
7 million. The average contract for certified MWBEs is
8 only \$750,000. So, you have to focus on the money,
9 and when you do, you get a very disappointing number.
10 That's why we came out at five percent. And look,
11 our job is to put that out there so we can rally and
12 do better. And if you want, I can talk about ideas
13 we can do that, but the numbers are pretty stark, and
14 that should really upset all of us.

15 COUNCIL MEMBER WILLIAMS: Thank you.

16 Yes, I would love to talk to you about how we can
17 improve the numbers going forward.

18 COMPTROLLER LEVINE: Yes.

19 COUNCIL MEMBER WILLIAMS: I won't ask you
20 your thoughts now.

21 COMPTROLLER LEVINE: No.

COUNCIL MEMBER WILLIAMS: But I will- I
would love to talk to you about that.

COMPTROLLER LEVINE: Yeah.

1
2 COUNCIL MEMBER WILLIAMS: But I will just
3 ask a random question I thought about, because I know
4 the state requires 30 percent MWBE contracting on all
5 like government contracts. So, is the city not in
6 compliance of the state law that requires 30 percent?

7 COMPROLLER LEVINE: I think we're
8 governed by City Council laws.

9 COUNCIL MEMBER WILLIAMS: Okay.

10 COMPROLLER LEVINE: And I believe those
11 are targets, and again-

12 COUNCIL MEMBER WILLIAMS: [interposing]
13 So, there's no- which is a problem, right? Because
14 there's no real penalties-

15 COMPROLLER LEVINE: [interposing] Yes.

16 COUNCIL MEMBER WILLIAMS: if contractors
17 don't meet- which I thought the city was also going
18 by 30 percent. I thought they adopted the state-

19 COMPROLLER LEVINE: [interposing] Yes,
20 but I believe it's a target.

21 COUNCIL MEMBER WILLIAMS: Okay.

22 COMPROLLER LEVINE: And one of the
23 reasons why we did the report and probably why the
24 Council wanted to put it into law, is we go agency by
25 agency. So, you look at every single agency and you

1
2 can compare who's performing well and who's not. And
3 there's a shockingly wide range of performance and
4 MWBE contracting. So, a little bit of public
5 exposure here and sunlight will help.

6 COUNCIL MEMBER WILLIAMS: Okay. Yes. I
7 held a roundtable with the former Comptroller to talk
8 about MWBE related issues. I would love again to
9 follow up with you on this.

10 COMPTROLLER LEVINE: Absolutely.

11 COUNCIL MEMBER WILLIAMS: I don't think
12 we've been talking about it enough as a city, because
13 there's been so many advancements in terms of
14 legislation, but the actual impact, I don't really
15 see significant impact. So, I would love to talk to
16 you about that. Okay, a few other questions. Can
17 you just walk me through in general the methodology
18 your office uses to analyze the mayor's Prelim?
19 Like, any fiscal indicators or benchmarks you have?

20 COMPTROLLER LEVINE: And how we evaluated
21 the mayor's plan?

COUNCIL MEMBER WILLIAMS: Yes.

COMPTROLLER LEVINE: The biggest effort
we put into was really examining their revenue
projections and we have 150-page report that's

1
2 covering that and also the expense side. This is
3 available online. And you know, we don't take the
4 mayor's projections for granted. We want to
5 interrogate it. And we came up with some lower
6 numbers that in total mean about \$1.8 billion less
7 than we project in revenue in this fiscal year and
8 the one ahead, and that's one more challenge for us
9 to overcome right now.

10 COUNCIL MEMBER WILLIAMS: Okay. Does the
11 Comptroller's Office currently conduct any equity
12 analysis of the city budget, specifically examples of
13 how spending impacts different communities by race,
14 income, or geographical location?

15 COMPTROLLER LEVINE: Well, the office has
16 done many individual reports looking at that for
17 given programs and agencies, but there's not the kind
18 of broad based equity impact requirement such as
19 there is now for rezonings. But that's something
20 that I would love to work with you much more on.

21 COUNCIL MEMBER WILLIAMS: Okay. And so
I'm sure you'll have a similar answer to this
question, but I'm going to ask it anyways for the
record.

COMPTROLLER LEVINE: Please do.

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3 COUNCIL MEMBER WILLIAMS: Which is are
4 there any data sets or indicators that your office
5 relies on to measure budget allocations- to measure
6 whether or not budget allocations are equitably
7 distributed across neighborhoods?

8 COMPROLLER LEVINE: Geographically you
9 mean?

10 COUNCIL MEMBER WILLIAMS: Yes.

11 COMPROLLER LEVINE: I don't know if
12 we've done a good geographic analysis on the budget,
13 but I would- have we? But we would love to. And
14 we're going to partner with you, Deputy Speaker.

15 COUNCIL MEMBER WILLIAMS: Yes, I look
16 forward to working with your office.

17 COMPROLLER LEVINE: Okay.

18 COUNCIL MEMBER WILLIAMS: Because
19 fortunately or unfortunately, I do plan to give you
20 guys more work so you can properly-

21 COMPROLLER LEVINE: [interposing] We love
that.

COUNCIL MEMBER WILLIAMS: analyze the
budget for equity. It is really like the dying thing
in my last four years, because New York City is so

1 significantly behind on how we analyze our budget. I
2 mean, the process itself doesn't even allow us to
3 really analyze it in that way, particularly because
4 of the units of appropriation issue. You can't even
5 really see what's happening from agency to agency.
6 So, I do look forward to working with you and getting
7 your feedback to empower and encourage and require
8 you all to do more of a deep dive around budget
9 equity.

9 COMPTROLLER LEVINE: Likewise, Deputy
10 Speaker. Thank you.

11 CHAIRPERSON LEE: Nice, thank you. And
12 next we have Council Member Wong followed by Council
13 Member Mealy.

13 COUNCIL MEMBER WONG: Thank you, Chair.
14 Thank you, Comptroller.

15 COMPTROLLER LEVINE: Council Member,
16 great to see you.

17 COUNCIL MEMBER WONG: Nice to see you
18 again. Before my questions, I want to say that as a
19 budget director of the former Councilman Robert
20 Holden, I can sit here all afternoon to tell you the
21 bugs and the usability issues of Passport. So, if
you have-

1
2 COMPTROLLER LEVINE: [interposing] I feel
3 your pain, Council Member.

4 COUNCIL MEMBER WONG: So, if you have
5 your next meeting, we'd be glad to come and tell you-

6 COMPTROLLER LEVINE: Thank you.

7 COUNCIL MEMBER WONG: my experience.

8 COMPTROLLER LEVINE: Thank you.

9 COUNCIL MEMBER WONG: Okay, my first
10 question is this. There are a lot of homeless
11 shelters in my district and what I notice is they
12 will fill them up to the seam and send the bill to
13 the city every month. Here are number of occupants,
14 you know, X number of residents. Send us a check.
15 You know? Because of that payment model, there's- I
16 see very little incentive for them to get the
17 homeless out of the system and into affordable
18 housing. So, my question to you is that is it
19 feasible for you to modify the contract so they could
20 paid only when someone is out of the system and into
21 a real housing unit? Only then that they'll be paid
based on the number of months they stay in the
shelter. Would something you would consider?

 COMPTROLLER LEVINE: I think there are a
variety of performance metrics in the contracts, but

1 I'm not sure if they're exactly like you described.

2 Do you happen to know, Executive Director?

3 DEPUTY COMPTROLLER OLSON: I mean, they
4 are paid based on the number of- they have to provide
5 services and food and- so they do pay based on the
6 number of people that are residing there. I do
7 believe- I know they used to have performance
8 incentives for achieving placement rates. I don't
9 know the latest in terms-

10 COMPTROLLER LEVINE: [interposing] Right,
11 but that is the framing. They're supposed to place
12 people in permanent housing.

13 COUNCIL MEMBER WONG: I don't see that
14 happening, because if they place, there's vacancies,
15 and then they get paid less, right? So, there's no-

16 COMPTROLLER LEVINE: [interposing] I think
17 there's always someone waiting to come and take that
18 bed. But we will look into the state of those
19 contracts. I'm all for having performance metrics.
20 We have a very wide range of the quality of service
21 providers amongst our homeless agencies, and there
needs to be accountability so that all of them become
better at having good metrics, and the contract is
obviously one way to do that.

1
2 COUNCIL MEMBER WONG: Okay. Yes, and
3 I'll follow up with you on the shelters.

4 COMPTROLLER LEVINE: Please.

5 COUNCIL MEMBER WONG: I believe is just
6 more interested in filling up rather than placing the
7 homeless into housing.

8 COMPTROLLER LEVINE: Thank you.

9 COUNCIL MEMBER WONG: Yeah. Here's my
10 second question, I still have time. Before we ask
11 homeowners to pay more in taxes, do you believe the
12 city has done enough to identify waste or control
13 spending growth, and is there a Comptroller report
14 that I could read about it where you could identify
15 waste, or like controlled spending growth? Thank
16 you.

17 COMPTROLLER LEVINE: Well, Council
18 Member, look, as you've heard me say, I don't think
19 we sold raise property taxes for a variety of
20 reasons, and I do think that we could do more to find
21 some savings and efficiencies in the budget and to do
some hard work on reconfiguring some of the programs.
That should be our priority. I'm committed to doing
that work with you. If you're asking about a report
from our office on waste, look, we audit every city

1
2 agency, that can uncover all manner of fraud and
3 waste. And these are ongoing. We have many audits
4 ongoing right now actually. They take a while. They
5 could take a year or two or more, because there's
6 such intense work involved. But I think you're
7 referring to some sort of broader report on the state
8 of waste-

9 COUNCIL MEMBER WONG: [interposing] Yeah,
10 no, like here are the programs that don't work or
11 here are the program that yield very little results,
12 and those fundings should be reallocated. That's the
13 kind of report I'm looking for.

14 COMPTROLLER LEVINE: Yeah, and I think
15 you're right. We should judge just by how much we
16 spend. We should just by what impact we get for the
17 city and for New Yorkers. We don't do that enough.
18 I believe sometimes we just fund a program and walk
19 away, and we got to ask what's working. And you
20 know, you rightly proposed we need performance
21 metrics in our homeless shelter system so people get
placed, and I agree with you, and I'd like to work
with you on that.

COUNCIL MEMBER WONG: Thank you. Thank
you.

1
2 COMPROLLER LEVINE: Thank you.

3 CHAIRPERSON LEE: Great. Yes, I love
4 performance metrics and being able to measure if
5 something's working or not. And next we have Council
6 Member Avilés.

7 COUNCIL MEMBER AVILÉS: Thank you, Chair.
8 Good to see you, Comptroller.

9 COMPROLLER LEVINE: Likewise, Council
10 Member.

11 COUNCIL MEMBER AVILÉS: I guess I have a
12 couple of different questions, and since I was in and
13 out, it's possible you've answered them already.

14 COMPROLLER LEVINE: No problem. No
15 problem.

16 COUNCIL MEMBER AVILÉS: But I'd like to
17 start with NYCHA. I was wondering if your office has
18 put forward any recommendations and/or looked at PACT
19 converted developments in terms of just general
20 oversight?

21 COMPROLLER LEVINE: Well, in the 2+
months I've been there, no. My predecessor
Comptroller Lander did put out a report that was
fairly critical. This is something that we're
extremely interested in. This is- it does appear the

1
2 current administration intends to continue at least
3 in one prominent case in Chelsea, Elliot, Fulton
4 Houses, and that might indicate that they're open to
5 it in other developments as well. So, some people
6 are going to be looking at closely. You know as much
7 about public housing as anyone in New York City,
8 because obviously having chaired the committee, and
9 boy, we're not left with a lot of easy options here.
10 And with the federal government that's turned its
11 back on us, with the state government that helps
12 some, but not enough relative to the \$80 billion we
13 need to invest in the capital of these buildings,
14 we're going to have to look at greater solutions.

15 COUNCIL MEMBER AVILÉS: Sure.

16 COMPROLLER LEVINE: And RAD/PACT is one
17 of them. But yeah, we need to have- keep it under
18 scrutiny, especially now that we have a number of
19 developments that have been running already for a
20 couple years, and we could look at how they're doing.

21 COUNCIL MEMBER AVILÉS: 100 percent. You
22 know, I think, as you know, NYCHA currently has over
23 6,000 units sitting empty. Is your office- do you
24 think you will be looking at that in the long-term

1
2 impacts of a growing number of units that are empty
3 amidst the housing crisis?

4 COMPROLLER LEVINE: Well, yes, I'm very
5 worried about this. The turnaround time is getting
6 longer and longer and longer between-

7 COUNCIL MEMBER AVILÉS: [interposing] And
8 the numbers are growing.

9 COMPROLLER LEVINE: Yeah, therefore,
10 because it's taking longer, you're getting a bigger
11 inventory which I think is now pushing 7,000 units.

12 COUNCIL MEMBER AVILÉS: Yes.

13 COMPROLLER LEVINE: And in the middle of
14 a housing crisis-

15 COUNCIL MEMBER AVILÉS: [interposing]
16 With 175,000 people on a waiting list.

17 COMPROLLER LEVINE: Yes. So, it's
18 unacceptable. We are pushing on that. I'm not sure
19 if that would work for the timeline of an audit which
20 tends to be slower, but I'd like to join with you and
21 the Council to push very, very hard on that. We have
got to get those apartments full. There's also been
reporting that now some people are breaking into them
and living there which is a security issue. Of
course, people are desperate. I get it, but this is

1
2 not acceptable. You got to get those apartments
3 renovated and turned around faster and families in
4 there as soon as possible.

5 COUNCIL MEMBER AVILÉS: Thank you. We'd
6 love your help in making sure that happens.

7 COMPTROLLER LEVINE: You will have it,
8 yes.

9 COUNCIL MEMBER AVILÉS: Similarly, I
10 think we- there has been in terms of supportive
11 housing, vacant supportive housing units is another
12 deep concern where we understand there are thousands
13 of supportive housing empty in the middle of a
14 housing crisis is unacceptable.

15 COMPTROLLER LEVINE: This is a different
16 issue, also very problematic, but I don't think this
17 is about a renovation challenge.

18 COUNCIL MEMBER AVILÉS: No, it's not,
19 but-

20 COMPTROLLER LEVINE: [interposing] And
21 it's not even I think about the nonprofits. I think
this is a bureaucracy which is too slow to get people
identified and place. And again, we're in the middle
of a shortage on supportive units as well. This has
to be sped up.

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2 COUNCIL MEMBER AVILÉS: Yes. I couldn't
3 agree more. In terms of just shifting a little bit,
4 commercial vacancies. I see in my district a growing
5 number of commercial vacancies. I'm wondering if you
6 have any suggestions. We know the impacts of these
7 vacancies are really profound, and we're hearing in
8 Brooklyn that there's 21.8 percentage. And so do you
9 have any recommendations? Are you tracking that?

10 COMPROLLER LEVINE: I'm very worried
11 about this. When you have vacant storefronts, it
12 zaps life from the neighborhood. It's a public safety
13 issue. It's a public health issue. There's so many
14 secondary problems. We have very little data on this
15 which is why I was excited to hear you have such a
16 precise number in your community. So, thank you for
17 doing that work. I would like to figure out a way to
18 have a citywide data set to track this which we don't
19 currently have. Council Member Brewer actually has
20 done some good analysis on the Upper West Side on
21 Broadway. I think it required Council Member interns
going block by block. So, I'm not sure if we can do
that citywide. But I have some ideas, using
technology to build this out. If we can get a good

1
2 number, we can track this, and it would help us focus
3 attention on solving this problem.

4 COUNCIL MEMBER AVILÉS: Couldn't agree
5 with you more, and certainly the impacts innumerable,
6 and certainly one of the main drivers is the rent is
7 too damn high, particularly in commercial context.

8 COMPTROLLER LEVINE: Yes.

9 COUNCIL MEMBER AVILÉS: Do you think
10 commercial rent stabilization could help support
11 that?

12 COMPTROLLER LEVINE: Maybe. I think it's
13 more complicated than residential for a variety of
14 reasons. I think we should be looking at it, though,
15 but I think we have some underlying challenges that
16 are beyond that, competition from the internet
17 probably being the biggest. Cost being a major
18 factor, of utilities, of real estate taxes. Here we
19 are talking about that. So, look, for people who are
20 complaining about retail storefronts, please don't
21 order your toothbrush online. Go to a store in the
neighborhood and buy from a local merchant.

COUNCIL MEMBER AVILÉS: Heard. Thank
you. Thank you, Comptroller.

COMPTROLLER LEVINE: You got it.

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3 COUNCIL MEMBER AVILÉS: Thank you.

4 CHAIRPERSON LEE: Alright, thank you.

5 And I'm just going to go into a few more questions
6 before we wrap it up. Going into the debt service
7 savings. So, in the past 10 fiscal years the city
8 has been able to identify at least \$195 million in
9 debt service savings annually with average annual
10 savings exceeding \$300 million. However, this year,
11 OMB has only identified \$156 million in savings thus
12 far. And for example, our staff believe that the
13 interest assumptions used by OMB are a bit
14 unrealistic as projected interest rates are always
15 higher than the actual rates, and right-sizing these
16 rates would create savings including variable rate
17 debt costs which would be felt immediately. So, do
18 you believe that there are additional savings to be
19 had in the debt service budget, because I know
20 there's differing-

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17 COMPROLLER LEVINE: [interposing] I am
18 going to pass it to Francesco. I just want to- I
19 want to caution you here that I'm not so sure that
20 this is going to be an easy pot of money to find,
21 partly because rates are set by conditions beyond our

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control or by an event like a refinancing, and that we have not- we have decided that it would not be prudent to add more savings into our projections, but I'm going to have Francesco weigh in who's more of an expert.

EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

So, the city has traditionally recognized the savings at the time when they are- when there are refundings, for instance, and the city, you know, tends to set some assumptions that are a little more pessimistic than what it has- than realizes, right? That's always been a buffer for the city. We have a couple of refundings coming up which are going to provide a few- you know, which are going to provide to resources. It is- how should I say it? It is not an amount of money that is large enough, and it's not an amount of money that it's current enough to-

CHAIRPERSON LEE: [interposing] What's

your estimate for-

EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

[interposing] We can get back to you with-

CHAIRPERSON LEE: [interposing] Okay.

EXECUTIVE DEPUTY COMPTROLLER BRINDISI: an

estimate and we'll speak to your staff. But this is

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2 not- you know, it's sort of like taking risk in the
3 future, right, to have savings- to already take
4 savings in the future where, you know, it's not going
5 to- it's not going to change structurally the
6 situation.

7 CHAIRPERSON LEE: I mean, but- right.

8 Well, I guess that's what I'm curious to hear about
9 more, because you know, even when I was doing, again,
10 much, much smaller scale, but my nonprofit does
11 service budgeting every year. You know, there
12 usually are things that you can sort of find and dig
13 into. So, I just wanted to get a sense of if you
14 could provide more details on the type of savings
15 that have been found in the past, and then also what
16 role if any your office does play in finding those
17 savings within the Comptroller's Office.

18 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

19 So, the Office of the Comptroller and the Office of
20 Management and Budget, they work jointly on all of
21 that issuances and identifying the bonds that need to
be refunded to maximize the amount of refunding.
What we do is we typically take the savings from the
refundings and we pursue them aggressively and we
spread them over the financial plan. This has been

1
2 long-standing policy that we've applied. And we
3 realize the savings in the budget as we issue the
4 bonds and we get those savings in the financial plan.

5 CHAIRPERSON LEE: And then moving over to
6 the interest earnings. Our council finance team
7 believes that the city historically under-forecasts
8 the interest earnings on its cash balances based on
9 revenues generated so far, and we believe that
10 there's more money that OMB can recognize here, and
11 also in FY 27 and in the out-years, as interest rates
12 are expected to stay relatively elevated. In
13 addition, there are a number of off-book entities
14 with their own cash balances that earn interest that
15 we should account for when balancing the budget, and
16 so- like the RHBT and the Hudson Yards Infrastructure
17 Corporation. Have you looked at interest earnings in
18 the city's cash balance?

19 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:
20 Every day.

21 CHAIRPERSON LEE: Yes.

EXECUTIVE DEPUTY COMPTROLLER BRINDISI:
I'm not kidding. So, we have- I'm sorry,
Comptroller.

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2 COMPTROLLER LEVINE: Well, let me just
3 say big picture on that, then I'm going to pass it to
4 you for the technical expertise. Look, this is all-
5 we have what we call a short-term desk. This is
6 money that needs to be incredibly liquid and has to
7 be in very high-quality investments, and therefore,
8 you're going to get a low interest rate. That's the
9 trade-off. You're not going to get very high
10 interest rate on something that has to be liquid.
11 You can't take on a lot of risks, and we have a whole
12 team dedicated to our short-term desk and our Bureau
13 of Asset Management, and I'm pretty confident that
14 they're getting the right risk return balance.
15 Again, I would caution you that I don't think this is
16 a big pot of savings to be achieved, and now I'm
17 going to pass it off to you.

18 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

19 Well, we have the treasurer for the city, I think,
20 sitting all the way over there, and we work closely
21 with them to do overnight [sic] investment of the
city cash balances. Now, to the- those are done by
the Office of the Comptroller. The- we also invest
[inaudible] health benefit trust [sic] balance, and
that's based on investment guidelines that are set by

1 OMB, but the fact that we do it, it means that OMB
2 sets guideline that, you know, require us to invest
3 in short-term assets, right? And so, that's a
4 conversations that, you know, needs to be had. If
5 there is an opportunity to have higher interest on
6 those, that's a- first, we need to change the
7 guidelines and we wouldn't be able to do it, right,
8 if it's not short-term. This is not something that,
9 you know, we would do in house at the Office of the
10 Comptroller. HYIC [sic] manages its bond proceeds
11 and the interest on those, and the Comptroller has no
12 role in that.

13 CHAIRPERSON LEE: ARE there steps the
14 city could do to improve the revenue the city
15 generates on its cash balances?

16 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:
17 We- the Department of Finance has a forecast of cash
18 balances. OMB does. We do every quarter publish-
19 there are a couple of things. One, they're very
20 dependent on short-term interest rates. So, during
21 the pandemic we had zero earnings and large cash
balances, and now we have higher interest rates, and
therefore higher income, but a trend of shrinking
cash balances, right? So, the two things are sort of

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2 like going in opposing directions. So, it really
3 will depend for this year and the next what we see
4 with the expense trajectory and with the revenue
5 trajectory, right? So, that's going to be crucial
6 to understand where our cash balance is going to go.
7 But there's not a sense. We do offsets. We
8 calculate offsets to the interest income in our
9 report. So it's part of, you know, when we come up
10 with a re-estimate of the gap, that's part of it,
11 too. And we'd be glad to show you what our numbers
12 are, and you know, the forecast of where the interest
13 rates are going to be. So, you know, that's also
14 another margin of error. You know, is the fed going
15 to tighten or loosen and how fast, right?

13 CHAIRPERSON LEE: Right. And I know that
14 cash balances can be tough because it is so fluid and
15 it is moving around so quickly. But definitely
16 whatever we can do to try to see how to increase,
17 that would be great. And of course, Comptroller's
18 Office, you- the big responsibility you all have with
19 our pension funds is obviously a huge thing. So, in
20 terms of the pension annual returns, in Fiscal 2025,
21 the city's pensions systems achieved a 10.3 percent
aggregate net return on investments, significantly

1 exceeding the seven percent actuarial assumption.

2 So, can you please update the committee on the
3 year-to-date returns for the city's pension system?

4 COMPTROLLER LEVINE: I want to answer
5 that, but I have to update you on some very serious
6 breaking news related to our topic today which is
7 Moody's has just issued a report, and they are
8 revising their outlook for us, which is very unusual,
9 from stable to negative. This is not a bond
10 downgrade, but it's serious, and it should focus us
11 on the challenge of these structural deficits that
12 we've been speaking about. They cites this in their
13 analysis. I want to say what I said earlier that our
14 bond ratings are all stable, and we expect that to
15 continue for the near future. We have a bond sale
16 next week that we expect to go forward normally. But
17 I do want you and us to absorb what just happened.
18 This is the first time since the pandemic that
19 Moody's has had a negative revision in its outlook
20 for us and it's a reminder of the scale of the
21 challenges ahead of us.

 CHAIRPERSON LEE: Sorry, just really
quickly on that point. So, how's that going to
impact future borrowing?

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3 COMPTROLLER LEVINE: I don't think it has
4 an immediate impact. It doesn't change our bond
5 rating but this can sometimes be a precursor to a
6 bond downgrade. It doesn't necessarily mean it will
7 be, but I think that should be considered a greater
8 responsibility in the months ahead. Moody's cited
9 our action- our plan to take money out of our reserve
10 funds during an otherwise strong economy. As I think
11 I mentioned earlier, this generally serves as a
12 warning sign to rating agencies. But again, a word
13 of confidence here. We have not had our actual
14 rating changed, and we don't think that's imminent
15 and we don't expect this will undermine our scheduled
16 sale next week or in the near future which we do
17 fully expect to be successful. You want to add
18 anything?

19 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

20 Yeah. I mean, we need to be in the market rain or
21 shine, right, because of the size of our capital plan
and we need to issue billions of dollars every month.
And you know, it's just one of the considerations
that the market will take into account and we will
see, you know, where the interest rates are going to

1
2 be and the cost of borrowing. Certainly, it's not a
3 downgrade, right, but it's a negative outlook,
4 meaning that, you know, that Moody's identified the
5 structural spending problem. That's where the
6 emphasis is. And if that is, you know, addressed in
7 a similarly structural fashion, then the outlook will
8 go back to stable, right? This is not, you know, a
9 final determination, but certainly, you know, puts
10 the accent on a further, you know, light.

11
12 COMPTROLLER LEVINE: No, it's definitely
13 something we need to look out for. And I think to
14 reiterate the point, I think that's why on the
15 Council side we were very cautious or hesitant to say
16 that we- you know, I mean, we're very much against
17 drawing down on the rainy day funds for this exact
18 reason, because we were afraid that potentially this
19 could have an impact on exactly what you're
20 mentioning. And so hopefully we're able to figure
21 out a way to, you know, dig a little deeper into the
budget to figure out where there are cost savings,
because I think- that's a big concern that we've had
from the beginning with the rainy day fund draw down.
So, okay. Good to know.

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2 COMPTROLLER LEVINE: Do you want me to
3 speak on the pensions?

4 CHAIRPERSON LEE: Oh, my gosh, yes.
5 Sorry. Yeah, so going back to the pensions.

6 COMPTROLLER LEVINE: Because that's
7 better news. Our pensions are in good shape. We
8 have at latest count I believe \$316 billion in our
9 five funds combined, and we have a much higher rate
10 of funding than most other jurisdictions in America.
11 We're currently up to about 90 percent fully funded,
12 and we're on a path to get 100 percent fully funded
13 through our payment plan by 2023. This is good news.
14 And workers, city workers and retirees should feel
15 good hearing those numbers- we have a goal on the
16 rate of return, and our goal is to get seven percent
17 as a long-term average. And we've been meeting that
18 and beating it in recent year. Last year, I believe
19 we had 10.3 percent, and this year I believe we're at
20 8.3 percent. So we're down a little bit because the
21 market hasn't performed as well so far, but even
still, we're above our benchmark. Really, though,
the average retiree shouldn't even get so caught up
in those numbers that I say, because are built for
the long-term. We are perpetual investors. We are

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2 universal investors. We are not day traders, and we
3 have built a very, very robust diverse portfolio that
4 does not live and die by the price of oil going up
5 and down one day across all kinds of assets, private
6 assets, public assets, equity, debt in America and
7 countries around the world, and I'm really proud of
8 our team, and I feel good about the state of our
9 pensions today.

10 CHAIRPERSON LEE: No, thank you for that,
11 and I'm sure the rest of us are also very thankful
12 for that. So, and what do- and I know you touched
13 upon this earlier, but if you could just talk a
14 little bit more about how the current economic
15 challenges including possibly Iran war mean for the
16 health of the city's pension funds. And I know this
17 is obviously a long-term game as mentioned. And how
18 may these affect returns in the current year?
19 Hopefully- you said it's 8.3 or 8.6?

20 COMPTROLLER LEVINE: 8.3.

21 CHAIRPERSON LEE: 8.3.

COMPTROLLER LEVINE: So far this year.

CHAIRPERSON LEE: So far. And then so
how do these potential things, how do you foresee it
potentially impacting?

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2 COMPTROLLER LEVINE: Look, I care a lot
3 about- I care a lot about the economic impact of the
4 war for New York City because of its- it's pumping up
5 fuel costs and inflation more broadly and also a
6 variety of other critical supplies, 30 percent of the
7 world's fertilizer goes through the Strait of Hormuz,
8 and this is going to be a blow to the U.S. economy.
9 We're already feeling it, arguably. And therefore, a
10 blow to New York City's economy. Having said that,
11 the pension is a much longer view, and while
12 obviously we monitor day to day, hour by hour
13 developments in the markets, we're somewhat protected
14 from that kind of fluctuation because of how diverse
15 and broad our asset base is. So, I would not want a
16 retiree sitting at home seeing oil price spiking
17 because of the war in Iran and worrying about their
18 pension. Really, they're protected from that kind of
19 day to day impact.

20 CHAIRPERSON LEE: And that's good. No, I
21 just- thank you for saying that on the record, too,
because I think as you mentioned it is a longer term
game, so it's good news for them.

 COMPTROLLER LEVINE: Yeah.

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2 CHAIRPERSON LEE: And on cash balances,
3 so we- I know we discussed this a little bit before,
4 but on November 28th, 2025, the city's unrestricted
5 cash balance reached a seasonal low of \$3 billion
6 compared to \$4.6 billion in FY 25 and \$5.2 billion in
7 FY 24. And while these lower balances are temporary,
8 and typically the balances rebound with large inflows
9 of revenue, they're still a little concerning, and
10 apparently these cash balances are not even as large
11 as what we understand is the balances included in the
12 assets for the rainy day fund. And so the Prelim
13 Plan currently includes the use of nearly \$1 billion
14 of resources from the RDF to help balance the budget.
15 So what is your benchmark for unrestricted cash
16 balances being of concern?

14 COMPTROLLER LEVINE: Okay [inaudible] in
15 the RDF and the health care and [inaudible] correct?
16 Yeah. Right. So, the Retiree Health Benefits Trust,
17 which I want to remind Council Members what that is,
18 because I'm not sure people understand. That is to
19 essentially have assets squirreled away for the
20 health care that we're going to retire- we're going
21 to provide retirees in the years ahead, and that's a
very large obligation.

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2 CHAIRPERSON LEE: Yep.

3 COMPROLLER LEVINE: That it's probably
4 \$100 billion. We have currently \$5 billion in this
5 fund for. Now, we're not legally obligated- it's not
6 like the pension is not subject to state law, so it's
7 not an apples to apples comparison, but it's not
8 exactly a slush fund, and it's why we should be a
9 little bit cautious if we're drawing it down, because
10 it does serve another purpose. I'm going to refer to
11 you, Francesco, on the other cash funds.

12 EXECUTIVE DEPUTY COMPROLLER BRINDISI:

13 So, the city has not borrowed on a short-term basis
14 for decades now. We certainly looked at the cash
15 balance [inaudible] at the beginning of December when
16 it hits a low point very closely, and we work
17 collaboratively with OMB as well to monitor it and
18 take measures that, you know, would- that avoid
19 having to borrow short-term, right? Before COVID,
20 our balance would go to about \$1 billion, sometimes
21 less at the beginning of December that kept us, you
know, nervous. Let me put it that way. The- you're
right, the revenue stabilization fund is just a
general fund balance that's left over at the end of
the fiscal year. Therefore, that amount of money is

1 part of our cash balances now. I will make a couple
2 of observations first. It is using the rainy day
3 fund at the end of the fiscal year. It's not like
4 they get a check out of it all at once, right. What
5 determines the cash balances, it's not the accrual
6 process and how you allocate the expenses and the
7 revenue to the fiscal year, but when you actually pay
8 and receive the money. So, what we're seeing is
9 that, you know, if you were to- if your expenses are
10 growing faster than your revenues which is the
11 situation that we find ourselves in, we have a
12 narrower and narrower cash balance. And you know, we
13 can do a lot of things. We can try to provide bond
14 proceeds earlier than we would otherwise have in
15 order to have in order to shore up the cash, you
16 know, towards the beginning of December, and we can
17 have transfers for [inaudible] to the city earlier in
18 the fiscal year so that we achieve the same, you
19 know, outcome. But certainly, you know, that billion
20 dollar is- you know, it's as slow as we are
21 comfortable at getting. Let me put it that way.

19 CHAIRPERSON LEE: And is it going to
20 impact the liquidity problems if it gets to
21

1
2 approximately \$1 billion? Or if \$1 billion is
3 withdrawn, sorry.

4 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

5 Oh, we're going to have- we're going to have- if the
6 city is spending more than it receives, the cash
7 balance is going to be lower, right, no matter what,
8 right? Whether we- and so, you know, over time the
9 average cash balance will be lower as if we dipped
10 into the rainy day fund. That, you know, that if we
11 were at \$3 billion last year, maybe eventually we're
12 going to be at \$2 billion, right? We would want to
13 avoid going to below the billion dollar that, you
14 know, makes us nervous.

15 CHAIRPERSON LEE: Right.

16 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

17 Plus whatever is left over in the revenue
18 stabilization fund, but we're also- you know, that
19 gives us- let me put it this way. That gives us a
20 little bit of buffer if we wanted to temporarily go
21 below \$2 billion.

CHAIRPERSON LEE: Okay. Thank you. And
Council Member Carr, if you wanted to ask questions.

COUNCIL MEMBER CARR: Thank you, Chair.
Comptroller, always good to see you.

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3 COMPTROLLER LEVINE: Council Member,
4 great to see you.

5 COUNCIL MEMBER CARR: Likewise. I want
6 to talk a little bit about the two topics I brought
7 up with IBO earlier today, and in particular the
8 relationship between NYPD headcount and the overtime
9 budget which I know you've talked about previously.
10 So, you know, when you joined this Council in 2014,
11 the NYPD headcount was over 35,000. Now, we struggle
12 to stay above 33. And in that first year, I remember
13 the Council pushing for civilianization so that more
14 able-bodied officers can get redeployed out of desk
15 jobs and out into the streets. The following year,
16 1,300 new officers were hired as part of that budget
17 push, and the notion was that we would achieve
18 savings through those hires through overtime
19 reductions. So, you know, given that we're only
20 saving allegedly \$17.8 million this year for
21 canceling the phase-in of the 5,000 new officers that
the mayor ended earlier this year, are we not being
penny wise, pound foolish when we have an OT budget
for this fiscal year that's approach \$900 million?

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2 COMPTRROLLER LEVINE: Well, we've also
3 been- first off, let me say I appreciate your questio
4 on this and I know how much you care about public
5 safety, and I know how much your borough and your
6 district supports law enforcement. So, you're asking
7 very important questions. And yes, we certainly got
8 into a bad spiral where we were under-staffed and we
9 ended up covering that with extra overtime which in
10 some cases was demoralizing for the staff,
11 particularly younger members.

12 COUNCIL MEMBER CARR: Definitely.

13 COMPTRROLLER LEVINE: Who have families at
14 home and then- and what to be able to see them, and
15 that probably accelerated resignations which only
16 made- through allowance on over-time work. So, in
17 the last year or so, we started to get the cycle
18 going in the right direction, because we have had
19 under Commissioner Tisch some large academy classes.
20 So, I think we are getting closer to the budgeted
21 headcount. I don't know if we're quite there. And I
think that will- that should help us. Having said
tha, we actually think that the mayor is one of the
few categories where we think the mayor's proposal is
actually underestimating expenses [inaudible]

1
2 overtime, if I'm not mistaken, and so this is clearly
3 still an issue, and it's a reminder that we do need
4 to as quickly as possible get to full head count.

5 That may require moving through some additional
6 academy classes soon which I would certainly support.
7 Do you have anything to add on that Krista? Okay.

8 COUNCIL MEMBER CARR: No, that's great to
9 hear, because I think, you know, we hear about the
10 hemorrhaging of existing officers. Retention's very
11 difficult even as new hiring continues, and you know,
12 I hear from folks in the precinct about how exhausted
13 they are with the overtime, because everyone loves
14 overtime, but they had mandatory overtime, right?

15 And so I think that that's a point well said, and I'm
16 glad that we have an area of cooperation there. Now,
17 I also mentioned earlier when the folks at IBO were
18 here about the burden that our combined tax rate has
19 here, in particular the driving out of taxable wealth
20 from our city. And you know, the Citizens Budget
21 Commission report, you know, indicated that our share
of the nation's millionaires plummeted 31 percent
2010 to 2022, and if we had kept our tax levels at
2010 levels, we would have actually taken in \$13
billion more in personal income tax in 2022. So,

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2 what's your perception of that issue as folks are
3 pushing for increases in the personal income tax and
4 other tax rates-

5 COMPTRROLLER LEVINE: [interposing] This is
6 a very big high-stakes question, and we had a little
7 bit of an experiment in 2021 when the income tax
8 rates were raised in New York, and both sides have
9 used that experience to make their case. On the one
10 hand, it's true that the number of millionaires and
11 high-income people actually has gone up since then.
12 But if you look at the national picture, it's gone up
13 nationally because we've had a good economy and New
14 York City's share of that has grown more slowly than
15 states like Texas and Florida which is what the IBO
16 report pointed out. And so, I guess I'll say we have
17 to be very careful that we remain competitive with
18 other parts of the country, and I'm also aware that
19 we have some tough fiscal challenges as well, and I
20 also believe in progressive taxation. I think the
21 wealthy should pay more at a time of great
inequality. So, I'm personally balancing all of
those considerations, and I know the Council is as
well, but you're putting one of them on the table
which is if people leave New York City, that is a

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2 loss for everybody, and in a mobile society we can't
3 rule that out. We need to make sure that doesn't
4 happen.

5 COUNCIL MEMBER CARR: Thank you.

6 Appreciate it. Thank you, Chair.

7 COMPTROLLER LEVINE: Thank you.

8 CHAIRPERSON LEE: Thank you. I believe-
9 does anyone else have any other questions? If not, I
10 believe that this portion is over, and I just want to
11 say I appreciate you not only as a colleague, friend,
12 but also in this role as Comptroller, because we
13 definitely do need to figure out how we're going to
14 find more savings and balance the budget. But also
15 to your point earlier, I think it's not just with the
16 schools but also with health care or anything else is
17 that sometimes if you do invest a bit more up front
18 it will save, you know, down the line the city and
19 state dollars. And so, appreciate that perspective.

20 COMPTROLLER LEVINE: Grateful for your
21 leadership, Madam Chair. This is a wonderful
22 hearing.

23 CHAIRPERSON LEE: Thank you.

24 COMPTROLLER LEVINE: Thank you so much
25 everybody. Thank you.

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COMMITTEE ON FINANCE

CHAIRPERSON LEE: Thank you. And we're going to move to Department of Finance. Okay. Hello. Thanks for bearing with us. Okay, so I'm just going to turn over to our Committee Counsel to administer the oath.

COMMITTEE COUNSEL: Good afternoon. Do you affirm to tell the truth, the whole truth and nothing but the truth before this committee and to honestly respond to Council Member questions? Acting Commissioner Shear?

ACTING COMMISSIONER SHEAR: I do.

COMMITTEE COUNSEL: And Deputy Com- sorry. Deputy Commissioner James?

DEPUTY COMMISSIONER JAMES: I do.

COMMITTEE COUNSEL: You may begin.

CHAIRPERSON LEE: Yep, go ahead with the testimony. Thank you so much.

ACTING COMMISSIONER SHEAR: Good afternoon, Chair Lee and members of the Finance Committee and members of the City Council. My name is Jeffrey Shear and I am the Acting Commissioner of the New York City Department of Finance. Thank you for the opportunity to testify today on DOF's Fiscal Year 2027 Preliminary Budget. I am joined today by

1
2 Jacqueline James, our Chief Financial Officer and
3 Deputy Commissioner for Administration and Planning.
4 Deputy Commissioner James oversees DOF's procurement,
5 facilities, and operational planning, and I am
6 grateful for her leadership and support. Since this
7 is the first time many of you are hearing from me in
8 this role, I will begin with a brief introduction.
9 I've spent my career in New York City public service
10 and have been with DOF for 28 years over two tours of
11 duty, most recently serving as First Deputy
12 Commissioner. My first job in City government was
13 working as an office associate in DOF's Tax Audit and
14 Enforcement Division. I'm honored to serve as Acting
15 Commissioner of this great agency, and I look forward
16 to working closely with this Council on the issues
17 that matter most to you and your constituents. DOF
18 is responsible for collecting the revenue that makes
19 city government possible. We administer the City's
20 tax and revenue laws and perform a range of other
21 responsibilities that touch nearly every New Yorker,
including homeowners, renters, drivers,
entrepreneurs, and more: We value more than one
million properties each year and produce the annual
assessment roll that determines property tax

1 liability. We bill and collect property taxes,
2 business taxes, and other charges. We grant property
3 exemptions, abatements, and relief to developers,
4 businesses, homeowners, and renters. We also record
5 deeds and other property-related documents;
6 adjudicate parking tickets; manage the City's banking
7 and payment services; and represent the mayor on the
8 boards of the City's five pension systems. In his
9 inaugural address, Mayor Mamdani said that his
10 administration will answer to all New Yorkers. In its
11 range of services, the Department of Finance plays an
12 essential role in delivering on that commitment. Our
13 mission is to administer the tax and revenue laws of
14 the City fairly, efficiently, and transparently; to
15 instill public confidence and encourage compliance;
16 and to provide exceptional customer service. Whether
17 a New Yorker is purchasing a home, starting a
18 business, applying for a benefit, or disputing a
19 parking ticket, our responsibility is to make that
20 interaction clear, accessible, and as easy as
21 possible. That responsibility is especially important
at a time when the City confronts significant fiscal
challenges. As we face and make tough budgetary
decisions, effective revenue administration is

1 essential to maintaining public trust. The work we
2 do supports the services New Yorkers rely on and
3 ensures that compliance is fair. In other words,
4 that those who can pay do pay, and that those who
5 cannot pay are connected to meaningful options for
6 relief. Turning now to our Preliminary Budget. DOF's
7 Fiscal Year 2027 Preliminary Budget is \$378.5
8 million, following a Fiscal Year 2026 budget of
9 \$387.6 million. Our budget supports core revenue
10 administration, frontline customer service, public
11 safety functions carried out by the Sheriff's Office,
12 and the technology systems we rely on to do our work.
13 The Preliminary Budget reflects an authorized
14 headcount of 2,015 positions. As with other
15 agencies, we are operating below authorized levels,
16 and as of the release of the Preliminary Plan, our
17 headcount was 1,726. We continue to recruit and hire
18 aggressively, within civil service rules and Citywide
19 hiring processes, to fill critical titles and sustain
20 service levels. In Fiscal Year 2025, DOF collected
21 more than \$50 billion in taxes and other revenues,
including property taxes, business taxes, and a wide
range of charges and fines that support City
operations. Our budget is, at its core, an

1 investment in the people, systems, and
2 customer-facing services that ensure the fair and
3 efficient collection of those revenues. The Fiscal
4 Year 2027 Preliminary Budget includes several key
5 items that will help us meet our responsibilities and
6 respond to emerging needs. We are working with the
7 Mayor's Office to establish the Office of Deed Theft
8 Prevention, which will increase outreach, prevention,
9 and enforcement for this priority issue. We also
10 will be expanding our outreach efforts to various
11 communities and populations. I would like to take
12 this opportunity to thank City Register Colette
13 McCain-Jacques and Deputy City Register Carmelita
14 Horton for recently appearing at a Safeguard Your
15 Finances community forum organized by State Senator
16 James Sanders. DOF stands ready to assist any
17 Council Member who needs help spreading the word in
18 their community. Next, we have made technical
19 adjustments to right-size our
20 other-than-personal-services budget to better
21 represent the annual costs of our property and
business tax computer systems. These adjustments
will make our budgeting more transparent and
consistent year to year. Finally, as part of the

1 Citywide efficiency exercise, we will do our part to
2 work with the Office of Management and Budget to
3 identify savings and operational efficiencies, while
4 protecting core revenue functions and customer
5 service. Even as we manage staffing and fiscal
6 constraints, DOF has continued to make meaningful
7 progress across our operations. We continue to meet
8 our customers wherever they are: at our walk-in
9 centers, through in-person events across the five
10 boroughs, and through direct mail and digital
11 communications. Last year, we surpassed our prior
12 record for in-person outreach, participating in 272
13 events citywide and meeting more than 2,600
14 taxpayers. We are also working to strengthen our
15 email outreach efforts. We have set a goal of
16 increasing the number of emails we send to customers
17 by 50 percent. I am pleased to share that we are
18 well on our way to meeting this goal. In the first
19 two months of this year, we have reached 74,000
20 customers with targeted, timely information designed
21 to help them take action, apply for benefits, and
comply with the City's tax laws. This is 50,000 more
emails than we sent through the same period in 2025.
We have also made improvements to critically

1 important, customer-facing operations. For example,
2 in our commercial parking violation hearings work, we
3 have reduced the number of outstanding cases and
4 implemented video hearings to give commercial vehicle
5 operators a more convenient option to contest
6 violations. We have also continued to strengthen our
7 procurement practices. The City Comptroller's Fiscal
8 Year 2025 Annual Report on Minority Women-owned
9 Business Enterprise Procurement reflects strong
10 performance by DOF, including a meaningful
11 improvement in the number of MWBE small purchase
12 registrations with our agency. Specifically, we
13 achieved a 50 percent MWBE utilization by contract
14 value for Local Law 74-eligible contracts and
15 purchase orders, compared with the citywide average
16 of eight percent, and we ranked among the top five
17 most improved agencies by volume of MWBE Small
18 Purchase registrations. I'd like to thank CFO James
19 and Agency Chief Contracting Officer Roman
20 Shpolyansky for this work. We remain committed to
21 expanding opportunity and ensuring that City
contracting dollars reach the diverse businesses that
power New York. As many of you know, a major focus
of the past year has been implementing reforms to

1
2 property tax enforcement that were enacted by the
3 Council when it re-authorized the tax lien outreach
4 and sale process through Local Law 82 of 2024. I want
5 to thank you for your partnership in strengthening
6 protections for homeowners and improving the city's
7 approach to debt resolution. Ahead of last year's
8 lien outreach and sale process, we undertook an
9 unprecedented effort to ensure that owners understood
10 both the risks of leaving unpaid taxes and charges
11 unresolved and their expanded options to address
12 their situation without having their liens sold.
13 Working with the Mayor's Public Engagement Unit and
14 with our partners at HPD, DEP, and the Center for New
15 York City Neighborhoods, we combined direct outreach,
16 events and communications to connect owners with
17 property tax exemptions, targeted payment plans, and
18 other options to help them avoid the lien sale. As a
19 result of these efforts, 85 percent of owners with
20 properties on the initial outreach list were able to
21 take action to be removed from the at-risk pool
before the sale of liens, a higher rate than in
previous years. In addition, the property tax
delinquency rate fell by about one half a percentage
point, approximately \$150 million—compared to Fiscal

1
2 Year 2024. Looking ahead, Mayor Mamdani has paused
3 the lien sale for 2026 so that the Department of
4 Finance can conduct a comprehensive six-month review
5 and determine next steps. We also remain committed
6 to property tax reform. As the Council knows, the
7 current property tax system is complex and widely
8 viewed as inequitable. DOF supported the work of the
9 New York City Advisory Commission on Property Tax
10 Reform, which issued a report in December 2021
11 calling for significant change. Since then, we have
12 continued to analyze how the current system is
13 falling short and the implications of different
14 options to improve the system. Mayor Mamdani has
15 been clear that reform is a priority, and we are
16 working to create a legislative proposal based upon
17 the recommendations of the Advisory Commission. We
18 will continue the work underway to advance reforms
19 that make the system fairer and more transparent,
20 while protecting the stability of the city's revenue
21 base. In addition, we have been tasked with
preparing to run an Environmental Control Board
amnesty program in Fiscal Year 2027. ECB debt
consists of unresolved violations issued by several
agencies, but most notably those issued by the

1
2 Departments of Buildings and Sanitation that have
3 become judgments and been referred to DOF for
4 collection. If authorized by the Council, an amnesty
5 program will help owners and businesses resolve
6 long-standing debt, come into compliance, and avoid
7 escalating penalties. We look forward to working
8 with the Council on the legislation that would be
9 necessary to implement this program. Finally, in the
10 context of the City's budget gaps, we will continue
11 to assist City Hall and the Office of Management and
12 Budget with revenue and tax policy initiatives that
13 meet the needs of the city, while staying focused on
14 fairness, customer service, and efficient
15 administration. In closing, I want to thank the
16 Council for your partnership and constructive
17 engagement. The Department of Finance's work is
18 invisible when it is done well, but it is
19 foundational to everything the city does. We remain
20 committed to treating New Yorkers with respect and
21 courtesy, improving how we communicate and deliver
services, and administering the city's tax laws
fairly and effectively. Thank you for the opportunity
to testify today. I would be happy to answer any
questions you may have.

1
2 CHAIRPERSON LEE: Great. Thank you so
3 much for your testimony. So, according to Fiscal
4 2025 Annual Comprehensive Financial Report, the
5 amount of DOF business tax warrants has been
6 increasing steadily over the past five years. The
7 amount of collectable unpaid business taxes grew from
8 \$760 million in Fiscal 2021 to \$1.14 billion in
9 fiscal 2025, a 50 percent increase. This means the
10 outstanding business taxes are over 11 percent of the
11 amount the city collects in a given year. So, what
12 accounts for this large growth in uncollected
13 business taxes?

14 ACTING COMMISSIONER SHEAR: Yes, thank
15 you. So, while we are always looking to improve our
16 work, we do have an effective tax form [sic]
17 collection program. We call businesses with large
18 delinquent bills before we electronically file the
19 debts in court as tax warrants. That is followed up
20 by post-warrant notices, referral to three successive
21 collection agencies, and in some instances, by
levying upon active tax payer's bank accounts. Every
year, we go through the inventory of uncollected
business tax warrants to determine what portion of
them are collectible. Currently, non-collectible is

1 defined as businesses that are bankrupt or dissolved,
2 that haven't filed a return or made a payment in
3 seven or more years, or they last filed more than
4 three years ago and indicated that they have zero
5 assets. In Fiscal Year 25, after we did this review,
6 we determined that we had a balance of unpaid
7 warrants totalling \$1.1 million as you indicated that
8 are potentially collectible. The businesses with
9 warrants range in type, but the majority are in the
10 services and trade sectors. In terms of the growth,
11 we are looking into the growth. For many of these
12 businesses we have insufficient information regarding
13 a current status. Many of these businesses may
14 already be closed. We are looking to see if the
15 uncollectible criteria we use needs to be updated as
16 we're seeing more business closures during and after
17 the pandemic than we have previously. These closures
18 might not be reflected in our uncollectible criteria.
19 We will keep the Council informed as we explore this
20 further and understand better the trend.

18 CHAIRPERSON LEE: Thank you. Appreciate
19 that. And what do you consider to be I guess a
20 healthy delinquency level for business taxes?
21

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2 ACTING COMMISSIONER SHEAR: I'm sorry,
3 didn't hear.

4 CHAIRPERSON LEE: What would be what you
5 would consider a healthy delinquency for business
6 taxes?

7 ACTING COMMISSIONER SHEAR: I'd have to
8 get back to you on that.

9 CHAIRPERSON LEE: And then also-

10 ACTING COMMISSIONER SHEAR: [interposing]
11 I mean, I'll just again note that the challenge we
12 face is that there always- there are new businesses,
13 and then there are existing businesses that are going
14 out of business.

15 CHAIRPERSON LEE: Right.

16 ACTING COMMISSIONER SHEAR: So, it's a
17 dynamic population. So, there always will be some
18 that go out of business. In fact, we know instances
19 of businesses that have gone out of business before
20 they filed their final return with us. So, we know
21 from the get-go that collecting is not possible.

 CHAIRPERSON LEE: Right. And how many-
so how- I mean, is there a way- knowing that there's
a lot of businesses for example that are going to
close maybe due to hardships or various different

1
2 reasons. Do you have a plan that you have that you
3 would implement to actually reduce those levels of
4 delinquencies? In other words, is there a way to
5 capture that data and information before they
6 actually- like, before it gets to the point where
something is considered not collectible?

7 ACTING COMMISSIONER SHEAR: So, there are
8 some things that we do now. We do receive
9 information services that will provide information.
10 Most of that information, however, pertains to larger
11 businesses. So, for the mom and pop shops, the
12 information largely is not there. I think as a
13 result of this exercise, we may explore taking
further actions if we conclude that there's- that the
growth is due to more than simply business closures.

14 CHAIRPERSON LEE: Okay. And how many- I
15 know it's hard to estimate, but in your sort of rough
16 estimate, how many delinquent business entities are
17 there currently? And what can you tell us about
these businesses?

18 ACTING COMMISSIONER SHEAR: I'd have to
19 get back to you the number. The one thing that I do
20 want to say is that when we're talking about business
21 tax warrants, the average dollar amount is small

1
2 compared for example to our business tax audit
3 program. So, for business tax audits, we are
4 auditing the largest companies, the Fortune 500 and
5 others, and we reach settlement with those companies
6 and get- read all the cases roughly 90 percent of the
7 time. And for the 10 percent where we do not, they
8 typically are appealing and if they are to lose the
9 appeal, they pay. So, we're not in the position
10 where we have to issue warrants for delinquencies.
11 The delinquencies that become tax warrants are
12 typically businesses that are smaller that have filed
13 late returns. So, there are late payment penalties,
14 late filing penalties, under-estimated tax penalties.
15 So, these warrants are typically for a few hundred
16 dollars. So, it's a much smaller amount on average,
17 and therefore, we have to be careful about the cost
18 that we put into trying to recover each one.

19 CHAIRPERSON LEE: Okay, good to know.

20 And then just really quickly, because in your
21 testimony you had mentioned- because obviously we
agree that there definitely needs to be property tax
reforms that we look at. And I think you had
mentioned that you're working to create a legislative
proposal based upon recommendations of the Advisory

1
2 Commission, and I just wanted to get a sense of if
3 you know what that timeline looks like?

4 ACTING COMMISSIONER SHEAR: We are still
5 actively working on it. I don't have a precise
6 timeline.

7 CHAIRPERSON LEE: Okay. If you do have
8 any updates to that, we would love to know that and
9 continue the conversation there as well.

10 ACTING COMMISSIONER SHEAR: Of course.

11 CHAIRPERSON LEE: Okay. Going to the
12 final assessment role. On- oh wait. Sorry, really
13 quickly, before City Hall announced that there'd be
14 no lien sale for this fiscal year- and I presume you
15 must have prepared a list of lien sale eligible
16 properties and their debts, and can you tell us how
17 many properties would have been on the 90-day warning
18 list, and how much in tax liens would have been on
19 that list?

20 ACTING COMMISSIONER SHEAR: So, we did
21 not prepare such a list, because we knew it was
important to review the status of the lien sale with
the incoming administration. What we can say is that
even without the lien sale, we are going to be
sending quarterly delinquency notices to owners who

1
2 haven't paid, and that we estimate that we will be
3 sending those notices to 140,000 owners. I want to
4 emphasize that that count is not the same as owners
5 who might be put in a lien sale at risk pool, because
6 we're emailing or we're noticing all owners with
7 delinquencies to be in a lien sale outreach and sale
8 at risk pool. Typically, you need to have at least
9 \$3,000 in debt that's at least three years old for
10 Class One homeowners. So, it's older, larger debt.
11 So the numbers would be smaller, but we have not
12 drawn that, and we do not intend on drawing that
13 until we have a better understanding of the future of
14 the lien sale itself.

12 CHAIRPERSON LEE: Okay, but just to
13 clarify so I'm understanding this, because you're
14 saying that there's 140,000 owners that you're going
15 to send the quarterly notices to which is different
16 than what you normally send under the typical lien
17 sale notification, correct? And the difference is
18 that under the typical lien sale, usually it's \$3,000
19 in debt-

19 ACTING COMMISSIONER SHEAR: [interposing]
20 Yeah.

1
2 CHAIRPERSON LEE: or is that the current
3 that you're sending out?

4 ACTING COMMISSIONER SHEAR: Yes. Well, I
5 should have said \$5,000.

6 CHAIRPERSON LEE: Five, okay.

7 ACTING COMMISSIONER SHEAR: But it's
8 \$5,000 for the lien sale. When we are reminding
9 people of their delinquencies, I believe we use a
10 cut-off as low as \$100, and we do not use an age
11 threshold. This is a reminder notice. It is not an
12 indication that we are about to take any sort of
13 enforcement action, and we want to make sure people
14 know regularly that they are delinquent. We have
15 found in the past that just indicating that on their
16 next bill was insufficient. We want to let them know
17 before that.

18 CHAIRPERSON LEE: And how many times do
19 you send it out before-

20 ACTING COMMISSIONER SHEAR: [interposing]
21 We send it out quarterly.

CHAIRPERSON LEE: Before the enforcement
happens?

1
2 ACTING COMMISSIONER SHEAR: Yes, well,
3 the enforcement happens- if there's enforcement, the
4 debt has to be for class one, three years old. So-

5 CHAIRPERSON LEE: [interposing] Okay.

6 ACTING COMMISSIONER SHEAR: we can send
7 many of these notices before they send the
8 enforcement action. And again, I want to make clear,
9 the mayor has paused the lien sale, so there is no
10 enforcement action on the table at this time.

11 CHAIRPERSON LEE: Yes. Totally
12 understood. And out of those- yeah, right. So, just
13 to go back to my initial question. So, if it was
14 business as usual with the lien sales, do you know
15 typically how much that would estimate to in terms of
16 the number?

17 ACTING COMMISSIONER SHEAR: I do not
18 know. We did not prepare that this year.

19 CHAIRPERSON LEE: Okay. And then
20 typically speaking, how much of that breakdown is
21 related to the water debt, outstanding balance,
sorry?

ACTING COMMISSIONER SHEAR: We will get
back to you with the numbers from last year's lien
sale process.

1
2
3 CHAIRPERSON LEE: Okay.

4 ACTING COMMISSIONER SHEAR: So you can
5 see that breakdown.

6 CHAIRPERSON LEE: Okay.

7 ACTING COMMISSIONER SHEAR: Both in terms
8 of the initial outreach list which, again, last year
9 I think was approximately 35,000 owners, and then
10 we'll also provide a breakdown for the number of
11 liens sold. There was, I think, roughly 4,500 liens
12 that were ultimately sold last year.

13 CHAIRPERSON LEE: Okay. Sorry, I'm just
14 writing this down. Okay. And then moving onto
15 vacancy savings. You mentioned that your headcount is
16 at 1,726 out of the budgeted 2,015. How much less in
17 payroll have you spent compared to what was budgeted
18 thus far because of these vacancies?

19 ACTING COMMISSIONER SHEAR: I'm going to
20 defer to Deputy Commissioner James.

21 DEPUTY COMMISSIONER JAMES: So, I haven't
looked at our expenditures here today. We weren't
doing that kind of exercise. We were looking at the
vacancies that we got and the proposal that the mayor
proposed on us which is 128 positions, roughly around

1
2 \$12 million. So, that is our proposal on the table
3 to reduce. We're working with OMB very closely,
4 because while that number is high, we have to ensure
5 that we can hire revenue-generating positions as
6 spoken by the mayor. We have to ensure that we have
7 continued compliance with some of the things that we
8 have to do, and we- and so we're working with OMB to
9 meet the mandate, but make sure that we can still do
10 all those core things that we're supposed to do.

11
12 CHAIRPERSON LEE: And then actually, that
13 goes into my next question which is- I know that IBO
14 had mentioned that there are 50 additional auditors
15 that are included in the budget. So I just wanted to
16 see how that fits into this overall picture.

17
18 DEPUTY COMMISSIONER JAMES: So, our total
19 vacancy right now was 284 and they divide that by the
20 number [inaudible] Our total vacancy is 284. The 50
21 city tax auditors is part of that number. So, you
have to take that off the equation first and then
divide it by half, and that's what we talk to OMB
about. So, we are working that number downward,
because that is the mandate that we have to adhere
to.

1
2 CHAIRPERSON LEE: Okay. So, the 50 is
3 not included in that vacancy number you're saying.

4 DEPUTY COMMISSIONER JAMES: Yes, it is.

5 CHAIRPERSON LEE: It is included, okay.

6 Okay. So, to be hired.

7 DEPUTY COMMISSIONER JAMES: Yes.

8 CHAIRPERSON LEE: Okay. And so I know
9 that both the current and prior administrations,
10 they've used the hiring of additional auditors as a
11 strategy to increase the revenues. Can you please
12 provide an update on the effectiveness of the
13 additional auditors that were included in the
14 previous PEG program, and specifically how many
15 auditors were hired, and how much additional revenue
16 were they able to collect compared to the projected
17 amount?

18 ACTING COMMISSIONER SHEAR: Yes. So, the
19 fiscal year 25 November Plan PEG authorized the
20 hiring of 45 city tax auditors. Of those positions,
21 DOF has hired 37 and there are currently eight
vacancies. The 37 entry-level auditors, known as
CTA, City Tax Auditor level ones, were on-boarded in
January 2025, and they're expected to generate
approximately \$52 million by the end of the calendar

1
2 year. While entry-level hires support the long-term
3 auditor pipeline, it takes time to train and develop
4 a CTA1 before they can assume responsibility for more
5 complex and high value cases which are typically
6 handled by more senior auditors. So, hiring auditors
7 is a long-term investment, and I guess the other
8 thing that I want to emphasize is we have to have
9 proper supervision. I mentioned training with also
10 supervision. So, there's a limit to how many
11 auditors we can hire at once, and we also have to
12 make sure that we're hiring the right mix of
13 auditors, that we're hiring new supervisors as well
14 as entry-level and retaining them so that two, three,
15 four years down the road we are reaping the rewards
16 of that investment.

14 CHAIRPERSON LEE: Yep. And I think the
15 retention piece is sometimes the harder part versus
16 bringing them in. So, I can appreciate that. And
17 what are any limitations that may prevent the hiring
18 of the auditors that the mayor announced in addition
19 to any other folks that you're looking to hire?

19 ACTING COMMISSIONER SHEAR: Well, the
20 challenge that we face is that of using the civil
21 service list hiring process. So, we believe in that

1
2 list, but it is a process and we are working with
3 City Hall. We just met with DCAS this week and with
4 OMB to strategize about how we can leverage the list
5 quickly and often so that we can hire as many
6 auditors as possible.

7 CHAIRPERSON LEE: How long does the
8 process usually take on average?

9 ACTING COMMISSIONER SHEAR: We had a
10 hiring pool in mid-February from that list, and we're
11 planning to have another hiring pool from the same
12 list in late March or early April. So, that's
13 roughly- that's the turnaround time. There were a
14 lot of other factors involved such as what other
15 positions are we trying to fill as Jackie- as our
16 Deputy Commissioner testified, we have other
17 vacancies. Obviously, the auditor vacancies are at
18 the top of our priority list. That's about as fast
19 as we can go. If we manage to exhaust the civil
20 service list, then we may be hire more auditors
21 provisionally.

22 CHAIRPERSON LEE: Okay. And then
23 assuming- because I know on-boarding takes a little
24 while. So assuming that they're able to get
25 on-boarded successfully, what's the realistic

1
2 projection for additional audit revenue in fiscal
3 year 26 and how does DOF plan to reach that goal?

4 ACTING COMMISSIONER SHEAR: Yeah, so the
5 first thing I should say is that the Preliminary
6 Budget does contain additional audit revenue for
7 fiscal year 2026. Our projection was increased by
8 \$150 million. However, the projection is based on
9 current staffing levels and current assigned
10 inventory. So, current cases that are panning out,
11 and it's not dependent on the additional hiring. For
12 fiscal year 27, our goal was increased by \$100
13 million, and factored into that is our expectation of
14 the new hires as well as being able to retain some of
15 the auditors who have recently come on board.

16 CHAIRPERSON LEE: And then- but what
17 changed because if the number of folks are- what
18 accounted for that change, assuming that, you know,
19 in the previous administration , this administration
20 with the numbers being the same of staff?

21 ACTING COMMISSIONER SHEAR: In terms of
fiscal 26? What changed was a couple of some large
audits came to fruition. They're very hard to
project. They came in a little higher than what we
expected.

1
2 CHAIRPERSON LEE: Okay, great. And we
3 understand that the Chief Savings Officer report is
4 not yet due, but can you give us any insight as to
5 what areas of savings are being considered and can
6 you share the guidelines and targets that DOF was
provided in developing your savings? 28614

7 ACTING COMMISSIONER SHEAR: Yes. I'm
8 sorry, before Jackie- Deputy Commissioner James is
9 our expert. So, I want to start by re-introducing
10 Jacqueline James as DOF's Chief Saving Officer. So,
she really is the expert when it comes to-

11 CHAIRPERSON LEE: [interposing] Oh, nice.
12 Alright. Probably the right person.

13 DEPUTY COMMISSIONER JAMES: So, our
14 target for 26 is roughly around \$4 million and in the
15 out-years, it's eight- approximately \$8 million each
16 year after that. What we're currently looking at is
17 looking areas in our operations that may have
18 duplications, that may have some overlapping. So,
19 that's one of the areas that we're looking into or
20 focusing on. Another area is technology. We're
21 looking to see if we have anything that may be
obsolete, technology that may need to be upgraded, or
maybe in some cases, maybe in-sourced. So, there-

1
2 those are some of things that we're looking at as
3 well. We're also looking at our contracts. Now,
4 contracts are very difficult to go in and renegotiate
5 once you have an active contract. What we're- we are
6 looking at the service levels of some our contracts,
7 and if we can reduce some of those service levels, it
8 will have an impact on how much money we're paying.
9 So, those are some of the areas that we are looking
10 at right now to generate some savings for this
11 initiative.

12 CHAIRPERSON LEE: Okay, perfect. And then
13 speaking of contracts, the DOF contract budget
14 increased by roughly \$13 million with much of the
15 growth occurring in the maintenance and repair
16 category. So, just wanted to know, can you provide
17 the committee with an update on the contract to
18 replace STARS, which is summons, tracking and
19 accounts receivable system, and CACS, the
20 computer-assisted collection system?

21 ACTING COMMISSIONER SHEAR: Yes. So,
22 another way to describe STARS is it's our parking
23 ticket computer system. So, the good news is that
24 the replacement that we- for shorthand we've been
25 calling Parking 2.0. That contract was recently

1 registered, and we will be having a kick-off meeting
2 next week to start the work with a vendor. And you
3 asked about CACS. The CACS system became fully
4 operational in 2024.

5 CHAIRPERSON LEE: Okay. Okay, great.

6 ACTING COMMISSIONER SHEAR: Go right
7 ahead, Jackie.

8 DEPUTY COMMISSIONER JAMES: So, I just
9 want to answer the-

10 CHAIRPERSON LEE: [interposing] Sure.

11 DEPUTY COMMISSIONER JAMES: question that
12 you asked about the maintenance and repair.

13 CHAIRPERSON LEE: Sure.

14 DEPUTY COMMISSIONER JAMES: Roughly what
15 that is, is the Department of Finance finally
16 recognizing some of its maintenance contracts in 2026
17 and 2027. Our security guard contracts, some
18 contracts that weren't fully funded, that is what
19 increased.

20 CHAIRPERSON LEE: Okay, perfect. And
21 then deed theft, I know you mentioned. That's been a
huge concern on the Council side as well, because
we're seeing a lot of that happening, especially with
our older adults in the city. In the Fiscal 27

1
2 Preliminary Plan includes a new need of \$500,000 in
3 fiscal 26 and \$1 million baselined starting in fiscal
4 2027 for five positions in the new Office to Prevent
5 Deed Theft. So, what will be the function of this
6 new office, and how will its scope differ or expand
7 beyond the current scope of DOF's deed theft
8 operations?

9 ACTING COMMISSIONER SHEAR: Yes. So,
10 first, I want to remark that the administration plans
11 to make an announcement soon with more details
12 concerning this office. But as the mayor has made
13 clear in his campaign and reaffirmed with this
14 addition in the Preliminary Budget, New Yorkers
15 deserve to be protected and safe in their home, and
16 this includes protection from the terrible crime of
17 predatory deed theft. Yes, DOF has- I'm sorry. Doing
18 too much reading. DOF has worked on this in the past.
19 You were asking about the extent to which this will
20 be new and expansive. So, I first want to talk about
21 what we've done in the past. Currently, DOF flags
suspicious deed recordings for investigation,
receives and acts upon complaints filed by
homeowners, works with law enforcement agencies to
obtain convictions of perpetrators, and does outreach

1
2 to vulnerable populations to prevent theft. By
3 establishing this new office, we will be expanding
4 outreach, prevention, and enforcement efforts to
5 maximize our fight against this appalling crime. We
6 are hoping to do more detailed reviews within our
7 Land Records Office. We want to do more outreach to
8 more sites within the community, and we want to make
9 sure that people who come to us with complaints
10 receive the dignity and respect they deserve and the
11 support that they need during that difficult time.

12 CHAIRPERSON LEE: Thank you for that.
13 What are the titles of the five new positions?

14 ACTING COMMISSIONER SHEAR: That is still
15 being determined.

16 CHAIRPERSON LEE: Okay. And what city
17 and non-city agencies will the office be working with
18 to fight deed theft?

19 ACTING COMMISSIONER SHEAR: Well, I'll
20 start with the non-city agencies. So,-- well, first
21 I'll say that within the Department of Finance there
are multiple offices that are involved. So, there is
our Office of Land Records which I have mentioned.
So, they do property tax recordings, and they are a
first line of defense. They may see things in the

1
2 recordings that are suspicious. There is our Office
3 of our Taxpayer Advocate. They are there to support
4 taxpayers whose issues may have fallen through the
5 cracks and need special attention, and then there is
6 our Sheriff's Office. So, they are working to
7 develop cases, develop evidence that can be referred
8 to non-city offices. So, that would be the five
9 District Attorneys and sometimes the Attorney
10 General's Office for prosecutions. We also will be
11 doing work we expect with other offices. The mayor's
12 PEU Unit- we expect also to be working with other
13 agencies that deal with these populations such as the
14 Department for the Aging.

15
16 CHAIRPERSON LEE: And us as Council
17 Members.

18 ACTING COMMISSIONER SHEAR: Always.

19 CHAIRPERSON LEE: Yes, definitely. That
20 was my last question on this topic was just about the
21 outreach efforts that you'll be performing. And you
know-

ACTING COMMISSIONER SHEAR: [interposing]
Yes.

CHAIRPERSON LEE: working with us on the
Council side to reduce the at-risk community.

1
2 ACTING COMMISSIONER SHEAR: Yes. I said
3 it before in my testimony, but want to emphasize it
4 now. Any Council Member that wants to do a deed
5 fraud prevention event with us, call me, call us, we
6 will be there. It's very important for us that we
7 leverage your knowledge of the communities to make
8 sure that our outreach is as strong as it possibly
9 can be.

10 CHAIRPERSON LEE: Thank you. I'm going
11 to pause and hand it over to our- to my colleagues,
12 and we'll start with Deputy Speaker Williams followed
13 by Council Member Brewer.

14 COUNCIL MEMBER WILLIAMS: Thank you. The
15 Chair asked questions about this, but I don't think I
16 recall hearing, like, how many tax assessors do you
17 have now, though? Or tax auditors, whatever you call
18 them.

19 ACTING COMMISSIONER SHEAR: You're asking
20 both about assessors and auditors?

21 COUNCIL MEMBER WILLIAMS: Actually, I'm
asking about the assessors, the tax assessors. How
many do you have now?

 ACTING COMMISSIONER SHEAR: I don't think
we have- I know that we have 29 vacancies that we are

1 seeking to fill among city tax assessors. I don't
2 know the total count of assessors.

3 DEPUTY COMMISSIONER JAMES: We have about
4 127 assistant city assessors and city assessors
5 combined.

6 COUNCIL MEMBER WILLIAMS: Okay. Do you
7 have plans to fill those positions?

8 DEPUTY COMMISSIONER JAMES: Yes, we do.

9 COUNCIL MEMBER WILLIAMS: Okay.

10 DEPUTY COMMISSIONER JAMES: We are
11 working with DCAS to have the list established so
12 that we can move forward with hiring those assessors.

13 COUNCIL MEMBER WILLIAMS: Okay. And
14 would you say that contributes to the average time to
15 close out the tax audits, or is it the auditor
16 positions that is taking the time to close out?
17 Because I know it's like up to 178 days to close out
18 tax audits. I'm trying to figure out, like- what the
19 tax assessors do versus the tax auditors? That's a
20 good question.

21 ACTING COMMISSIONER SHEAR: Okay. So,
we'll start there. So, tax auditors are working with
large corporations on New York City corporation tax.
Typically, they're represented by large accounting

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2 firms and law firms. The amount of records that have
3 to be reviewed is comprehensive, and audits do take a
4 long time. It is true that when we have vacancies,
5 especially when we have retention issues, which we
6 have had in the past when auditors leave us for
7 accounting firms or for the IRS, that that can result
8 in audit cases having to be reassigned to other
9 auditors, and it will take a new auditor to get up to
10 speed on that case. So, that can, in fact, impact
11 those cases.

12 COUNCIL MEMBER WILLIAMS: And then tax
13 assessors was-

14 ACTING COMMISSIONER SHEAR: [interposing]
15 Right. Tax assessors, their responsibility is to
16 value all of the city's 1.2 million properties. So,
17 come up with the market value based upon the
18 characteristics either in our database, or that they
19 see with their own eyes when they go out and inspect
20 those properties.

21 COUNCIL MEMBER WILLIAMS: Okay. Thank
22 you. The other question that I have which you talked
23 about in terms of the legislative proposal I guess
24 you're going to put forward to send to Albany around
25 property taxes. So, you know, southeast Queens, as

1
2 many other parts of New York City deal with this
3 issue.

4 ACTING COMMISSIONER SHEAR: Yes.

5 COUNCIL MEMBER WILLIAMS: And so I just
6 wanted to know, like, timeline. Like, when are you
7 all going to have the legislative recommendations
8 available, and when are you going to send it to
9 Albany?

10 ACTING COMMISSIONER SHEAR: We don't have
11 a precise timeline. All I can say is that the mayor
12 is committed to it, and when we are working very hard
13 with our partners in City Hall, and then the Office
14 of Management and Budget and the Law Department to do
15 the review and analysis necessary to come up with
16 proposal.

17 COUNCIL MEMBER WILLIAMS: Okay, thank
18 you. I just feel like your agency, commission's that
19 previous mayors have been created have been like
20 looking at this for such a long time, and so I feel
21 like for the most part, I'm sure there are tons of
things that are already in the ethos. So, I
personally just don't understand like why this is not
happening? It should have happened a long time ago.
So, I am very thankful to Mayor Mamdani for

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2 prioritizing this, because the other administration I
3 don't think prioritized in the same way. But it
4 would be helpful to understand the timeline. As you
5 know- you know more than me actually that this is
6 completely long overdue. So, just pushing for there
7 to be an actual timeline to give a little bit more
8 confidence, especially as the mayor's proposing to
9 raise property taxes. I feel like this is like a
10 horse and the cart situation. I feel like we should
11 reform property taxes, before we like think of
12 changing what the property tax rates are. So, I do
13 hope that you all can come up with an actual timeline
14 around this.

12 ACTING COMMISSIONER SHEAR: Yes, so I
13 hear and respect your advocacy. All I will say is
14 that the mayor has been clear that increasing
15 property taxes is only a last resort. That is not
16 something that we want to do.

16 COUNCIL MEMBER WILLIAMS: I know, and I
17 do appreciate his efforts to make it a last resort,
18 but I do feel like everybody knows that the property
19 tax system is not an equitable system. And so, like
20 even having that as a last report and not talking
21 tangibly and with the same level vibrancy, as like

1
2 raising taxes is to me not fair. But just the last
3 thing on deed fraud. I know you're working on the
4 Office of Deed Fraud Prevention.

5 ACTING COMMISSIONER SHEAR: Yes, we are.

6 COUNCIL MEMBER WILLIAMS: And I just
7 wanted to know do you have a timeline for that, when
8 you'll actually establish the office. Is it already
9 established? Like, do you have a timeline where
10 you're like, this office is available. We can now
11 send people here. We can now get resources for our
12 constituents.

13 ACTING COMMISSIONER SHEAR: The
14 administration will be making an announcement
15 shortly.

16 COUNCIL MEMBER WILLIAMS: Awesome. Thank
17 you so much.

18 ACTING COMMISSIONER SHEAR: You're
19 welcome.

20 CHAIRPERSON LEE: Thank you. Council
21 Member Brewer followed by Council Member Wong.

COUNCIL MEMBER BREWER: Thank you very
much. First, I want to thank Rita Jen [sic] for all
that she does for coming to our office and dealign
with all the folks who are insane. So, I appreciate

1
2 it very much, SCRIE, DRIE, and everything else. Thank
3 you for her. Couple issues. First is the lien
4 issues. Do you divide it up? I don't know what's
5 going to- I mean, I really do understand the need to
6 have a re-visit, but is there a division that is
7 palatable between commercial and residential, or is
8 it all not able to be divided like that? The reason
9 I ask is, obviously, the residential is often the
10 concern in terms of people losing their homes. So,
11 when you do a lien sale, is it clear who's commercial
12 and who's residential?

13 ACTING COMMISSIONER SHEAR: We certainly-
14 in the data I said that we would be providing, we'll
15 do that by property class.

16 COUNCIL MEMBER BREWER: Perfect.

17 ACTING COMMISSIONER SHEAR: So, that
18 should make it clear to you.

19 COUNCIL MEMBER BREWER: Okay, thank you
20 very much. Second is, I know that I spent a lot of
21 time with the Sheriff, to his credit, closing 93
illegal smoke shops in my district. So, one of the
questions I have is does that money show up? There
were many fines. Hard to find people who were to be

1
2 fined or who were fined. And I was wondering if you
3 ever got a cannabis number?

4 ACTING COMMISSIONER SHEAR: I don't have
5 that with me, but we will get back to you on that.

6 COUNCIL MEMBER BREWER: Okay. I think
7 it's very low. So that would be one of those ones-

8 ACTING COMMISSIONER SHEAR: [interposing]
9 Yes.

10 COUNCIL MEMBER BREWER: that, you know,
11 you are not around to be collected.

12 ACTING COMMISSIONER SHEAR: I can
13 confidently say the number is low, but we will get
14 back to you.

15 COUNCIL MEMBER BREWER: Alright. And
16 then the other issue along those lines is just the
17 ghost- I call them ghost plates. I don't know what
18 you call curb [sic] illegal license plate use. In
19 Oversight and Investigations we did a survey of ghost
20 plates and there's an awful lot of them. So,
21 obviously, you know why they do it, for many
avoidance of tolls, etcetera. Is that something that
you- that's the Sheriff's issue, obviously. But do
you pay attention to that? Is there some update on
ghost plates? Obviously, there are stings at

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2 bridges, but we've also advocated just stings in
3 neighborhoods. You go to certain neighborhoods,
4 you're going to see an awful lot of illegal license
5 plates. Is that something that you're focused on?
6 And obviously, collecting the fines might be
7 challenging, but they shouldn't be there in the first
8 place.

9 ACTING COMMISSIONER SHEAR: That's
10 correct, Council Member. We are focused on that.
11 The NYPD leads a taskforce of agencies that conducts
12 those sting operations, and they are done in a
13 variety of places, not just at the bridges and
14 tunnels. Our Sheriff's Office does participate on
15 behalf of the Department of Finance.

16 COUNCIL MEMBER BREWER: Okay. And-

17 ACTING COMMISSIONER SHEAR: [interposing]
18 But- I'm sorry. I also wanted to add another aspect
19 just to make the problem more complex and bigger is
20 that we've become aware of victims of people who are
21 using phony plates. So, sometimes the plates that
they use might be stolen plates.

COUNCIL MEMBER BREWER: Yes.

ACTING COMMISSIONER SHEAR: That
somebody- they were stolen. There were reports of

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2 plates that people took years ago to- outside New
3 York DMV. there are also just the off-the-internet
4 plates that might happen to match-

5 COUNCIL MEMBER BREWER: [interposing]

6 Correct, yep.

7 ACTING COMMISSIONER SHEAR: an existing
8 plate. And so when that happens it's even worse,
9 because now you have a victim with an active New York
10 registration that's getting bills from us for parking
11 violations and camera violations that they did not
12 commit, and people like that are naturally very
13 concerned, and they are especially concerned that the
14 violations will continue. And will they have to be
15 in a never-ending cycle of having to come or do
16 parking ticket hearings with us. So, our Office of
17 the Parking Summons Advocate has established a
18 program where people like that can come to us, and
19 OPSA can represent them at the hearings. So, if
20 there are more tickets that come up, we can make sure
21 that they are being represented, and they don't have
to actively defend each one. We have nearly 200
license plates that have been enrolled in that
program thus far.

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2 COUNCIL MEMBER BREWER: That's great,
3 because we certainly hear about the program, I mean
4 the problem and the program. So we appreciate that
5 very much. Just going back to the collection issue.
6 So, what you're saying basically is between the
7 auditor's last year and the auditors to be hired this
8 year, hopefully they can be hired in a faster pace.
9 That would be helpful. What- maybe you said this
10 earlier, but because I did the report with IBO at
11 their request to figure out how much we are losing in
12 terms of uncollected fines and fees. So, you talked
13 a little bit about the, I think, some of the fines
14 and fees, but just generally do you have some sense
15 about- because I think you talked about the
16 businesses that are- is it mostly businesses that are
17 not- fines and fees not being collected? Is there
18 any other category or is mostly that?

19 ACTING COMMISSIONER SHEAR: So, that IBO
20 report was time ago.

21 COUNCIL MEMBER BREWER: It was. It was
about two or three years ago, yeah.

ACTING COMMISSIONER SHEAR: And it
included quite a number of tins in it. So, one thing
that I want to be clear is you referenced the

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2 auditors. So, the IBO report did not include tax
3 audits. So, I do want to be clear about that. For
4 the tax audits, we have a settlement rate that runs
5 about 90 percent, and even for the 10 percent who do
6 not settle, the vast majority of those businesses if
7 they lose- some of them do win upon appeal. But if
8 they lose, they generally pay. So, we do not have an
9 issue with unpaid audits.

8 COUNCIL MEMBER BREWER: Got it.

9 ACTING COMMISSIONER SHEAR: There is an
10 issue with unpaid fines and-

11 COUNCIL MEMBER BREWER: [interposing] And
12 fees, yeah.

13 ACTING COMMISSIONER SHEAR: fees, and
14 there are as I was discussing with the Chair, there
15 can be business tax warrants that are the results of
16 penalty and interest bills that are not audits,
17 right? They're smaller bills. And I just want to
18 make sure that we're benign clear about that, that
19 our audit program is collecting the assessments that
20 it is generating.

21 COUNCIL MEMBER BREWER: No, that's true.
I was thinking about the other categories. Yes, I'm
very clear on that.

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2 ACTING COMMISSIONER SHEAR: And there are
3 all sorts of new tools that are being offered to us,
4 and I think we need to carefully assess each one. We
5 need to make sure that they- that we control them.
6 We need to make sure that they are serving the
7 customers the way that we want them to be served.
8 But we are looking at some of them. So, for example,
9 there are tools that would allow us to take payments
10 over the phone with a voice bot rather than having a
11 person do-

12 COUNCIL MEMBER BREWER: [interposing] Like
13 every damn hotel you all.

14 ACTING COMMISSIONER SHEAR: Yes.

15 COUNCIL MEMBER BREWER: I thought I was
16 talking to a person the other day.

17 ACTING COMMISSIONER SHEAR: I kept saying
18 excuse me, what is the information, and they kept
19 saying the same thing over and over again. I went
20 oh, shit, I am not talking to a person. Go ahead.

21 ACTING COMMISSIONER SHEAR: Yes.

 COUNCIL MEMBER BREWER: The city could do
the same thing.

 ACTING COMMISSIONER SHEAR: Well, we
don't want to do that to you or our customers. So,

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that's why it's something that we have to do very deliberately. We think that this function works well, and we would want to limit the bot to the people who actually want to pay. It's important. We want to encourage those payments. We want them in right away. We don't want them waiting, but then we don't think that the technology is there for the other calls.

COUNCIL MEMBER BREWER: Right.

ACTING COMMISSIONER SHEAR: We're hoping by handling those calls we can reduce wait times for all the other customers who are calling with questions that they want answered before they might want to make a payment.

COUNCIL MEMBER BREWER: Alright, thank you. I just admit, that damn thing got me a hotel room, though. Thank you.

CHAIRPERSON LEE: It's crazy because with AI and tech, it's almost like by the time you assess to see if it's good, it's already old. You know, I mean that's how quickly things are changing right now with AI. It's kind of crazy. Okay, sorry. So, let me go ahead to Council Member Wong, and then after that, Council Member Maloney.

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2 COUNCIL MEMBER WONG: Okay. Thank you,
3 CHair. Thank you, Commissioner, for coming today. I
4 have an issue in my district concerning about our
5 sewer project in Middle Village, 80th Street. My
6 office has recently been contacted by homeowners on
7 the 80th Street in Middle Village who were suddenly-
8 saw thousands of dollars in additional charges that
9 appear on their property tax statements that's tied
10 to sidewalk work in the city perform doing a sewer
11 and utility work in that area. These residents have
12 already lived through years of this disruptions,
13 street closures from infrastructure projects there,
14 including the reconstruction of the street several
15 years ago. And right now, about 35 properties that
16 contacted my office are facing an \$80,000 in combined
17 charges that are currently reviewing- that we are
18 currently reviewing with DOT and DDC to determine
19 whether they were properly assessed. This is on top
20 of the actual property tax bills, and I'll be sending
21 you a letter to your office later today asking that
the Department of Finance place a hold on any
penalties, interest, or nonpayment fees for these
properties while we work on the relevant agencies to
resolve the issue. My question is, would the

1
2 Department of Finance be willing to work with our
3 office to pause these penalties while this matter is
4 under review so residents aren't unfairly penalized
5 while the city sorts out what happened?

6 ACTING COMMISSIONER SHEAR: So, I look
7 forward to getting your letter, Council Member. I
8 can't answer that directly at this time, only to say
9 that we will reach out to our sister agencies and we
10 will make sure there's a coordinated city response to
11 the issue.

12 COUNCIL MEMBER WONG: Thank you. Thank
13 you.

14 ACTING COMMISSIONER SHEAR: You're
15 welcome.

16 CHAIRPERSON LEE: Okay. Council Member
17 Maloney?

18 COUNCIL MEMBER MALONEY: Thank you so
19 much for your testimony. I wanted to go back to
20 technology investments, which it sounds like you're
21 making, and the plan states that the finance
information technology division budget is going to
increase by \$7.9 million compared to the year prior.
I'm wondering if you had more information on a
breakdown of the major projects or the systems

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2 driving the increase and how the funding is going to
3 be allocated to various initiatives?

4 ACTING COMMISSIONER SHEAR: Yes, Deputy
5 Commissioner James will address that.

6 DEPUTY COMMISSIONER JAMES: So, there's
7 two programs that we already have. It's one for a
8 business tax system and the other one is for our
9 property tax system. And all we're doing is
10 recognizing the base funding for those programs in
11 the out-years.

12 COUNCIL MEMBER MALONEY: Is a percentage
13 of that budget going towards some of- exploring some
14 of the AI tech that we were talking about or any
15 advancements in that regard?

16 DEPUTY COMMISSIONER JAMES: So, that \$7
17 million is to support existing programs that we have,
18 the systems.

19 COUNCIL MEMBER MALONEY: Got it.

20 DEPUTY COMMISSIONER JAMES: We will be
21 exploring [inaudible] of technology as part of our
efficiency savings initiative.

COUNCIL MEMBER MALONEY: And from those
investments, what outcomes do you expect, whether

1
2 it's increasing- improving tax collection rates,
3 better processing times, anything like that?

4 DEPUTY COMMISSIONER JAMES: So, our
5 system currently works. That's where we collect most
6 of our revenues, our business tax and our property
7 tax system. This is just, again, recognize- it's a
8 contract and we have to pay the vendor, and we're
9 just baselining the funding for the contract.

10 ACTING COMMISSIONER SHEAR: I would add
11 that these contracts allow us to make modifications
12 to the system based on changing events. So, for
13 example, the Deputy Commissioner mentioned our
14 property tax computer system. If any comprehensive
15 property tax reform is passed, we're going to have to
16 make changes to that system to make sure that we
17 adapt to the new law.

18 COUNCIL MEMBER MALONEY: So, as part of
19 the allocations you're preparing for those changes
20 that may come?

21 ACTING COMMISSIONER SHEAR: Well, we're
dealing with changes all the time. Changes are being
made at the state level regarding certain exemption
programs, for example. We recently did a change
relating to the expansion of the Cold War Veterans

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2 exemption. So, the category was expanded, and we had
3 to make sure that our system would be able to handle
4 applications and to be able to distinguish those
5 applications from the existing applications.

6 COUNCIL MEMBER MALONEY: Thank you.

7 CHAIRPERSON LEE: Okay, and Council
8 Member Aldebol?

9 COUNCIL MEMBER ALDEBOL: Yeah, I just
10 have a question about hiring. You said that you are-
11 top priority for hiring is auditors.

12 ACTING COMMISSIONER SHEAR: Yes.

13 COUNCIL MEMBER ALDEBOL: And what are the
14 issues that are, you know, keeping auditors from
15 taking the jobs, and clearly you have issues with
16 retention. Your auditors are going to work
17 elsewhere. What strategies do you have in mind to
18 recruit and retain auditors?

19 ACTING COMMISSIONER SHEAR: Yes. So, I
20 should add to my earlier remarks that we do a lot of
21 outreach with local colleges to help with our
recruitment, but then specifically with hiring, we
are hiring through the city's civil service list.
There currently is a list for city tax auditor, and
we are moving through it.

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2 COUNCIL MEMBER ALDEBOL: And for the
3 Office on Deed Fraud Prevention, what's the staffing?
4 I mean, you're going to need additional staff for
5 that office, or are you moving staff around?

6 ACTING COMMISSIONER SHEAR: We will need
7 additional staffing. There is- there are funds in
8 the Preliminary Budget to support that. Deputy
9 Commissioner James can provide details if you would
10 like that. The exact positions have not yet been
11 worked out. We plan to have more details shortly.
12 The administration will be making an announcement
13 regarding that office in the near future.

14 COUNCIL MEMBER ALDEBOL: Thank you.

15 CHAIRPERSON LEE: Okay, great. And then
16 just my final set of questions is just around the
17 final assessment role. So, on January 15th DOF
18 published the Fiscal 2027 tentative assessment role
19 with total citywide assessments coming in at about
20 \$326 billion. Assessments will be finalized by DOF
21 towards the end of May and usually total about 1-1.5
percent lower than the level in the tentative role.
These assessments are used to determine the fiscal
2027 property tax levy and are therefore a critical
part in determining the available revenues for fiscal

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2 27's budget. Is there anything happening this year
3 that would lead you believe that the change in
4 assessments between the tentative and final role will
5 differ from the typical 1-1.5 percent reduction?

6 ACTING COMMISSIONER SHEAR: No, we
7 believe that it will be within that range.

8 CHAIRPERSON LEE: Okay. And then do you
9 have any sense of how the class three assessments
10 undertaken by the state will come in this year?

11 ACTING COMMISSIONER SHEAR: We do not.
12 The state does their own thing. We do not have
13 insight into that.

14 CHAIRPERSON LEE: Okay. Because I know
15 that prior years they've been coming in particularly
16 strong. So, is there anything to indicate, even
17 though I know you don't know, but is there anything
18 to indicate that this year will be any different?

19 ACTING COMMISSIONER SHEAR: We haven't
20 received information one way or the other. What
21 you're saying is true. Last year, they came in
strong.

CHAIRPERSON LEE: Right.

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ACTING COMMISSIONER SHEAR: We have not received any evidence to indicate one way or the other for this year.

CHAIRPERSON LEE: Okay, perfect. I think that's it for me and I think for other members as well. So, I just wanted to thank you for being here and just filling in obviously, because I know that you're Acting Commissioner, so I just want to thank you so much, and as well as- well, I know you were calling her Jackie, so I feel like I should call her Jackie. Deputy Commissioner and your team, so thank you so much for testifying and coming today.

ACTING COMMISSIONER SHEAR: Thank you, Chair.

CHAIRPERSON LEE: Thank you. Oh, I think I have to gavel out. And that's it for today. Thank you.

[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 25, 2026