Mayor's Office of Management and Budget

# TESTIMONY OF JACQUES JIHA, Ph.D.
# BUDGET DIRECTOR

## Fiscal Year 2025 Preliminary Budget Hearing Testimony

March 4, 2024

Good morning, Speaker Adams, Chair Brannan, and members of the Finance Committee and City Council. Thank you for the opportunity to testify here today about the Fiscal Year 2025 Preliminary Budget.

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

Late last summer we were caring for nearly 60,000 asylum seekers, and more than 95,000 had passed through our shelter systems. Our forecast of the cost of caring for the migrants is based in part on the number of households in our care and an estimate of the number that will arrive in upcoming years. In late summer, we updated our cost forecast because we saw growth in household arrivals escalating faster than previously expected. At the time we were clear that this was our reality unless circumstances changed.

The cost of the crisis was staggering, and - along with the costs of settling labor agreements with our workforce and sunsetting of stimulus funds - pushed Fiscal Year 2024 far out of balance and drove the FY25 gap to a very high level.

On top of these concerns, the national economy was fragile because of the Federal Reserve's restrictive monetary stance. The question for most economists was not "whether" we would be in recession, but "when."

Given these budget stressors and fiscal uncertainties, the mayor asked us to take immediate action to stabilize the city's finances. He gave me clear directions:

First, do not expect the federal cavalry to ride to the rescue. Following his many trips to Washington D.C. to advocate for assistance, he realized we will not receive timely and meaningful federal assistance to help deal with the migrant crisis by the November Plan.

Second, we could not impose an undue burden on New Yorkers by raising property taxes. Homeowners were already struggling to make ends meet because of high inflation, and commercial property owners were facing record vacancy rates and therefore could not absorb a tax increase.

Third, we had to minimize service disruptions because the city must stay safe and clean, and a welcoming place to work, live, and raise a family.

Fourth, no layoffs of city workers.

As we had promised in August, because the federal government had not changed the circumstances – we did.

We had to do everything within our power to remain balanced in FY24 and, ultimately, balance FY25, without harming New Yorkers. This meant making tough, smart, and creative decisions to achieve substantial levels of saving and moderate new spending.

We did not have the luxury of time. So, we drafted and implemented a plan immediately, because making the tough, but necessary adjustments early would stabilize the city's finances more quickly.

In September OMB advised agencies that there would be PEGs on 5 percent of city-funded spending in the November Financial Plan, and the Preliminary and Executive Budgets.

We also imposed a hiring freeze, with exceptions for critical positions that generate revenue or support public health and public safety. Further, the mayor also issued a directive that froze certain other-than-personal spending (OTPS).

These measures could be reevaluated later if the economy improves substantially or the federal and/or state governments meaningfully increase aid.

Because we are partners in the city budget process and share the twin goals of caring for asylum seekers and protecting the city's fiscal integrity, I shared the plan with the Speaker, Finance Chair, and other Council leadership on September 9, four days before city agencies were notified. At the time, I stated that we would begin implementing solutions in November, because frontloading them early in the budget cycle would increase the likelihood of stabilizing the financial plan quickly, which would allow us to relax measures that might be painful for New Yorkers before we released the Executive Budget.

Our strategy was prudent and effective, and ultimately succeeded.

The November Plan PEG generated $3.7 billion in savings over Fiscal Years ’24 and ’25.

Despite these savings, we still faced a historically large $7.1 billion budget gap in FY25.

And after the November Plan was released, we recognized nearly $3 billion in underfunded needs, including support for cash and rental assistance programs.

This meant that, by law, we had less than 60 days to cover a $10 billion hole in the Preliminary Budget.

This was a serious challenge. But we had a plan, and we executed it.

The Preliminary Budget PEG generated $3.1 billion in savings over FY24 and FY25. This included $1.7 billion in asylum-seeker cost-reduction savings that was achieved by lowering household per-diem costs and reducing the rate of growth in the asylum-seeker census.

In total, our November and January PEGs generated $6.6 billion in gap-closing savings across Fiscal Years 2024 and 2025, after restorations – a record level. Pursuant to the Mayor's directive, 95 percent of the agency savings over the two years had no impact on service delivery to New Yorkers.

As a result of these decisive and timely actions, along with better-than-anticipated economic performance in late 2023 that drove our tax-revenue forecast upward by $1.3 billion in FY24 and $1.6 billion in FY25, we balanced FY24 and the $109.4 billion FY25 Preliminary Budget.

Now, let me be very clear. Tax revenue growth of nearly $2.9 billion over FY24 and FY25 could not have closed the $10 billion hole. This was not simply a revenue problem.

Indeed, the January Plan savings, combined with the new tax revenue, were not enough to close the $10 billion hole. So, we had to tap into other resources to close the FY25 gap. We applied $1.4 billion in current-year reserves and recognized non-tax revenue of $650 million, assumed $1.5 billion in state aid for migrants – of which we are promised $1.1 billion – and about $270 million in pension savings, among other things.

By taking these steps, we balanced FY24 and FY25, as required by law, and reduced outyear gaps meaningfully – by an average of nearly 20 percent. Also, we are going into FY25 with near-record reserves of $8.2 billion, which is more than 10 percent of city revenue.

We also reduced risks in the financial plan and increased transparency by addressing long-ignored fiscal cliffs, invested more than $440 million in additional resources for CityFHEPs vouchers in FY24, and added resources for asylum seekers in the outyears.

Because we stabilized the city budget and its outlook, we were able to restore several savings initiatives that support mayoral priorities. This includes funding for: the upcoming police academy class, community schools, a Parks job training program, and full litter basket collection for 23,000 bins across the city.

Our fiscal management approach was validated last week by the state comptroller in his review of the Preliminary Budget. And two weeks ago, the four leading credit-rating agencies, namely Moody's, S&P, Fitch, and KBRA, cited our strong management in the face of many challenges as a reason to uphold the city's high credit ratings and stable outlook.

More importantly, they emphasized the success of the measures we took to help close budget gaps in FY24 and FY25 and praised our strong management of the city's finances, with Moody's crediting our "robust financial management" in support of their affirmation.

Because of our successful PEGs and the better-than-expected economy, we have – as promised – reassessed the need for additional savings measures. Accordingly, the mayor cancelled the FY25 Executive Budget agency PEG.

Further, we are moving from a full hiring freeze to a 2-for-1 attrition/hiring model, meaning agencies will be permitted to hire one employee for every two that depart so long as they remain within their budgeted headcount. Positions that are directly related to public health and safety, generate revenue, or advance critical services like administering public assistance benefits, will be permitted to hire on a 1-for-1 basis.

We are also easing the OTPS freeze restrictions, with the exceptions of city-funded travel, consultants, IT expenditures and advertising.

But let me emphasize – stabilizing the budget does not mean we are out of the woods. We still have a long way to go.

We remain very concerned about asylum-seeker funding, particularly in the outyears, so we will be reducing costs by an additional 10 percent in the Executive Budget, requiring savings of close to $600 million across Fiscal Years ’24 and ’25. Our strategy will remain consistent – control the census and reduce household per-diem costs without impacting critical services. And, as we typically do over the final months of the budget cycle, we will work with agencies to identify underspending savings.

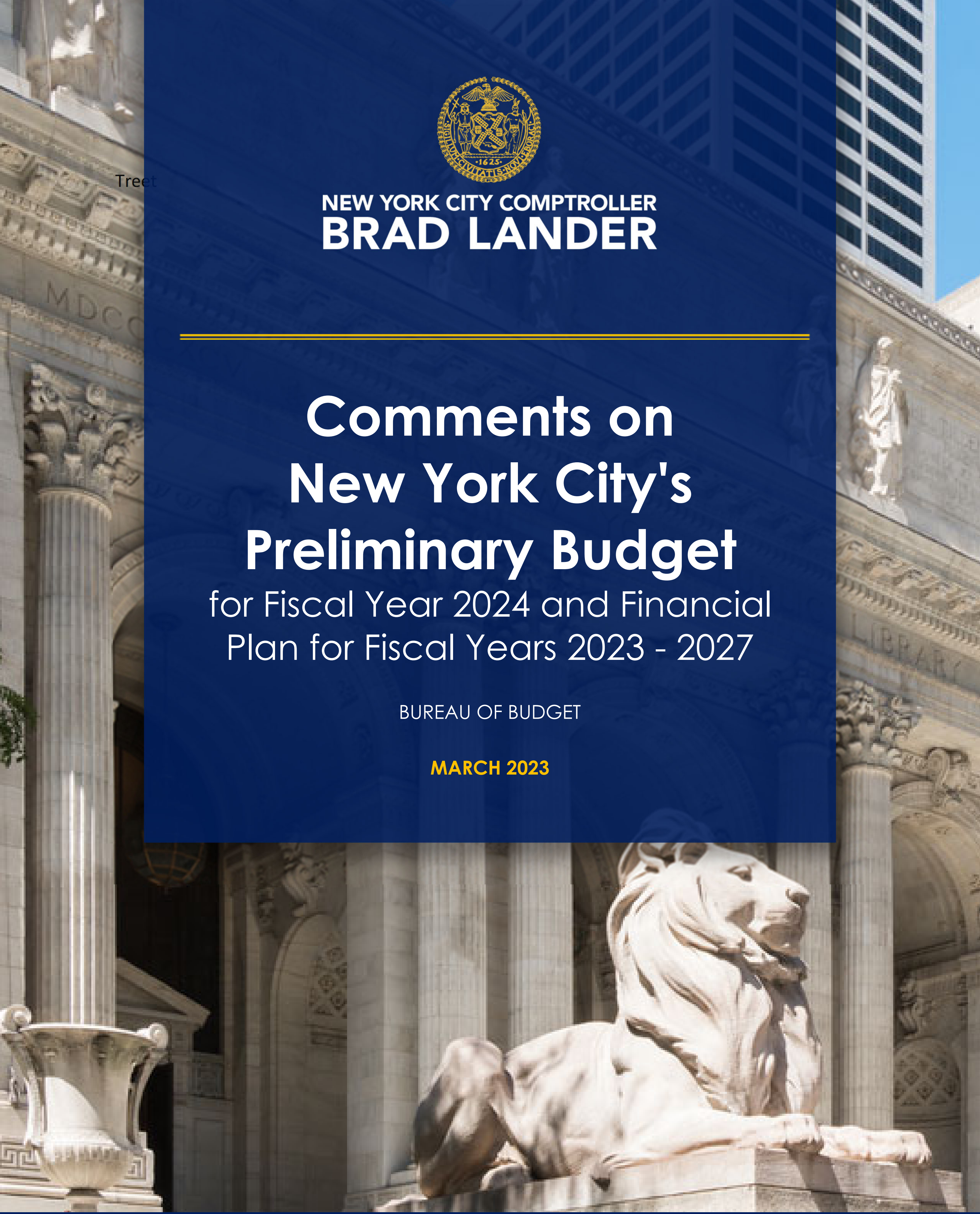
Though we are taking action to reduce the costs of caring for the migrants, as of the end of February we have spent just over $4 billion to care for the more than 178,000 asylum seekers who have passed through our care since the Spring of 2022. We need more help from the state and federal governments to cover these expenses, and what we will spend in the future.

To conclude, by executing the plan we presented to you last fall and taking swift actions, our fiscal position has stabilized, and we avoided additional budget cuts that would have impacted each and every New Yorker.

Nonetheless, we will remain vigilant because there are uncertainties and risks related to the local and global economies. And we face headwinds from the state, including $200 million of cost shifts next fiscal year.

As we get closer to budget adoption, I look forward to working with the council on our many joint priorities in order to support our recovery, promote public health and safety, expand opportunity, and invest in the lives of everyday New Yorkers.

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



NEW YORK CITY COMPTROLLER
**BRAD LANDER**

# Comments on New York City's Preliminary Budget

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

BUREAU OF BUDGET

**MARCH 2023**

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# I. Executive Summary

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

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

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

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

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

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

In FY 2023, the City has access to $1.8 billion in the General Reserve and Capital Stabilization Reserve, and the Mayor's Executive Budget later this spring will include additional savings and resources to balance the FY 2024 budget. However, the full extent of the measures needed will depend on the cost and funding for the services provided to asylum seekers, and on the enacted State budget. In the outyears, the size of the budget gaps indicates the need of structural interventions on both expenses and revenues.

# The FY 2024 Preliminary Budget & January 2023 Financial Plan

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

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

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

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

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

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

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

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

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

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

# Capital Budget & Financing

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

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

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

## Table 1. FY 2023 – FY 2027 Financial Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

# II. The City's Economic Outlook

## Economic Forecast, 2023 – 2027[1]

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

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

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

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

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

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

### Table 5. Summary of Economic Forecasts

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

SOURCE: Office of the NYC Comptroller, NYC OMB

# The National Economy

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

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

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

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

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

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

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

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

# The New York City Economy

## Employment

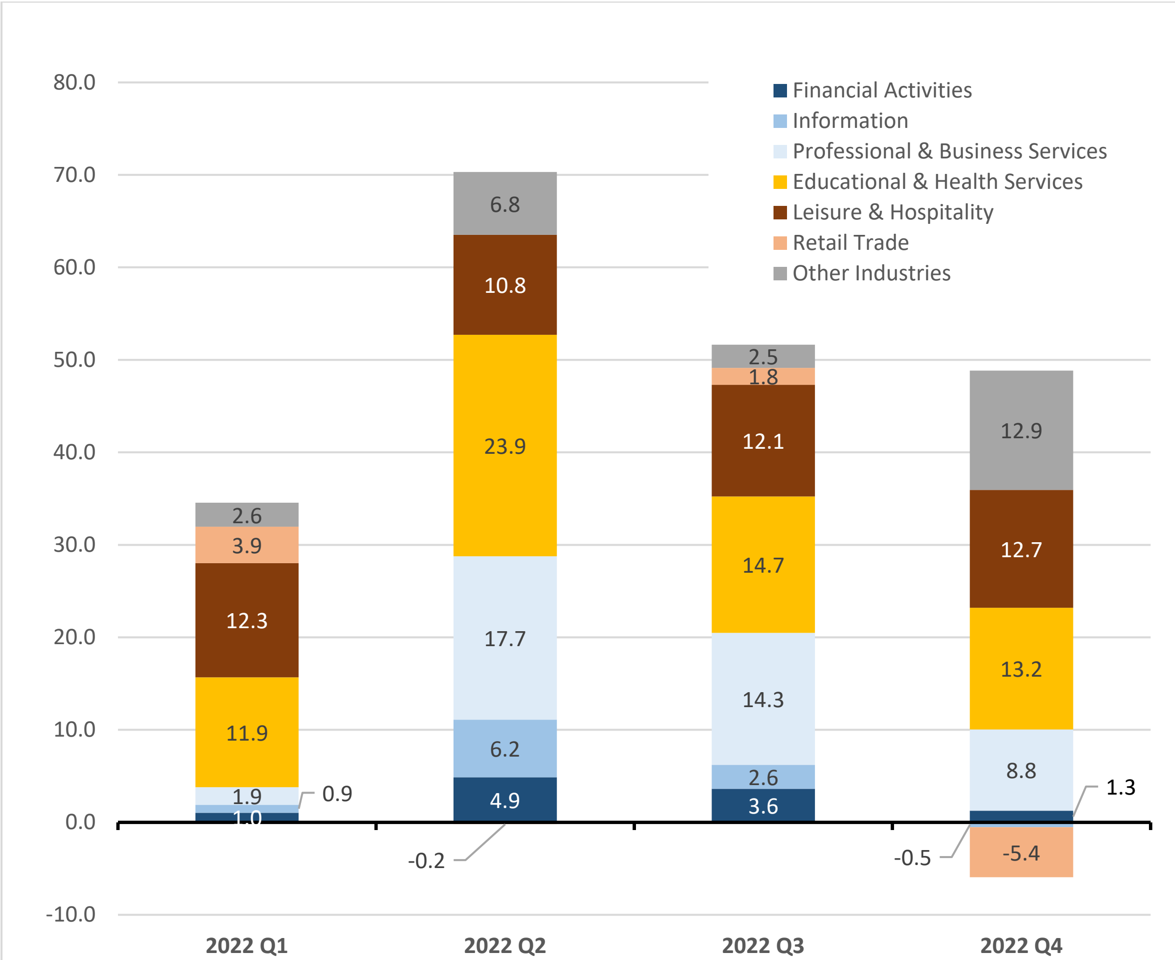
Private sector employment in New York City currently stands at 4.02 million, 97.9 percent of its pre-pandemic level. The city added more than 199,000 private sector jobs in 2022, a 5.2 percent annual growth rate and a pace of roughly 17,000 per month (see Table 6). The extent of recovery from pandemic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

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

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

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

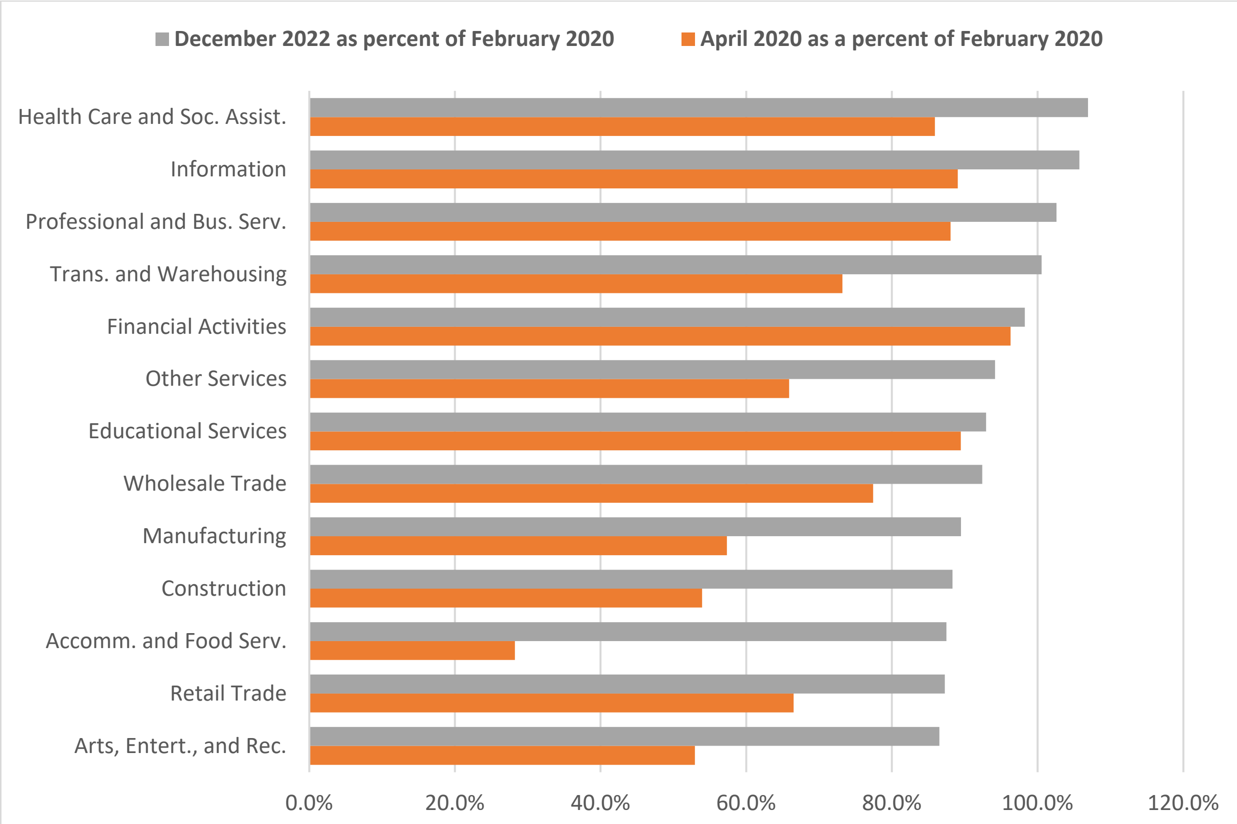
## Chart 1. 2022 Changes in NYC Employment by Industry (in thousands)




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

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

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

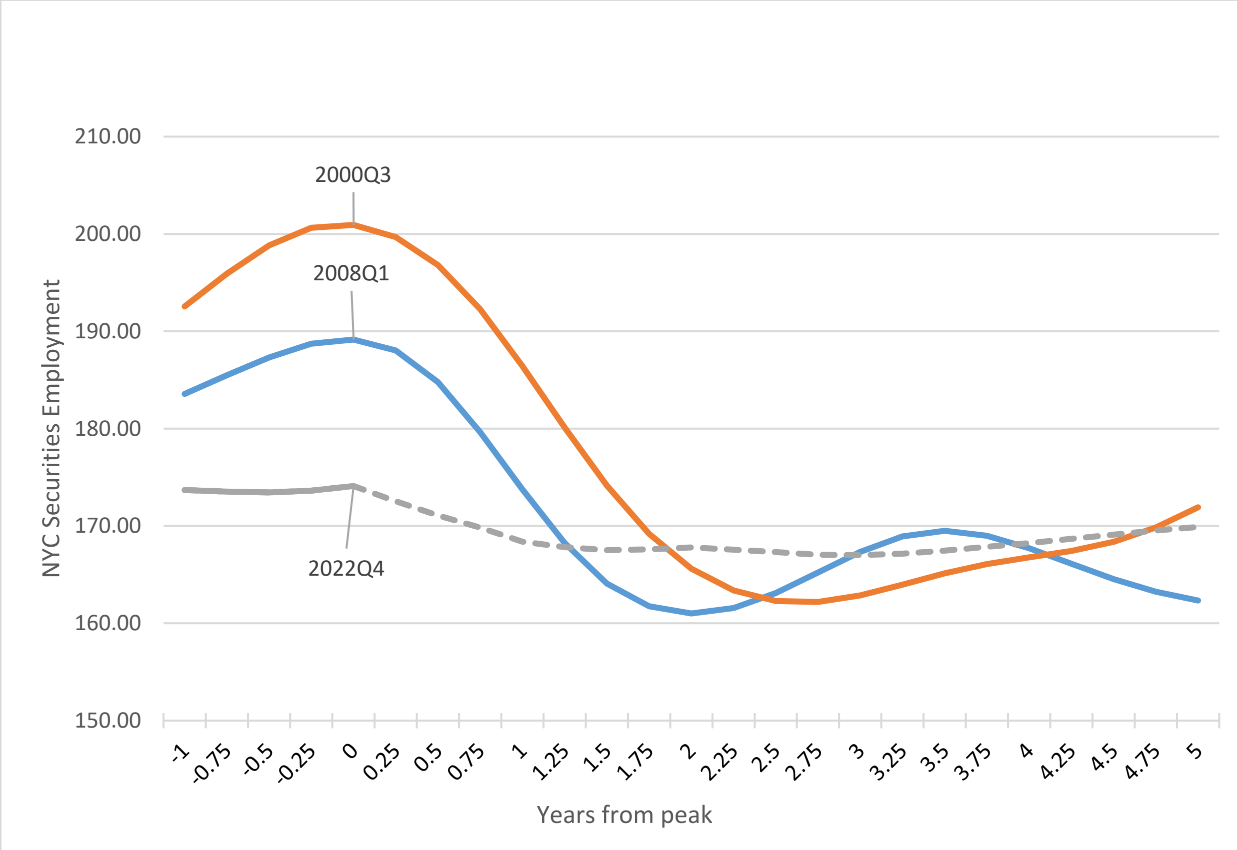



SOURCE: New York State Department of Labor, NYC Office of Management and Budget

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

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

## Chart 3. History of Declines in NYC Securities Employment




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

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

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

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

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

## NYC Labor Market

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

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

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

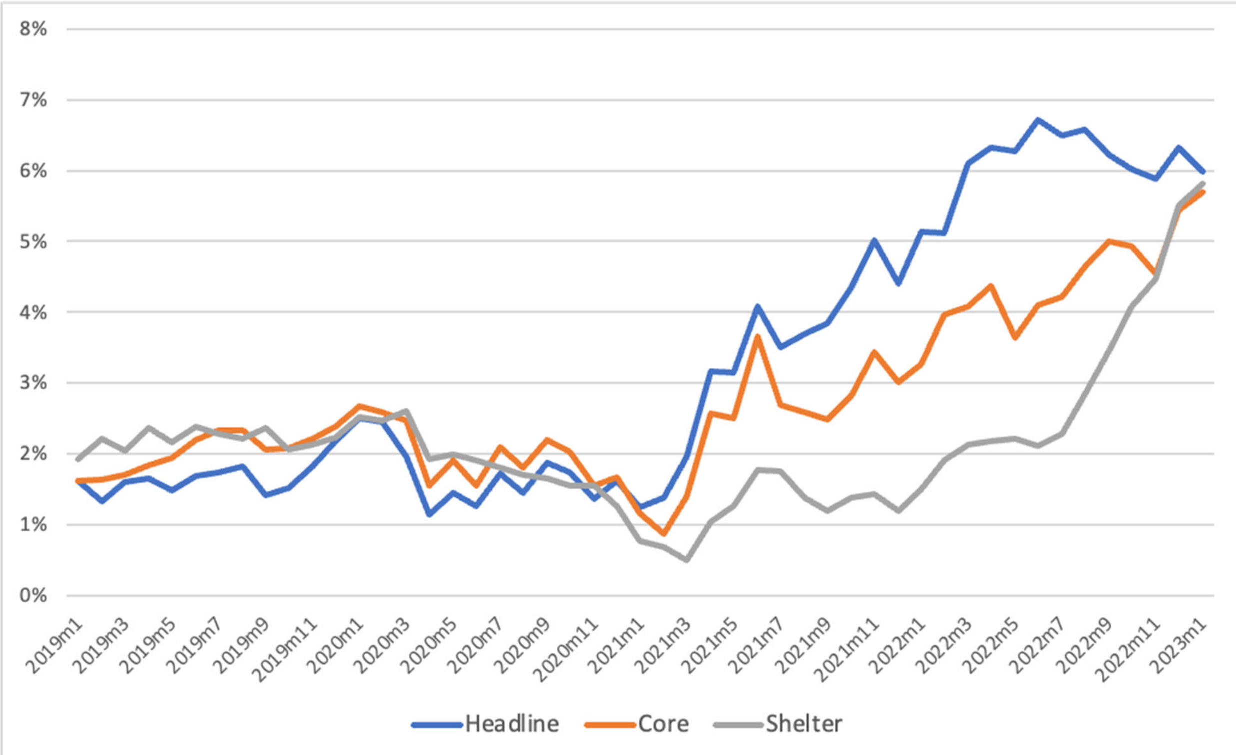
## Chart 4. Beveridge Curve for New York State


SOURCE: Bureau of Labor Statistics

# Inflation in the NY Area

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

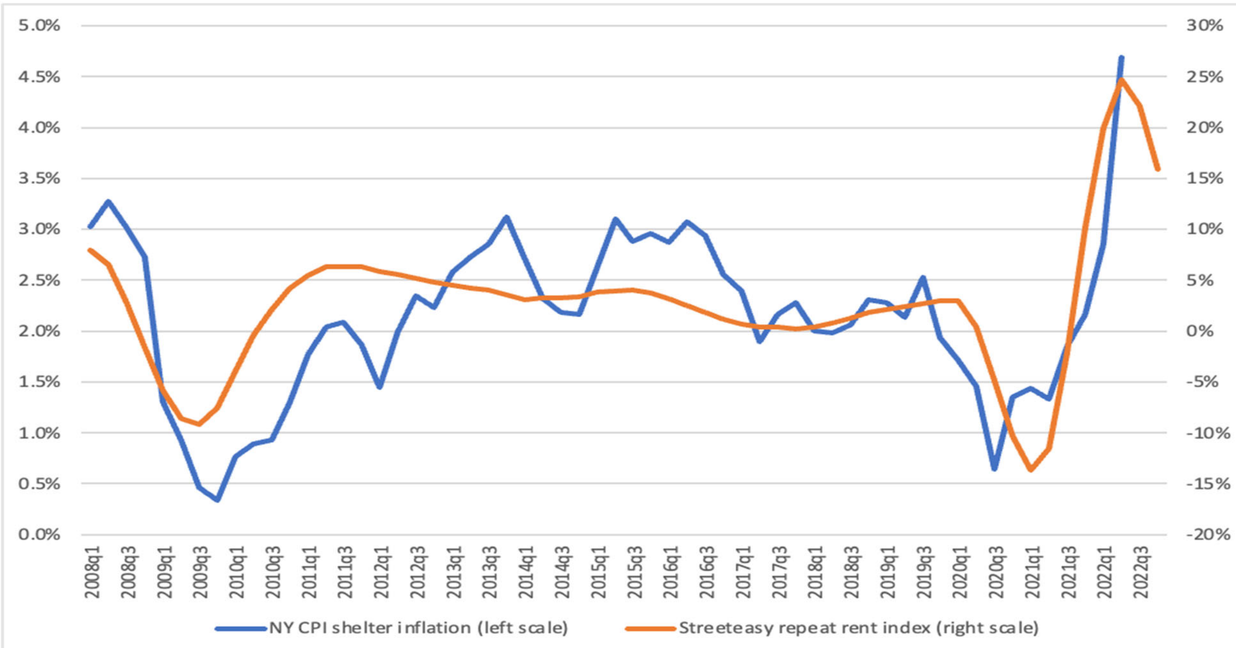
## Chart 5. NY Area CPI Inflation (12-month Percent Change)




SOURCE: Bureau of Labor Statistics

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

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



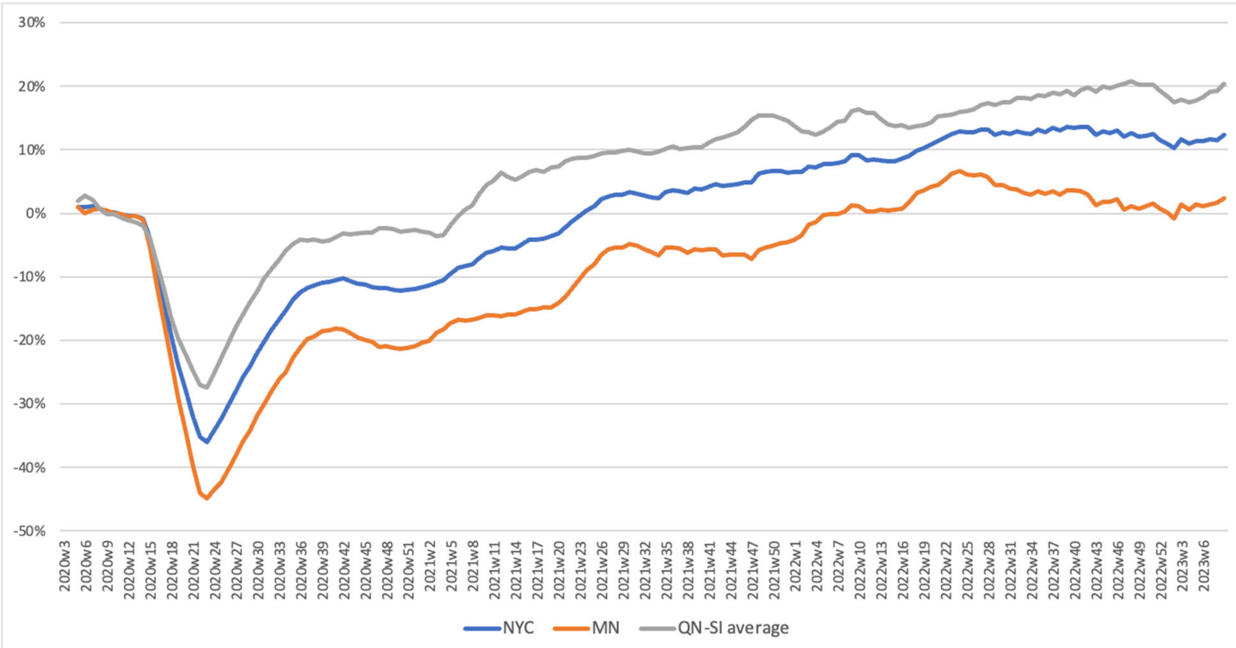

SOURCE: Bureau of Labor Statistics, StreetEasy

# Consumer Spending and Taxable Sales

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

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

## Chart 7. Consumer Spending Indexed to January 2020

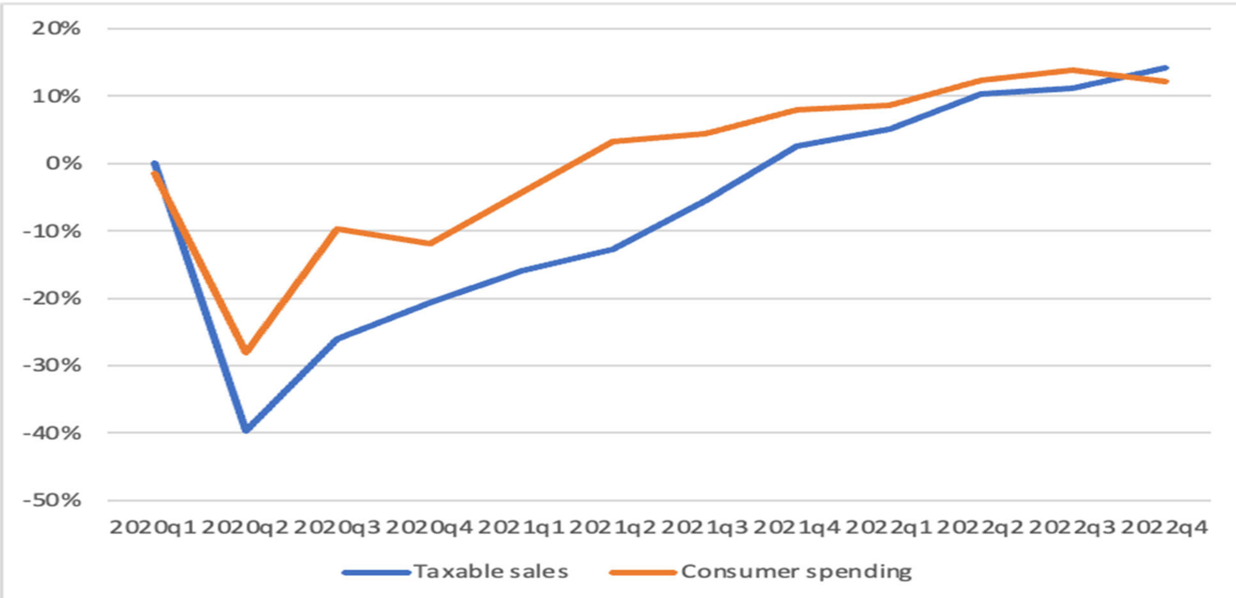



SOURCE: Opportunity Insights, Office of the NYC Comptroller

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

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

## Chart 8. Consumer Spending and Taxable Sales in NYC




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

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

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

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

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

## NYC Real Estate Markets

### Table 8. Manhattan Office Market Statistics

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

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

SOURCE: Cushman & Wakefield, Bureau of Labor Statistics

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

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

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

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

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

Over time, PFNYC surveyed employers for both current and expected attendance, at varying horizons. As shown in Table 10, the difference between actual and expected attendance dropped dramatically in 2022 as average attendance rose toward the mid-50s. In the latest survey, PFNYC switched to asking about long-term ("new normal") expected attendance, which was only 4 percent higher than the reported actual. The data signals that attendance may be finally stabilizing. The survey indicated that 59 percent of employees were in the office 3 or more days per week. The modal schedule was 3 days/week for 35 percent of employees. The expectations for the “new normal” pin the percentage in office for 3 or more days at 66 percent (40 percent for 3 days), with only 7 percent fully remote.

## Table 10. Surveyed vs. Expected Office Attendance in NYC

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

SOURCE: PFNYC

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

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

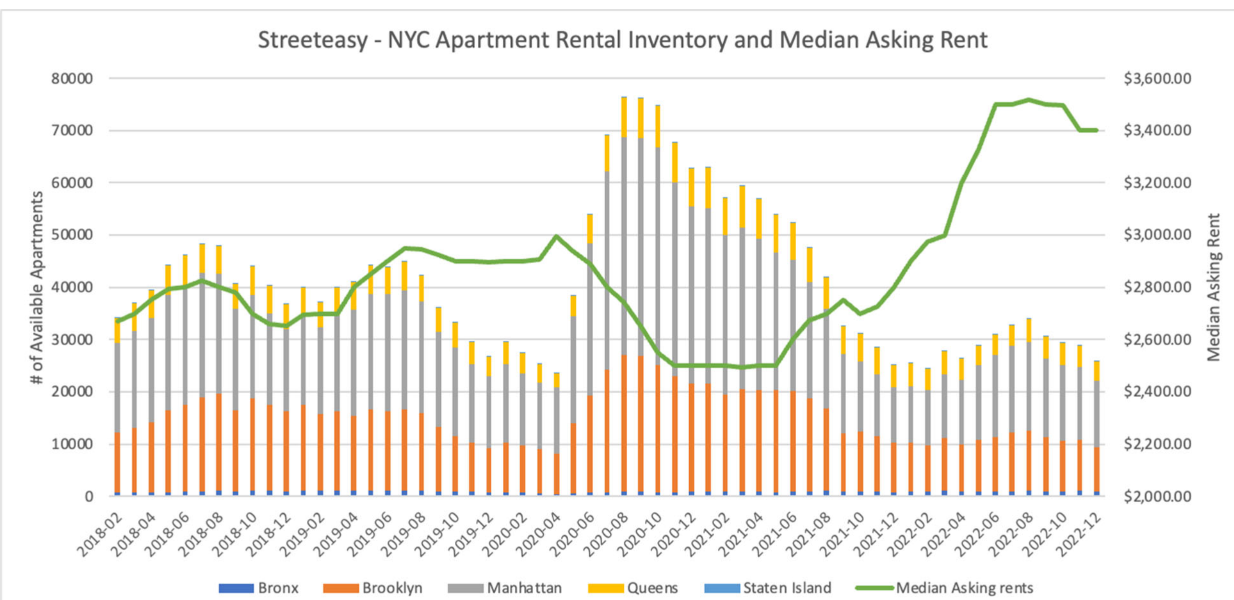
| Day of Week | Swipes as Percent of Baseline | | |
|---|---|---|---|
| | 2021Q1 | 2022Q1 | 2023Q1 (to 2/9) |
| **Monday** | 12.7% | 27.3% | 41.8% |
| **Tuesday** | 14.1% | 34.1% | 57.0% |
| **Wednesday** | 14.8% | 34.4% | 56.8% |
| **Thursday** | 14.3% | 32.2% | 53.0% |
| **Friday** | 11.7% | 18.8%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

SOURCE: Kastle Systems, Office of the NYC Comptroller

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

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

## Chart 9. Residential Rents and Inventory



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

## Tourism

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

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

## Risks to the Forecast

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

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

# III. The FY 2024 Preliminary Budget

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

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

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

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

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

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

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

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

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

# Program to Eliminate the Gap (PEG)

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

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

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

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

## Table 13. November 2022 and January 2023 Plan PEGs

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

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

# Risks and Offsets

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

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

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

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

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

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

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

## Revenue

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

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

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

## Expenditures

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

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

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

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

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

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

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

## Asylum Seekers

The Comptroller's Office is carrying an expense risk of $400 million in FY 2023 and $2.8 billion in FY 2024, in line with OMB's recently stated cost estimates for providing shelter and services to the asylum seekers, who continue to come to New York City and are driving the shelter census upward. Although President Biden has recently announced a more stringent policy to stem the flow of asylum seekers at the border, there is much uncertainty in how the courts will respond, and some level of new arrivals can be expected to continue, particularly given that the underlying causes in the home countries of many of these migrants remain unresolved. Also, the lack of sufficient affordable housing within the city suggests no simple alternative to the shelter system for those who arrive in New York without a place to live. The Comptroller's Office is maintaining a below the line risk at $2.8 billion in the outyears, though acknowledging significant uncertainty in either direction. The City budgeted $1 billion in federal aid in FY 2023 when it first introduced these expenses in November. The Comptroller's Office anticipates some level of federal reimbursement given the $800 million allocated nationally in the Omnibus appropriations bill in December, but is assuming only 25 percent of the allocation will come to New York City. Furthermore, the Governor has proposed to cover 29 percent of the shelter expenses for the asylum seekers, yet capped the amount at $1 billion over two years.

## State Executive Budget

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

# Revenue Analysis

## Tax Revenues

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

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

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

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

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

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

* Growth rate includes PTET

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

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

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

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

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

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

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

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

## Table 17. Comparison of Tax Revenue Projections: Growth Rates

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

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

## Table 18. Comparison of Tax Revenue Projections: Levels

($ in millions)

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

## Property Tax

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

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

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

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

## Personal Income Tax

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

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

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

### Table 19. PIT Collections FY through January

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

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

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

## Business Taxes

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

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

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

SOURCE: NYC DOF, Office of the NYC Comptroller

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

## Sales Tax

Sales tax collections have risen sharply through the first seven months of FY 2023, growing by 16.0 percent over the same months of the prior year. Even the most recent collections data do not reveal a downward turn has yet occurred, with January 2023 collections 11.4 percent above January 2022.

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

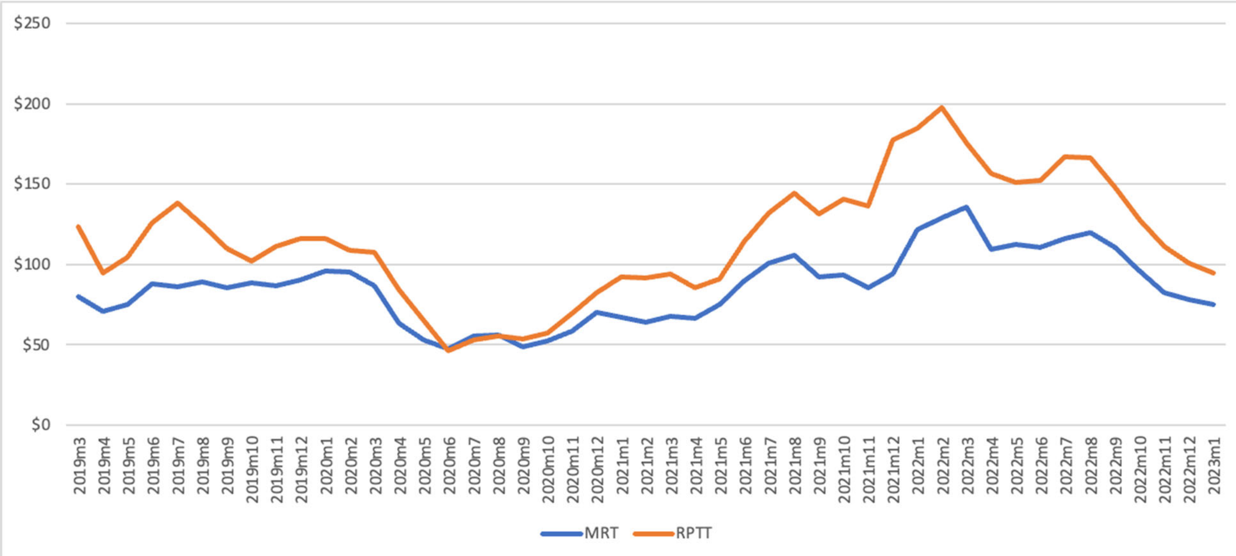
The difference between Comptroller and OMB projected sales tax revenue peaks in FY 2024, when our divergent views of economic and wage growth are most pronounced. Over the subsequent fiscal years, the differences recede with more stable growth rates.

## Other Taxes

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

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

$ in millions




SOURCE: NYC DOF, Office of the NYC Comptroller

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

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

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

## Risks to the Tax Revenues Forecast

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

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

## Miscellaneous Revenues

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

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

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

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

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

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

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

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

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

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

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

### Table 22. Miscellaneous Revenue Forecast January 2023 Plan

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

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

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

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

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

## Federal and State Aid

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

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

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

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

## Table 23. Projected Federal COVID Assistance – January 2023 Plan

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

SOURCE: NYC Office of Management and Budget

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

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

## State Executive Budget

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

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

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

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

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

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

The budget also proposes a mandate on health insurers to pay emergency department visits and emergency admissions up-front, requiring them to pursue recoupments for payments of any stays subsequently deemed not medically necessary. OMB estimates this "Pay and Pursue" policy, if enacted, would increase the City's health insurance costs by $36 million in FY 2024 and $75 million in FY 2025, with costs continuing to increase in future fiscal years.[10] NYC Health + Hospitals would benefit from the policy, as would other non-public hospitals throughout the City.

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

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

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

## Table 24. Potential Impact of Proposed FY 2024 State Budget

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

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

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

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

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

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

# Expenditures Analysis

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

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

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

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

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

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

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

## Headcount

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

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

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

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

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

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

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

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

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

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

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

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

## Labor

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

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

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

## Overtime

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

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

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

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

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

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

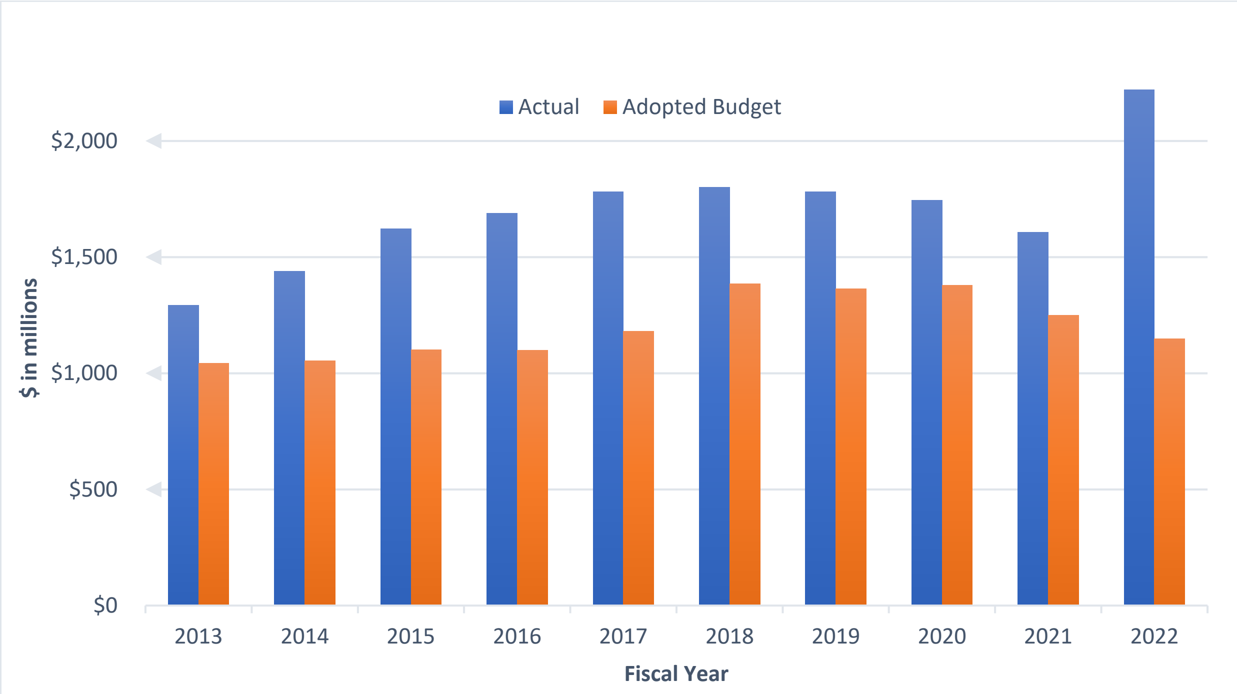
The City routinely underbudgets police uniformed overtime costs in an effort to stem the growth in overtime expenditures. The January 2023 Financial Plan includes $374 million for that expense in FY 2023 and $372 million for FY 2024. These amounts are overly optimistic when compared to actual overtime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

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

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

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

## Chart 11. Overtime Expenditures FY 2013 – FY 2022




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

# Temporary and Contracted Professional Services

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

## Table 30. Historical Actual Commitments vs Plan

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

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

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

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

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

# Health Insurance

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

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

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

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

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

## Pensions

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

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

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

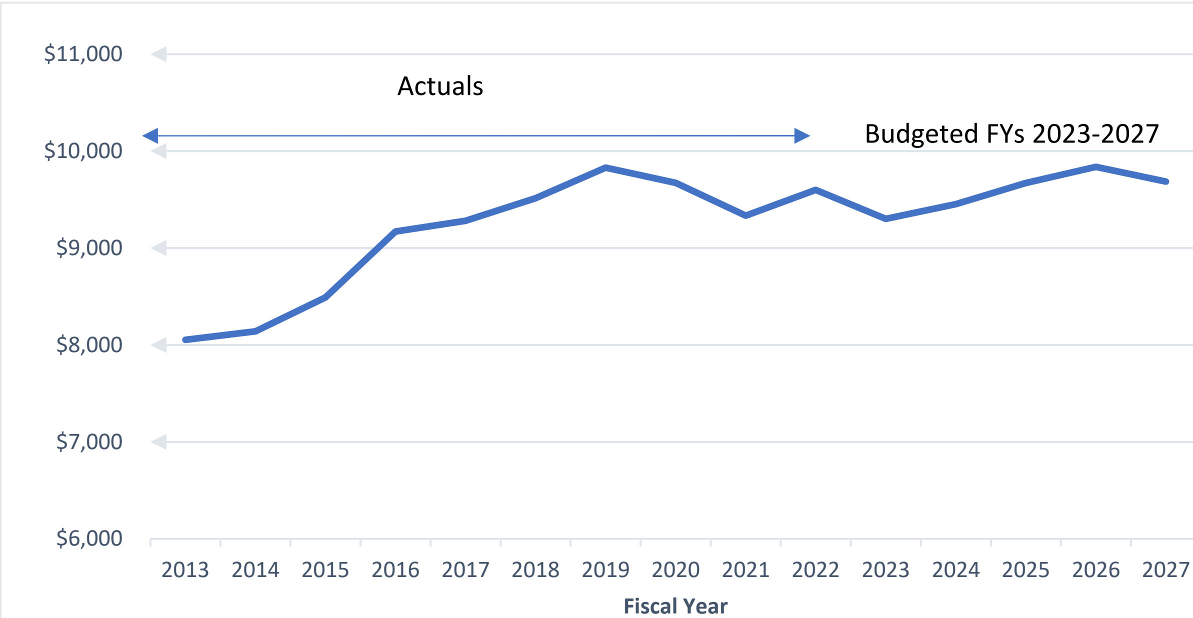
$861 million in FY 2024, $1.97 billion in FY 2025, $3.02 billion in FY 2026, and $4.07 billion in FY 2027 to fund the additional costs to the pension systems due to the FY 2022 combined investment loss of 8.65 percent.[14] These funds were included in the November 2022 Financial Plan and are being held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

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

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

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

## Chart 12. City Pension Contributions FY 2013 – FY 2027




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

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

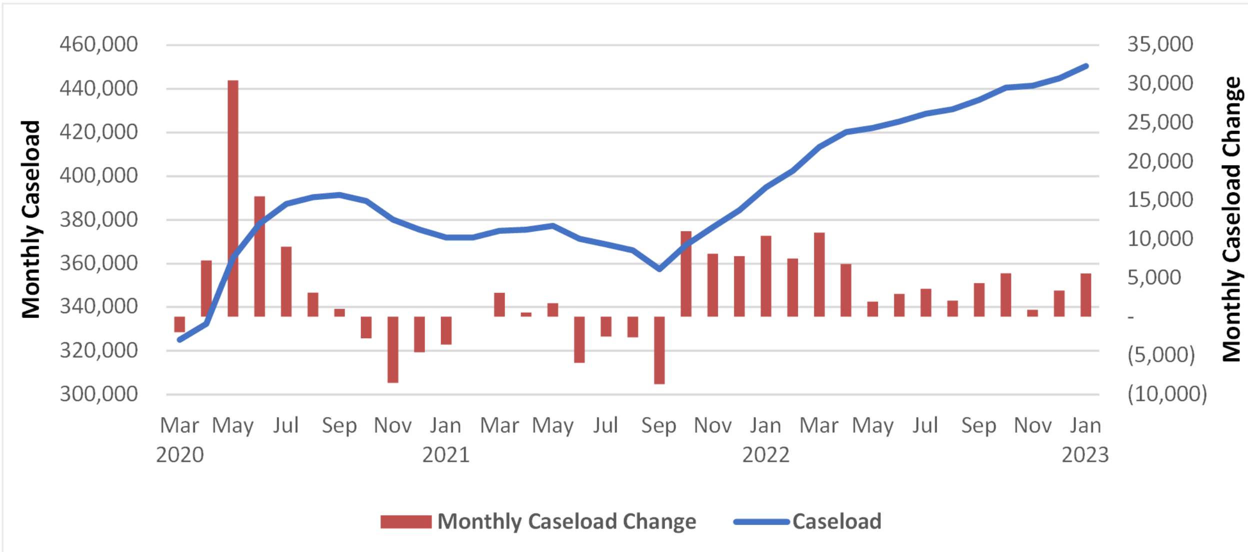
# Public Assistance

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

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

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

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




SOURCE: NYC Department of Social Services

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

# Department of Education

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

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

These increases are partly offset by PEG savings assigned to the DOE in the January Plan, consisting of $22 million from the reduction of vacant positions across various functions that grows to $42 million in FY 2024, with fringe benefits savings comprising more than one-third of the totals. Overall, PEG actions in the November 2022 and January 2023 Plans have reduced City support for the DOE budget by a combined $976 million – $176 million in the current year and $800 million in FY 2024. The significantly higher savings in FY 2024 is primarily attributable to a November Plan action to scale back expansion and supplant existing City funds with Federal stimulus money in the 3K for All program, culminating in a one-time City funds savings of $568 million, and a net budget decline of $284 million in FYs 2024 and 2025.[17]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Homeless Services and the Asylum Seeker Emergency

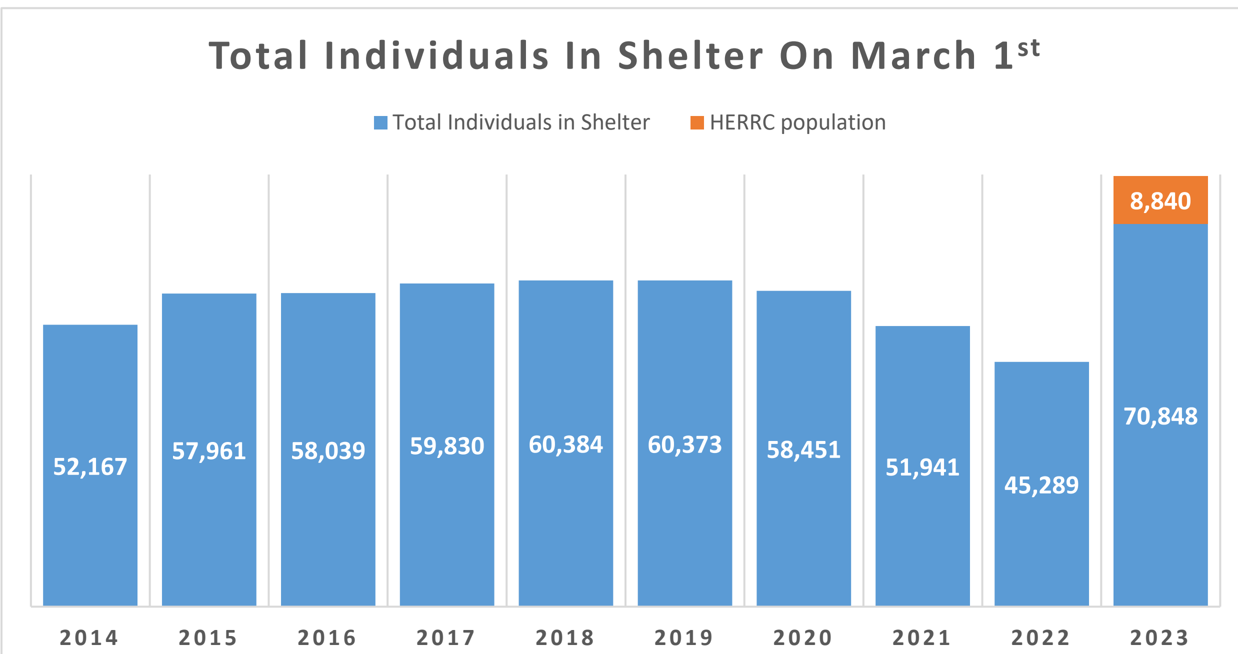
New York City has been confronted with an unprecedented surge of asylum seekers since the spring of 2022, which has had unexpected consequences for the City's FY 2023 budget after it was adopted in June. Providing immediate shelter and services for these new arrivals has presented both operational and fiscal challenges for the City. In the longer run, these immigrants will face significant housing and income challenges due to their ineligibility for social safety net programs, lack of work opportunities due to their immigration status and current eligibility requirements, and insufficient affordable housing more generally.

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

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

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

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




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

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

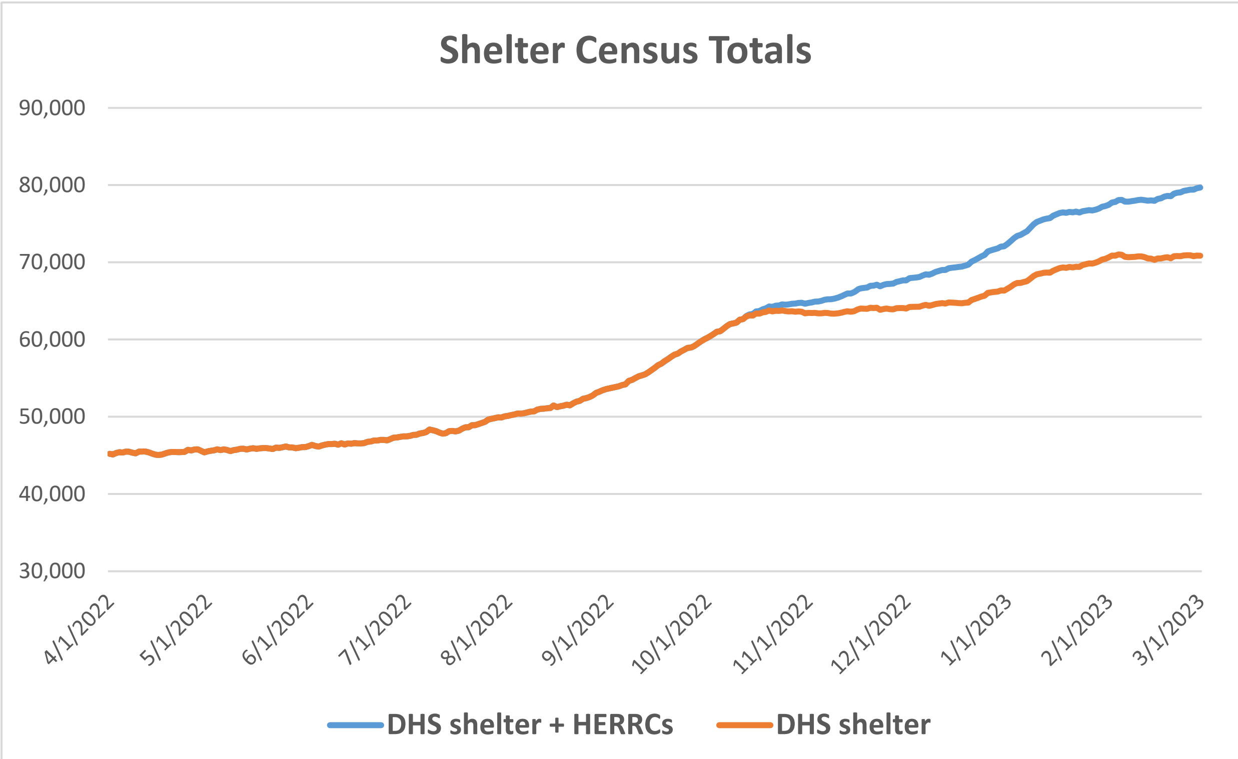
The unique and potentially long-term nature of this new and persistent influx of shelter dwellers, coupled with a lack of Federal funding to assist the City in accommodating asylum seekers into its shelter system, has created tremendous fiscal uncertainty.

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

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

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

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




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

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

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

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

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

## Rental Assistance

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

## NYC Health + Hospitals

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

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

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

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

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

# IV. Capital Budget and Financing Program

## Capital Commitment Plan, FY 2023 – FY 2027

### All-Funds Commitments

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

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

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

NOTE: Numbers may not add due to rounding.

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

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

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

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

## Ten-Year Capital Strategy

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

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

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

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

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

The increase in DOT is largely driven by a projected increase of $2.93 billion for bridge life extension projects and miscellaneous related work, $2.07 billion for capital improvements for bridges rated "fair," and $1.72 billion for primary street reconstruction projects. The $7.92 billion increase in housing is primarily from a projected $3.52 billion increase for new housing, $1.34 billion for low to moderate income housing upgrades related to NYCHA, $1.22 billion for the preservation of existing housing, and $1.07 billion for special needs housing. DEP's increase of $6.38 billion is comprised of $2.11 billion for sewer extensions to accommodate new development, $1.46 billion for water pollution control plant upgrades and reconstruction, and $903 million for the replacement and/or augmentation of existing sewers. The increase of $3.13 billion to the Parks Department is driven by the projected increase of $2.43 billion for neighborhood parks and playgrounds. The decrease in the January 2023 PTYCS from the April 2021 TYCS in the DOE/CUNY program area of $4.80 billion is due primarily to decreases of $2.39 billion for DOE new school system expansion, $1.34 billion in other system expansion alternatives, and $974 million in educational enhancement projects. CUNY, however, saw an increase of $246 million for miscellaneous construction projects.

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

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

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

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

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

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

NOTE: Numbers may not tie due to rounding.

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

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

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

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

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

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

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

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

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

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

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

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

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

# Financing Program

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

### Table 38. January 2023 Plan Financing Program

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

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

# Debt Service

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

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

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

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

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

## Table 39. January 2023 Financial Plan Debt Service Estimates

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

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

NOTE: Debt service is adjusted for prepayments.

a Amounts do not include TFA BARBs

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

## Debt Affordability

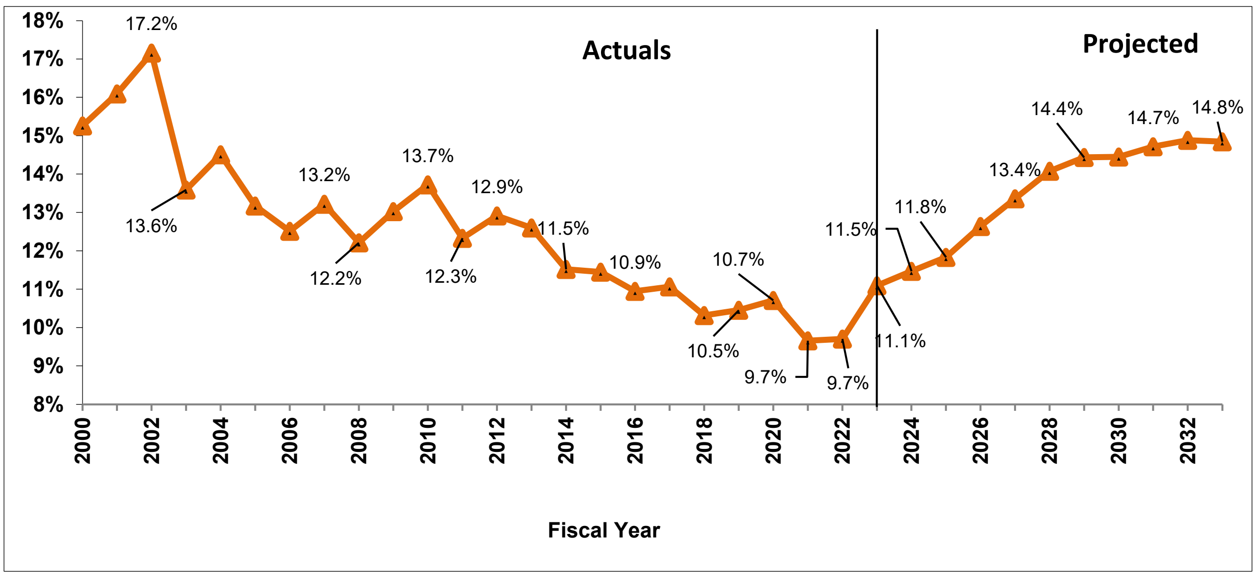
Debt affordability continues to be an important topic facing the City. Debt service as a percent of local tax revenues and as a percent of total-funds revenues are widely used measures of debt affordability.[27] In FY 2022, the City's debt service was 9.7 percent of local tax revenues, a continuation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

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

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

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

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

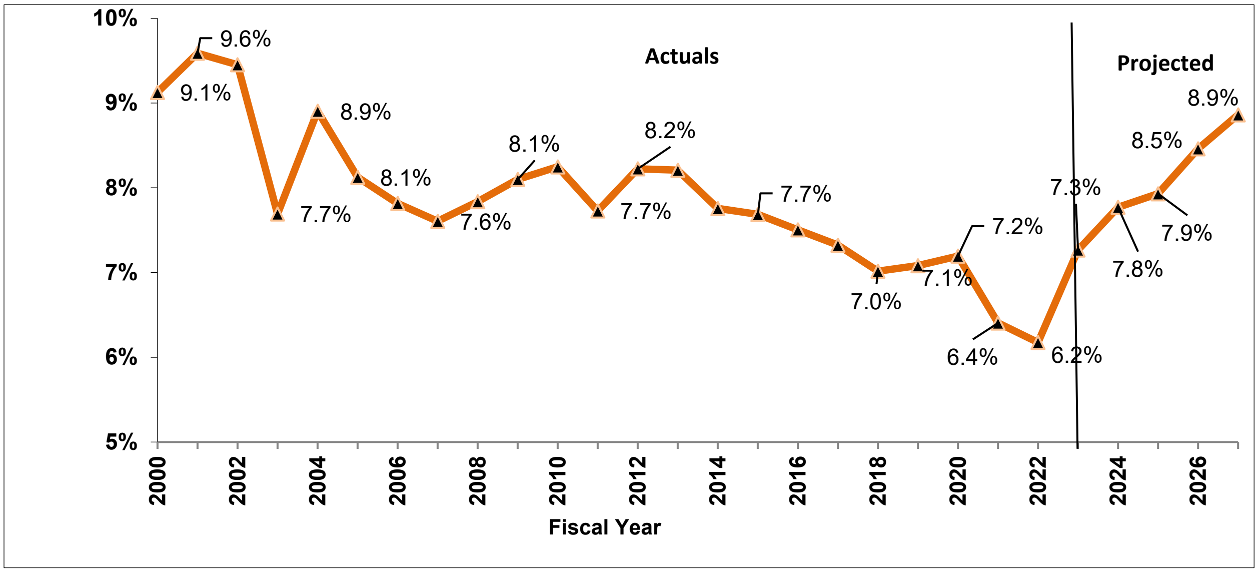



SOURCE: Office of the NYC Comptroller, Comprehensive Annual Financial Reports, FY 1992 – FY 2022 and NYC Office of Management and Budget, FY 2023 January Plan and FY 2024 Preliminary Budget

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

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

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




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

# V. Appendix

## Table A1. January 2023 Financial Plan Revenue Detail

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

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

NOTE: Numbers may not add due to rounding.

## Table A2. January 2023 Financial Plan Expenditure Detail

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

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

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

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

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

## Acknowledgements

The Comptroller wishes to thank the Bureau of Budget staff for producing this report. He is also grateful to Michael Dardia for his advice on the economic and tax forecast. And finally, he thanks Archer Hutchinson for his contributions to the design and layout.

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Department of Finance

March 4, 2024

**Department of Finance**
**Fiscal 2025 Preliminary Budget Hearing Testimony**

## I. Introduction

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

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

I'm joined by Deirdre Snyder, Assistant Commissioner for Financial Management.

Thank you for the opportunity to testify today on our FY2025 Preliminary budget.

Few city agencies have the reach and impact of the Department of Finance.

We collect over $47 billion annually in taxes and other revenues, which amounts to 40% of the City budget ...

... and we interact with millions of New Yorkers every year.

As I've testified in the past, I see my role as continually improving our customer service by evaluating our existing operations, leveraging new technologies, and giving our incredible staff the tools they need to serve the public to the best of their ability. We may not be everyone's favorite agency to interact with, but we do promise to always strive to make paying your taxes and other charges as straightforward and painless as possible.

Much of what I'll have to say today will be focused on our efforts to better serve our customers. I'll update you on what we have done, and what we plan to do, to continue improving our service to the public.

But first, I will give a brief review of this year's tentative assessment roll, released in January, as well as an overview of DOF's proposed fiscal year 2025 budget.

## II. Tentative roll

As you know, DOF is required to determine market and assessed values for all properties in the City each year and issue a tentative property tax assessment roll by January 15th.

The tentative assessment roll for FY25 showed a small increase in market value of just 0.7% over last year, to $1.491 trillion. Assessed values – to which tax rates are applied – rose by 4.2% to $299 billion, reflecting the continued phase-in of prior-year market value growth.

As I said when we released the roll, this overall very modest growth in market values subsumes a range of different recovery patterns in the various segments of the city's real estate market.

Encouragingly, a resurgence in construction and renovation spending after three years of decline generated almost $14 billion in new market value, more than offsetting an overall decline of nearly $6 billion in changes in value attributable to market forces.

The decline in values due to market forces was driven by Class 1, which saw an overall decrease in market value of 3.4%. This primarily reflects the rise in interest rates which helped slow sales activity, which fell off by nearly 30% between calendar years 2022 and 2023.

Class 2 market values rose 5.3% on the tentative roll. For rental apartment buildings, recovery in terms of both lower vacancy rates and higher rents were partially offset by rising expenses. Nonetheless, this is another area were we saw robust investment, with physical changes accounting for 71% of market value growth.

The office building picture is more mixed, with strong demand for modern, high-quality space, but continued weakness in less sought-after segments of the office market. Standalone retail stores and hotels continue to recover from the dramatic hits they took at the peak of the pandemic.

**III. DOF Budget and Staffing**

Next, I'd like to give you a brief overview of the Department of Finance's proposed budget for the coming fiscal year.

DOF's FY 2025 preliminary budget is $340.2 million. That includes $182.7 million in personal services (PS) funds to support an authorized headcount of 1,932 full-time staff, and $157.5 million for other than personal services (OTPS).

Like all city agencies, the past few years have presented DOF with challenges from a staffing perspective. When I was appointed commissioner two years ago, one of our pressing challenges was recovering from pandemic-era attrition, particularly retirements.

Progress has been slow but steady. I'm pleased to report that we filled 168 vacancies in fiscal year 2023, the highest in any year since fiscal year 2020.

For the first half of fiscal year 2024, the agency has filled 101 vacancies, and we are currently working towards filling critical vacancies, including city tax auditors, deputy city sheriffs, and principal administrative associates.

We still have a way to go before we are at full strength, but we are very pleased with how far we have come with support from the mayor and this council.

**IV. Accomplishments**

Department of Finance staff come to work each day ready to contribute to a culture of professionalism and excellence. They believe, as I do, that our customers deserve to be treated with respect and courtesy.

We are proud of our many achievements in the area of customer service over the past year.

First, we are setting records in the number of in-person outreach events – with 170 events thus far in fiscal year 2024. We will hold over 50 in-person NOPV sessions this season – our most ever.

In addition to being present in neighborhoods throughout New York, we have also opened our doors to make it easier for New Yorkers to come to us by offering extended hours at our business centers to assist with exemption applications and questions as we approach the March 15th application deadline.

And we are renewing in-person engagement with the tax practitioner community, including the first Tax Representatives and Practitioners Program, known as TaxRAPP, since the pandemic, last October.

In addition to our in-person outreach, we have conducted several email and mail campaigns directed to households that may be eligible for, but did not claim, various tax credits, such as the Senior and Disabled Homeowner Exemptions, the Earned Income Tax Credit, the Child Tax Credit, and the Child and Dependent Care Credit.

But there is perhaps no better indication of our commitment to customers than the redesign of the Department of Finance website, developed in partnership with OTI Digital Services.

DOF's website is one of the most highly trafficked municipal websites in the country, serving approximately 800,000 visitors who generate 2.5 million hits each month.

Now we hope that it is also one of the best.

The new website, launched in January, reflects our commitment to making it easier and more convenient for the public to get the information they need and conduct their business with the Department of Finance. The feedback so far has been very positive, with users giving us high marks for ease of use and navigability – and not just on our desktop version, but also on the mobile-phone compatible version. Over the course of the coming year, we'll continue to improve the website in response to user feedback and through our own ongoing content review.

We've not only improved the usability of our website, but added new tools that will make it easier for customers to access information and services:

- First, I encourage council members and staff to visit the new and improved Property Information Portal, which connects property owners to all the DOF resources they need – including their NOPV, property tax account, ACRIS and the new 3D digital tax map – through a single, convenient point of entry.

- Second, our self-serve parking judgment payment plans continue to help customers pay what they owe and avoid being booted or towed. Since February 2023, some 70,000 customers have enrolled in payment plans online and made down payments of $18 million toward violations totaling $92 million.

- Third, since October, Rent Freeze Program participants have been able to renew their benefits online, rather than returning a paper application, so we can now accept both initial and renewal applications online. And starting today, I'm excited to announce we have also made it possible for your constituents to easily look up the status of their benefit applications online, which is one of the most common inquiries we receive. New Yorkers who have applied for property tax exemptions can visit nyc.gov/exemptionstatus to check the status of their applications.

We are continuing to serve as leaders and partners in the effort to close down illegal smoke shops to ensure that legally licensed businesses have the chance to operate in a fair marketplace. To date, the Sheriff's Office Joint Compliance Task Force has completed inspections at 1,786 unique addresses, seized $29 million in illegal products. We have mailed over 400 notices to landlords of illegal shops warning of possible penalties. We will be unflagging in our efforts, and appreciate both the Council and the State Legislature's support in strengthening the legal tools we have to close down illegal shops.

**V. Plans for the coming year**

In the coming fiscal year, we look forward to delivering a number of new improvements to benefit our customers.

As we continue to modernize our collections system, customers will find it easier than ever to pay their parking and camera violations and Environmental Control Board debt, including with an auto-debit option. We are also working to introduce voice-bot technology to streamline calls to our Collections Division and provide better, faster customer service.

This year we will introduce parking hearings by video, so that customers can present their case directly to a judge from the comfort of home, the office, the coffee shop, or anywhere else. With the addition of video hearings, customers will have a full range of options for disputing tickets, which can already be done via the web, by mail, in person, or through our Pay or Dispute mobile app.

Finally, we are eager to work with the council to pass meaningful reforms to property tax enforcement, enabling us to collect property taxes from those who *won't* pay while helping those who *can't* pay protect their homes and assets. We are grateful for the council's input in guiding our proposal thus far and look forward to continuing this dialogue.

**VI. Closing**

In summary, we remain committed to providing the best customer service in all of city government. We are grateful for the many DOF initiatives you have supported in the past and know that we can continue to count on your support in the future.

Our door is always open to assist you with any needs that your constituents might have.

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

THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE
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**Testimony of Louisa Chafee, Director, New York City Independent Budget Office**
**On IBO's Analysis of the 2025 Preliminary Budget and Financial Plan**
**To The New York City Council Committee on Finance**
**Monday, March 4, 2023**

Good afternoon, Speaker Adams, Chair Brannan, and members of the Finance Committee. I am Louisa Chafee, Director of the New York City Independent Budget Office (IBO). I am here today with my colleagues, Sarah Parker and Sarita Subramanian, IBO's Senior Research and Strategy Officers. We appreciate the opportunity to discuss the Preliminary Budget with you today.

Recently, IBO has published three reports on this budget: Analysis of the 2025 Preliminary Budget and Financial Plan; details on IBO's economic and revenue forecasts; and an examination of the second Program to Eliminate the Gap (PEG) this fiscal year. Here are critical highlights:

*Fiscal Outlook, Economy, and Revenues:*

- IBO forecasts a $6.0 billion surplus in the current year, $2.8 billion higher than the Administration's expected surplus of $3.1 billion. This higher surplus results from IBO's forecast of $900 million more in City tax revenues and $1.9 billion less in City-funded spending than presented by the Administration.

- IBO estimates next fiscal year—2025—will end with a surplus of $3.3 billion. This is driven by using the 2024 surplus to pre-pay some of next year's expenses and an additional $2.0 billion in anticipated tax revenues, but is offset by $1.5 billion in additional spending over the Administration's projections. Recognizing that the City continues to face financial challenges, IBO's analysis concludes that the City's budget gaps from 2026 through 2028 are within the range that the City has closed in the past.

- IBO's economic forecast predicts moderate but slowing growth for the local economy. The Federal Reserve's actions to raise interest rates, the easing of supply-side bottlenecks, and productivity gains have helped reduce inflationary pressures. It has been increasingly clear in recent months that the economy has reached a position, for the time being, where the question is not whether growth will continue, but how great that growth will be.

- Over 77,000 jobs were added in New York City in 2023, in keeping with IBO's projections over the past year. While the jobs numbers for New York City are back to pre-pandemic levels, the City still lags behind the national economy. IBO estimates the City will add around 90,000 jobs in 2024 before gradually moderating in the future years as the post-pandemic recovery fades.

- IBO estimates that City tax revenue will grow by an annual average of 3.1%, growing from $73.8 billion in 2024 to $85.3 billion in 2028. IBO anticipates higher tax receipts than the Administration in every year of the financial plan. Real property tax, as the single largest tax revenue for the City, is expected to help drive this growth.

*Expenditures*

- IBO's re-estimates of lower spending include reductions in the following areas: $1.6 billion less on City workforce salaries and fringe due to staffing vacancies, $2.4 billion less on asylum seekers across 2024 and 2025, and $91 million in tuition savings from lower charter school enrollment from 2026 through 2027.[1] These reductions are partly offset by additions elsewhere.

- The Preliminary Budget included a second round of PEG reductions totaling $934 million for 2024 and $1.8 billion for 2025. Despite these PEGS, the overall City budget increased to $116 billion in 2024 due to restorations and other increases.

- Many of the human services areas that sustained cuts in both PEG plans will greatly impact the nonprofit community-based organizations that are under contract to provide these programs. This includes the Department of Education early childhood programs, programs for justice-involved individuals, and older adult centers.

- Early childhood programs face especially notable cuts, potentially straining many New York families relying on these publicly funded services. These cuts are compounding longstanding challenges felt by nonprofits under contract with the City: late registration, late payment, inequity in pay-scales and potential fiscal cuts due to the end of COVID era fiscal supports.

- Despite schools receiving full Fair Student Funding for students, the Department of Education faces a significant budget shortfall due to the end of $7 billion in federal education Covid-related funds. The Community Schools PEG, though fully restored for 2024, also leaves future years underfunded. This could mean fewer resources for staff and students and reduced contracts for the community-based organizations who provide wrap-around services.

- The November Plan's 5% budget cut to the City's library systems resulted in the decision to halt services on Sunday and this reduction remains unchanged in the Preliminary Budget. Even as the City Council and Administration negotiate, these cuts are occurring now, in real time, and are already impacting communities.

- The Administration anticipates costs of $4.2 billion for asylum seekers this year, compared with IBO's estimate of $3.6 billion. A notable expense by either estimate, it is manageable within the context of the overall City Budget of $116 billion, especially when a portion is expected to be reimbursed by the State if claims are properly submitted.

- IBO wants to emphasize to the Council how much the City workforce has shrunk, decreasing from 300,000 active to 285,000 employees since 2020. Hiring freezes and slow hiring practices have left the City struggling to recruit, retain and replace agency staffing. This change in staffing has led to operational challenges across numerous critical areas, as experienced by New Yorkers day to day and supported by data, as seen in the Mayor's Management Report.

While the City must continue to navigate financial uncertainties, IBO's findings indicate that with sound fiscal management and careful prioritization, New York City can achieve a balanced budget without fundamentally compromising City services. We're here to answer any questions and provide further details as needed. Thank you for the opportunity to testify today.

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[1] IBO re-estimates budgeted City spending based on historical trends and potential impacts of policy changes.

DC 37 AFSCME AFL-CIO

**American Federation of State, County & Municipal Employees, AFL-CIO**
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March 4, 2024

City Council Speaker Adrienne Adams
City Hall, New York, New York 10007

Dear Speaker Adams:

As the City Council analyzes the preliminary budget for FY 2025, I urge you to scrutinize the Adams Administration's default solution of decreasing the authorized headcount of City workers. We believe there is a much better way to reduce the budget deficit— and it relies not on the elimination of our public servants, but on their strength.

We understand this budget carries over many challenges from the prior year, including fiscal realities related to the migrant crisis, and those should not be ignored. However, the focus so far on the Program to Eliminate the Gap (PEG) through headcount reduction has negatively impacted service delivery across the city. It has also caused additional hardships on the workers who remain, often taking on the duties of those vacant positions and working longer hours.

As evidenced by the most recent finding that projected $3 billion in higher-than-anticipated revenue, we believe the existing approach by the Office of Management and Budget is shortsighted and causes unnecessary strain on delivery of services. Therefore, DC 37 is proposing several ideas that the City could implement in order to maximize revenue collection. These solutions are reliant on filling vacancies, shoring up the strength of the workforce, and prioritizing employing New Yorkers instead of contractors.

1. We believe there are unregistered billboards that have not been captured in the tax roll by the Department of Finance. The City should compare the number of REUC identifiers that have been issued for billboards to the number of permits on file with the Department of Buildings. This requires the Department of Finance to physically inspect billboards that are permitted by DOB but do not have an REUC number— a difficult undertaking when more than 66% of Assistant City Assessor positions are currently vacant. If you fill the positions needed to collect this revenue, DC 37 estimates that the City could realize an additional $50 million per year.

2. Vacancies impact how we operationalize revenue and keep people safe. Our Building Inspectors, who are responsible for issuing violations for structural engineering issues, are currently down 32% in strength. Not only does this mean the City is not receiving revenue from fines issued for these buildings, but most importantly, inspections to prevent catastrophic accidents are not taking place.

3. Recent legal decisions now allow the City to collect tax revenue for the use of fiber optic cables in our infrastructure. Major telecommunications companies like Google and Verizon selected New York City for their operations partly because our infrastructure is ready to accept fiber optic cables. The City should properly collect this revenue, not give out tax breaks by neglect.

4. There are more than 40 vacancies in the ranks of our Traffic Device Maintainers, who install and repair parking meters throughout the city. Without the ability to repair traffic meters, we are losing out on the significant collection of parking revenue.

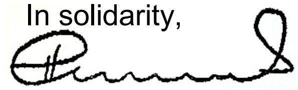
5. The City should seek a voluntary procurement reduction plan from vendors with annual contracts larger than $100 million, whose increased payments are tied to the index of inflation. As the City procures contracts on a multi-year basis, many are tied to a Product Price Index (PPI) or Consumer Price Index (CPI). Those contracts were procured prior to the unprecedented inflation increase caused by the pandemic, and should be adjusted according to the City's current financial reality. A similar approach was adopted by the City in 2009, when both the Metropolitan Transit Authority and the City sought and obtained voluntary CPI reduction.

6. Since 2019, the City has lost 25% of all City Tax Auditors. The Independent Budget Office recently reported that current vacancies among Tax Auditors have resulted in an additional loss of $165 million in revenue each year for uncollected unincorporated business tax as well as other sales and business taxes. By hiring just 50 Tax Auditors, the City could capture this projected lost revenue.

As you can see, there is a direct cause-and-effect between headcount reduction and the health of our City's budget. We are already facing the consequences of not providing these services to the public.

I urge the Administration to consider implementing these revenue-generating solutions rather than continuing its legacy of cutting the workforce.

In solidarity,



Henry Garrido
Executive Director
District Council 37

CC: City Council Finance Chair Justin Brannan, New York City Council

New York City Council FY 2025 Preliminary Budget Hearing
City Council Committee on Finance
Testimony of Maria Policarpo, President of Local 1757, DC37
March 4, 2024

Good afternoon honorable Speaker Adrienne Adams, Chair Justin Brannan, and members of the City Council. My name is Maria Policarpo, I am President of DC37 Local 1757 which represents Appraisers & Assessors. I work as an Assessor in the NYC Tax Commission and am going to speak regarding the critical need for the hiring of additional Assessors as a crucial part of the budget for the upcoming fiscal year. At the Department of Finance, assessors are responsible for overseeing the valuation of approximately 1.1M parcels within the five boroughs and the single largest source of revenue in NYC.

Our overall member total is down over 25% since March 2020. Staffing at the Department of Finance has been at a crisis level and continues to decline. There are 15 vacant districts, with Brooklyn suffering the most, having 7 vacant districts, short supervisors, and a vacant senior supervising assessor position. Staten Island is now the only borough without a more experienced 3A assessor and also without a supervisor.

The loss of revenue due to the lack of actual Assessors valuing properties vs. a flawed computer modeling system run by random titles is immeasurable. We have seen Tax Class 2 properties reduced by model nearly 30% without any rhyme or reason. Hotels, even those considered major property profiles, are being modeled.

Cell towers and billboards need regulation and monitoring; along with an audit process for those who do not report the income they produce or claim of no income due to sale. Physicals from alterations, new buildings, flip sales, and condo conversions are being missed due to the shortage of staff. The sale of air rights is not monitored or accurately assessed.

At the Tax Commission, assessors are tasked with an insurmountable case load and mandated to twelve weeks of overtime. Human error due to the lack of time to carefully review caseloads is unfair to the taxpayer and can be costly to the city. Excess annual leave is also a significant issue due to the nature of our demanding schedules.

The hiring of an additional one hundred Assessors and Assistant City Assessors will help to fill the current vacancies and create smaller more manageable districts. The uncollected revenue, which would be sustainable with additional assessment staff, could fund vital public services. We have been advocating for a line of succession and warning about attrition for years. Unfortunately, both retirements and resignations have outpaced any hiring efforts.

Local 1757 thanks you for your time and consideration. I would be happy to answer any questions you may have.

**Testimony to the City Council Committee on Finance**

**Submitted March 4, 2024**

Thank you Chair Brannan and Council members, for the opportunity to testify today.

My name is Sarita Daftary, and I am Co-Director of Freedom Agenda. We are led by our members who have experienced incarceration themselves, or through a loved one. We're one of the organizations leading the Campaign to Close Rikers, and I'm glad to testify here today.

As we move through this process of setting budget priorities to ensure the best use of our City's resources, Rikers Island stands out as the worst possible use of our dollars. New York City spends 350% more per incarcerated person than comparable jail systems in Los Angeles or Cook County, Illinois, and yet, people in DOC custody are subjected to some of the worst jail conditions in the nation. DOC's failures and inefficiencies are by now well-known. They are even more egregious when considering what DOC's vast resources could pay for instead. Incarcerating one person at Rikers Island for a year costs $556,539 – equivalent to providing supportive housing for thirteen people, or engaging between 25 and 70 people in alternative to incarceration programs.

The plan to close Rikers Island approved by this Council in 2019 marked a commitment to take a different, and much more effective, approach to public safety. This also requires spending our money differently. But Mayor Adams has refused to align our City's budget with the legal and moral obligation to close Rikers Island by 2027. His budget proposal is instead a recipe for keeping Rikers open – by maintaining Department of Correction budget bloat while cutting funds for alternatives to incarceration (ATIs) and re-entry services, and failing to adequately fund supportive housing and community-based mental health treatment.

This is causing real and lasting harm to people all over our City. One of our members is the mother of young man with mental health needs who has been at Rikers for close to three years due to his inability to pay bail. In that time, he has repeatedly missed court dates and medical appointments because officers have failed to bring him. Three years of this horrific treatment has not only strained his mental health but has cost our city approximately $1.5 million dollars.

**To prevent more waste and harm, the Council must intervene. We will submit along with this testimony a full budget analysis that calls on the Council to make the following amendments to the FY25 budget to support the closure of Rikers:**

- **Reduce DOC's uniform headcount to 5,110, by eliminating vacancies and holding staff accountable for chronic absenteeism**
- **Reduce overtime expenses by permanently closing unused jails**

- **Restore $27.8M to the Office of Criminal Justice for alternatives to incarceration, supervised release and re-entry programs**
- **Allocate an additional $21.3M to meet housing and mental health needs**
- **Increase Board of Correction headcount in proportion to DOC's headcount**

This City Council has reaffirmed its commitment to closing Rikers, and that commitment must be backed up by a budget that prioritizes investments to strengthen communities and improve safety, while reducing incarceration and getting Rikers closed.

Thank you,

Sarita Daftary

Co-Director, Freedom Agenda

Sdaftary@urbanjustice.org

[attached – FY2025 Campaign to Close Rikers Budget Analysis]

CLOSE RIKERS
DECARCERATE ✷ DEFEND ✷ DIVEST & REDISTRIBUTE

# FY2025 Budget Analysis & Priorities

**Mayor Adams' proposed budget is a recipe for keeping Rikers open** by maintaining DOC budget bloat while cutting funds for alternatives to incarceration (ATIs) and re-entry services, and failing to adequately fund supportive housing and community-based mental health treatment. The budget also proposes cuts to a wide range of social services and violence prevention initiatives.[1] In order to follow through on the legal and moral obligation to Close Rikers, City Council must secure a budget that will improve community safety and reduce our City's overreliance on incarceration.

## DOC's budget is still bloated:

- The Mayor has proposed spending $2.6 billion[2] on jail operations in FY2025, down just 3.3% from FY2024 forecasted spending.
- Most of DOC's costs are driven by overstaffing. Their ratio of uniformed staff to incarcerated people is more than 4 times higher than the national average.
- DOC anticipates cost savings from 1,451 uniformed vacancies in FY2025, but plans to budget for 7,060 uniformed officers through FY2028[3]. By that time, New York City is required to close Rikers Island and shift to a borough jails system with approximately 4,000 beds. Uniform headcount reductions are consistent with a lower jail population and closing Rikers - in fact, these reductions should have started years ago when the jail population started to decline.
- DOC's overtime costs have ballooned. Consolidating operations, through closing empty jails like the Anna M. Kross Center, would help to control these costs.

*The administration seems to be planning either to continue overusing incarceration, or to employ almost twice as many correction officers as people in custody*. Either option makes no sense, morally or financially.

## Alternatives to incarceration/detention, and re-entry supports face big cuts:

- The administration is proposing $6.7M in cuts to alternatives to incarceration programs.[4] Opportunities to divert people from Rikers should be fully utilized, in collaboration with the Jail Population Review Initiative that the Council established last year through Local Law 75-2023. Expanding alternatives to incarceration was also a key commitment in the plan to close Rikers.
- The administration is proposing $13.1M in cuts to the supervised release program - for which the Council secured $36.8M in new funding just last year. The Mayor's Office of Criminal Justice

[1] Including large cuts to DSS, DCYD, and DOHMH, outlined here: GJNY_Look inside the DOC FY25 Budget.pdf (vera-advocacy-and-partnerships.s3.amazonaws.com)
[2] Including expenses, associated fringe benefits, pensions, and debt service. "A Look Inside the FY 2025 DOC Budget." Vera Institute of Justice. February 2024.
[3] Financial Plan of the City of New York. Fiscal Years 2024 - 2028. Full time and full time equivalent staffing levels.
[4] "The City of New York Preliminary Budget Fiscal Year 2025. Program to Eliminate the Gap (PEG)". January 2024. P. 30 - 31.

testified in November 2023 that recent funding additions were needed to rightsize the program after their caseloads grew 440% since FY2019.

- The administration is proposing $8M in cuts to re-entry services, while a key commitment in the plan to Close Rikers was to "Enhance Reentry and Discharge Planning Services Available to Everyone Leaving City Jails," as evidence recommends.
- The above programs are funded under the Office of Criminal Justice (formerly MOCJ).

## Commitments in the Close Rikers plan are still inadequately funded:

- In the Points of Agreement on Closing Rikers, the administration agreed to establish 380 more units of Justice Involved Supportive Housing, a model that has been hugely successful in reducing jail, shelter, and hospital stays, and generating substantial cost savings. But funding rates proposed in the RFP issued were so low that qualified providers have not applied, and operators of the existing 120 units are struggling to keep them open.
- The Close Rikers Plan also promised "A new community-based mental health safety net." This administration has clearly fallen short of that goal - the number of people in Rikers diagnosed with a serious mental illness has increased 41% since January 2022 without sufficient investments in community-based interventions and care.

## Jail oversight cuts are proposed:

- DOC continues to violate minimum standards established by the Board of Correction, and strong oversight is crucial. BOC needs more staff to fulfill its mandate, but the Mayor proposes reducing their staff from 35 to 29 positions, and cutting BOC's budget by $672,000 (17.5%).

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## What should happen in this year's budget

1. **Reduce DOC uniformed headcount to 5,110**
    a. **Eliminate vacancies for uniformed staff.** The Department of Correction currently employs about 6,150 uniformed staff (910 vacancies) and anticipates cost savings based on an average of 1,451 uniformed vacancies in Fiscal Year 2025, but they have not made a plan to rightsize this agency in alignment with closing Rikers.
    b. **Hold staff accountable for chronic absenteeism.** The Nunez Federal Monitor reported in October 2022 that DOC had identified 1,029 officers as chronically absent,[5] and in November 2023, DOC could not report if these staff had returned to work or been held accountable.[6] If approximately 50% (500) of these officers are terminated and 50% return to work to avoid termination, we can reduce jail operations spending by $55.8M.[7]
2. **Reduce overtime spending** by consolidating operations and permanently closing jails on Rikers, starting with the vacant Anna M. Kross Center.[8]

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[5] Martin, Steve J et al. "Second Status Report on DOC's Action Plan by the Nunez Independent Monitor." October 28, 2022. p53.
[6] Martin, Steve J et al. "Status Report on DOC's Action Plan by the Nunez Independent Monitor." November 8, 2023. p. 99.
[7] Based on $111,660 per officer, as calculated by the Vera Institute, GJNY_Look inside the DOC FY25 Budget.pdf (vera-advocacy-and-partnerships.s3.amazonaws.com).
[8] In response to Council Member questions in the March 23, 2023 budget hearing.

3. **Restore $27.8M to the Office of Criminal Justice for ATIs, supervised release and re-entry programs** including $6.7M for alternatives to incarceration, $13.1M for supervised release, and $8M for re-entry services.
4. **Allocate an additional $21.3M to meet housing and mental health needs,** and fulfill commitments in the Close Rikers plan, including:
    a. Establish a separate line-item for JISH in the DOHMH budget, and allocate an additional $6.4M to increase service funding rates for new units and existing units. Existing, long time JISH providers are struggling at current rate levels.
    b. $2.9M more to enable 5 of the 22 newly funded state ACT teams to operate as FACT teams ($575K per team).
    c. $6M more to fully implement Local Law 118-2023, supporting the establishment of four new crisis respite centers.
    d. $6M more to fully implement Local Law 119-2023, supporting the establishment of five new clubhouses.
5. **Increase Board of Correction headcount** in proportion to DOC's headcount. This type of linked budget exists for other oversight agencies like the CCRB. Increasing BOC headcount to 1% of DOC's would add 35 BOC staff positions, but would only add approximately $4M to the overall expense budget.[9]

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## Frequently Asked Questions

**Does the Department of Correction have a staff shortage?**

No. In fact, they are overstaffed. The Department of Correction's ratio of uniformed staff to incarcerated people is more than 4 times higher than the national average, and NYC's is the only jail system among the nation's 50 largest cities that has as many officers as people in custody. Reducing their headcount now is an important first step to rightsizing the department.

**If they are not understaffed, why is there a shortage of officers to cover posts and provide basic services?**

For three main reasons:

1. **A large number of officers don't come to work.** Uniformed DOC staff have unlimited sick leave, and an extraordinarily high number of officers call out sick on any given day. As of December 2023, DOC sick leave rates remained at nearly twice the pre-Covid rates within the department (8.49%), and more than double the rates of NYPD and FDNY - agencies that also offer unlimited sick leave.[10] Another 3.4% of officers are out on long term sick leave, which is often abused.
2. **There are too many officers assigned to non-jail posts.** There are hundreds of officers each day who work in non-jail posts either because they are prevented from working directly with incarcerated people due to an ongoing disciplinary case, they are being 'medically monitored,'

[9] The FY2024 projected budget allocates $3.8M to BOC, for 35 staff; 68 staff would constitute 1% of a 6,822 person uniformed DOC workforce (1,722 civilian - as projected by the administration and 5,100 uniformed - as we recommend).
[10] "Preliminary Mayor's Management Report." January 2024.p 411.

or they have been assigned to a different job like working in the laundry room or as a secretary to a warden - tasks that are performed by civilians in other jail systems. These posts have been widely used in DOC as rewards to officers favored by supervisors, and officers who have these posts have strongly resisted being transferred to posts in the jails.

3. **Officers who are at work often don't do their jobs.** Investigations found that many officers who *are* at work are *not* at their assigned posts – including some found hanging out in locker rooms. A Board of Correction report on seven deaths in DOC custody in 2022 noted that in three instances (leading up to the deaths of Erick Tavira, Edgardo Meijias, and Gilberto Garcia) officers were present at work but failed to properly conduct their rounds, and in two instances (leading up to the deaths of Michael Nieves and Gilberto Garcia) failed to provide first aid. The *Nunez* federal monitor in their November 8 report, stating "Definitive measures to ensure that staff are available in sufficient numbers and that they stay on post are obviously necessary. It is equally critical that staff *actually do their jobs* [emphasis in original]... Too often, staff are present and yet fail to enact or enforce even the most basic security protocols."[11]

### Does DOC need to replace officers who are retiring?

Reducing the uniform headcount would not prevent DOC from replacing officers who quit, retire, or are terminated. It would require DOC to more effectively supervise and manage their very large staff.

### How is the money being spent?

The FY2025 budget projects that 88.3% of DOC expenses will be staff salaries,overtime and benefits.

### How does NYC's jail spending compare to other cities?

In 2021, New York City spent 350% more per incarcerated person ($556,539[12] per year) than Los Angeles or Cook County, Illinois, and yet, people in DOC custody are subjected to some of the worst jail conditions in the nation. The *Nunez* federal monitor also reported in their October 2023 report "The Department's staffing complement is highly unusual and is one of the richest staffing ratios among the systems with which the Monitoring Team has had experience."

### What will we do about those jobs? Aren't a lot of correction officers people of color, and women?

Many NYC correction officers *are* women and people of color. The choice to invest so much of New York City's budget in incarceration has meant that DOC has become a path to the middle class, including for many people of color.[13] New York City could and should make a different choice - to invest in and raise salaries, for example, for EMS workers, green jobs that can help us meet our goals for a vibrant and climate resilient city, and human services jobs that address community needs. Black and Brown workers deserve jobs with good wages and benefits that aren't dependent on the incarceration of their neighbors and families. We must invest in a just transition to expand and better compensate jobs outside of law enforcement - for example, human services, a sector in which more than 80% of workers are women of color, and which is subject to constant budget cuts that have resulted in lost jobs and depressed wages.

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[11] Martin, Steve el al. Status Report on DOC's Action Plan by the Nunez Independent Monitor. November 8, 2023. P 25.
[12] For FY2021. "NYC Department of Correction, FYs 2011-21 Operating Expenditures." *New York City Comptroller's Office, Budget Bureau.* December 2021
[13] New York City correction officers are paid $92,000/year after 5.5 years on the job, and receive generous benefits. https://www1.nyc.gov/site/jointheboldest/officer/salary-benefits.page

New York City Council
Committee on Finance

## NEW YORK CITY COUNCIL FISCAL YEAR 2025 PRELIMINARY BUDGET HEARING

**Testimony of the New York Immigration Coalition**
**March 4, 2024**

Good morning. My name is Caroline Conroy and I am the Senior Director of Policy and Programs at the New York Immigration Coalition, an umbrella policy and advocacy organization that works statewide with over 200 immigrant-serving member and partner organizations. Thank you to Speaker Adams, Chair Brannan, and the members of the City Council for convening this hearing and allowing us the opportunity to testify.

Since entering office, Mayor Adams has cut the city's budget six times, making it difficult for New Yorkers to afford the basics and access critical timely services – everything from public libraries to child care to SNAP and cash assistance. For the past several months, Mayor Adams has fixated on creating the illusion of a fiscal crisis and a "migrant crisis" when there is none. The mayor has weaponized and exaggerated a manageable budget deficit to carry out an ideological agenda and budgeting strategy that undermines key pillars of our history, culture, and economic stability – challenging long-standing policies like Right to Shelter, alienating the working class and diverse communities, and threatening the infrastructure upon which our city relies.

The Mayor has unilaterally made unpopular, devastating cuts to libraries, public schools, Pre-K and 3K programs, language access, CUNY programs and a long list of essential services. Reports from the Independent Budget Office and the Fiscal Policy Institute, including the Council's revenue projections support what New Yorkers and advocates have been saying all along — that the administration has been overstating the asylum-seeker costs, and that the rounds of cuts to essential services were not necessary. Without continued and consistent funding, we risk losing not only the programs that best serve New Yorkers, but the organizations that provide them.

The NYIC, along with our partners in City Council and the community advocates here today, have a different vision than Mayor Adams. We want a people's budget — one that prioritizes the needs of working families and the diverse communities that are the backbone of our city – the ones that have, and continue, to drive our economic and cultural growth.

We cannot, and should not, forget the substantial contributions, and sacrifices, our immigrant communities have made to our city. Immigrant New Yorkers are more likely to be employed, are more likely to create jobs by starting a business, and contribute billions of dollars to our New York economy in both spending power and tax revenue.[1] In 2021, immigrant New Yorkers paid $61 billion in taxes, constituted $138 billion in spending power and accounted for 32.4 percent of New York's entrepreneurs.[2] Our immigrant neighbors, and fellow New Yorkers, not only support our city's financial growth — they also kept our city safe and running during the COVID-19 pandemic. In 2020, two-thirds of immigrant New Yorkers worked in essential businesses, accounting for almost one-third of health care sector workers, two-thirds of home health care workers, 41 percent of janitors and building cleaners — and the list goes on.[3]

Often, the discussion around immigrant New Yorkers has settled on a narrative of support — today I want to push back on that narrative and instead highlight that our immigrant communities are not a drain on resources, but a vital support without which New York cannot thrive. And while our newest neighbors — the recent arrivals and asylum seekers — do need our support and care, we cannot dismiss or overlook the opportunity and vitality these communities bring to our city.

The NYIC strongly urges the City Council to stand in solidarity with their communities and fully restore the funding and programs that support them so that they can uplift our city. We must:

- Fully renew funding for critical outreach programs for immigrants, including the Access Health Initiative and the Key to the City Initiative, which help connect thousands of immigrant New Yorkers to critical services.

- Fully restore funding to 3-K and Pre-K programs, the only free early childhood education and care available to many immigrant families. These programs are linked to higher academic outcomes, less engagement with the criminal justice system, and higher ultimate financial stability for children who go through these programs.

- Expand the Promise NYC child care voucher program to at least $20 million in order to continue providing child care to the youngest immigrant children who are not eligible for other forms of child care vouchers.

[1] https://comptroller.nyc.gov/reports/facts-not-fear-how-welcoming-immigrants-benefits-new-york-city/#_edn1
[2] https://map.americanimmigrationcouncil.org/locations/new-york/#
[3] https://cmsny.org/publications/new-york-essential-workers/

- Invest in New York City Public Schools (NYCPS) and CUNY, including protecting and expanding investments in the six new English Language Learner transfer schools outside of Manhattan that support newcomers and asylum seeker students where they live and work.

- Allocate $500,000 to NYC public schools that have recently received a large number of immigrant students. This investment will fund professional development from experts in evidence-based best practices on how to welcome and best serve immigrant and asylum seeking students for those schools who have not traditionally served these populations.

- Fight back against the Mayor's 30- and 60-day shelter rule by allocating adequate funding in the budget to expand the CityFHEPS voucher program. Long-time New Yorkers have been dealing with the NYC shelter system's broken policies long before asylum seekers started arriving in 2022. This administration has been stubbornly resistant to the comprehensive housing solutions passed by the City Council, which are more cost-effective, humane, and recognize the need to transition people into permanent housing through the CityFHEPS program. A housing voucher costs just $50 to $72 per night for families living in a 2-bedroom apartment, depending on the program. Meanwhile, New York City is spending on average $383 – or five times the amount of a housing voucher – to shelter households in emergency hotels.

- Invest $5 million to maintain the citywide Community Interpreter Bank (NYC Interpreter Bank) and continue the development of language services worker cooperatives (Interpreter Co-ops) for indigenous African, Asian and Latin American languages. interpreter co-ops connect trained, professional interpreters to city agencies and city-run providers, while enabling immigrant New Yorkers to pursue careers as language services professionals.

- Restore funding for professional development and technical assistance for DYCD-funded adult literacy programs that was decoupled from the funding for the programs themselves in FY24. This change has resulted in the field's technical assistance provider, the Literacy Assistance Center (LAC), losing $334,000 in Expansion funding, which represented over 60 percent of its DYCD funding dedicated to supporting community-based adult literacy programs.

New York City has long prided itself on being a city of vibrancy, diversity, and endless opportunity — a city that calls itself the capital of the world. And New Yorkers have long understood that our status as a beacon and safe haven for the global community is why we have, and continue to be, a cultural and financial leader on the national and international stage. To put it succinctly, our city is key to making our state, and country, great — and immigrants are key to making New York City great.

While we understand the need to be fiscally prudent, we cannot continue to allow unnecessarily conservative budget forecasting and unjustified funding cuts to threaten New York's most vibrant, and vulnerable, communities. In order to meet the overwhelming and unmet needs of New Yorkers, whether they've been here 30 years or 30 days, we must act strategically — not reactionarily.

So far, the Adams administration has cut costs without consideration, or care, of the long term effects on current New Yorkers and the future of our city. We call on you to end this practice today. Now is the time to ensure that our investments are protected, our people are taken care of, and that we maintain the services that allow all New Yorkers to thrive.

Thank you for the opportunity to testify.

Submitted by:
Caroline Conroy
Senior Director of Policy and Programs
New York Immigration Coalition

NYLAG
New York Legal Assistance Group

**Testimony by the New York Legal Assistance Group**

**Before the NYC Council Finance Committee on**

**The Preliminary Budget for FY25**

**March 4, 2024**

Chair Brannan, Council Members, and staff, good afternoon and thank you for the opportunity to speak to the Finance Committee about Legal Services in New York City as it relates to the FY25 Preliminary Budget. My name is Lisa Rivera, and I am the President & CEO at the New York Legal Assistance Group (NYLAG). NYLAG uses the power of the law to help New Yorkers in need combat social, racial, and economic injustice. We address emerging and urgent legal needs with comprehensive, free civil legal services, impact litigation, policy advocacy, and community education. NYLAG serves immigrants, seniors, the homebound, families facing foreclosure, renters facing eviction, low-income consumers, those in need of government assistance, children in need of special education, domestic violence survivors, persons with disabilities, patients with chronic illness or disease, low-wage workers, low-income members of the LGBTQ community, Holocaust survivors, veterans, as well as others in need of free legal services. NYLAG impacted the lives of more than 130,000 individuals in 2023 — the highest number in our 30+ year history as an organization — which is up from 113,000 in 2022.

NYLAG is proud to operate in a city that values the needs of New Yorkers with low income and supports the services they need through its annual budget. NYLAG is grateful to the City of

New York for its deep and ongoing commitment to civil legal services. NYLAG's staff are amongst the many legal and social service providers that are doing the essential work to support our communities — work that, in many instances, only exists because of the inequities, disparities, and obstacles present throughout all the systems we encounter. Despite the challenges in providing these services, we thank you for continuing to advocate for programs striving to create a more just and equitable society and uplift our neighbors. Today, we are asking the City to increase the investment in critical legal and social services that were designed to help our clients but are becoming increasingly difficult to access.

Not for profit providers have a rich history of responding during a crisis — creating innovative programming, gaining expertise in new areas, adapting programming during budget shortfalls to do even more with fewer resources, providing essential services during a pandemic, and never stopping because it is our mission to meet the most basic needs that our clients face in pursuit of creating a more equitable society — one in which they have the opportunity to thrive.

Long-term, continued investment in legal services — including the expertise housed within our organizations — is critical to meeting the current and future needs of individuals and families in New York. We cannot treat the question of legal services and support for New Yorkers as a temporary issue. Instead, long term investments must become a priority if we are going to able to address the ongoing and ever-changing legal needs of the communities we serve in New York City. Legal service providers need funding that meets our costs and supports our ability to provide innovative, culturally and linguistically competent services, and assist individuals in navigating the complexities of the various systems our clients must face when attempting to achieve justice, stability, safety and dignity for themselves and their families. This has been particularly apparent in services designed to meet the needs of our newly arrived neighbors and tenants.

Despite our strength as an organization of nearly 375 advocates, we have reached a tipping point. NYLAG's continued ability to respond to the ever-increasing need in the community, to recruit and retain staff, and to pay our advocates fair wages is at risk because of chronic underfunding, flat funding, contract delays, our inability to invoice for our services and cuts to programming.

NYLAG is a proud provider of many of the City's hallmark innovative programs to provide essential services to those who need them most, such as Right to Counsel for tenants at risk of eviction, and IOI, providing representation to immigrant New Yorkers at risk of immigration enforcement action. However, because of rising costs across the board, contracts that we have held for years, many of which are extended beyond the initial contract term without consistent funding increases if any, no longer cover the full cost of program operations. This impacts our organization's fiscal stability and our ability to recruit and retain qualified advocates who we need fighting for New Yorkers' rights. We are often forced to choose between diverting unrestricted philanthropic dollars, that could be used to expand services in line with community needs, to supplement city programs. While efforts like the Workforce Enhancement Initiative (WEI) are appreciated, it is not enough to close the gap caused by decades of undervaluing the work of not-for-profit providers especially when they are granted after the fiscal year has already commenced, sometimes 6-8 months later. This does not allow organizations to adequately budget or expend the funds available, and the resulting uncertainty undermines our efforts to increase capacity or raise salaries.

We continue to hear words of crises in our city, a "migrant crisis" being chief among them; but what I have witnessed over the last 18 months is not a crisis of any one group of people, as our new neighbors certainly did not cause a crisis. Rather, what we have all witnessed is a crisis of management and policy wherein not for profits who stand ready to lead have not been utilized in ways that maximize our connections to the community or our expertise. Instead, we have seen cuts to successful programs and faced growing uncertainty over what programs remain because of budget reduction concerns.

**Services, Safety Nets, and Policies to Address the Needs of Vulnerable New Yorkers**

It is critical that the City jointly invest in legal and social services to address critical issues facing New Yorkers, whether they're facing obstacles to accessing the benefits and supports they are entitled to or in need of services that empower them to fight injustice. Many of NYLAG's practice areas have been front and center this budget season, and we firmly reiterate the need for resources and policy changes to best serve those who need our service.

**Contracts**

Many existing contracts do not allow providers to offer competitive and fair wages to the staff implementing these services. We value the incredible work our advocates do every day and want to be able to give them fair and equitable wages. However, systemic challenges in nonprofit contracting with the City are limiting and have real impacts on our fiscal stability and the services we can provide. Years of contracts that haven't kept pace with rising costs, coupled with payment delays have threatened organizations' financial stability. Underfunding and payment delays doesn't just impact our organization, but also the legal rights of all low-income New Yorkers and New Yorkers in crisis.

- Our flat contract budgets do not cover year-over-year cost increases for salaries, healthcare premiums, utilities and space, and other OTPS costs that have continued to rise.

- The salaries that we offer our staff remain inadequate for the work that they do. Staff at civil legal services organizations fight systemic inequities every day, but they face their own struggles because the City fails to adequately value their work, which notably serves communities of color and other marginalized groups, because it's in these communities that said injustices are most prevalent.
- There is a real cost to doing business with the City. Nonprofit providers who are waiting for payments are forced to use lines of credit or take out interest-bearing loans, which diverts precious other resources away from services to meet community needs. While we appreciate the City's emphasis on transparency and increased work on improving contracting, providers still face many challenges in receiving payments. Many staff hours are invested in the contracting and invoicing process which can be inconsistent, redundant, and slow.
- Notably, in an effort to improve historic contracting issues, the City switched to PASSport to reduce repetitive uploading of documents and streamline efficiencies. With this transition, we have been unable to invoice for our work since December. As a result, we have once again had to borrow to make payroll.

**Immigration**

Although New York City has welcomed large numbers of migrants seeking refuge in the last nearly two years, the lack of significant new investment in legal services organizations has resulted in a diminished ability to leverage our deep expertise to serve newly arrived immigrants and the overstretching of existing programming at the expense of existing clients. For recently arrived migrants from the southern border, legal services are a necessity as they hope to secure status, access benefits, and begin building a life in the U.S. Continued investment and support of legal services is critical to expand our ability to meet the need of this community. This is a time to do more, not less.

One of the greatest challenges in providing expert immigration legal services is the sheer length of time most applications and cases take in full. The City has vastly relied on *pro se* assistance centers and clinics to meet community needs, which provide guidance and support in beginning application processes, but do not include full representation. While application assistance is an extremely important *initial* step to help asylum seekers meet their one-year filing deadline and start them along the path to obtaining employment authorization, legal services organizations need continuing and long-term investments to continue support immigrants throughout the long process of obtaining asylum and permanent protection from removal and harm. Application assistance alone is insufficient to properly address all the needs of noncitizens who want and need individual guidance and counsel on their options and next steps, making access to continued support and information crucial during a complicated and ever-changing process.

As practitioners who have worked for many years serving the immigrant community in NYC, we know that after the initial application for asylum, many additional steps will be required, including the preparation of testimony, legal briefing, and supporting documents, in order to secure asylum and permanent protection. Indeed, we also know the risks of improperly prepared applications, which may cause real harm to asylum seekers many years after their initial filing, when their claims are finally heard. Over-reliance on one solution will undermine City efforts to create pathways to work authorization and decrease reliance on the shelter system.

The City funds a variety of immigration services, including work with recently arrived immigrants and longtime members of our communities alike. Ideally with proper investment, we meet the legal needs of large numbers of asylum seekers arriving in New York City — after what is almost always a long and traumatic journey — and provide them with application assistance and access to resources. We also provide pathways to permanency for immigrant New Yorkers, longtime members of our communities, so that they can achieve stability, safety, and justice, through immigration status. NYLAG deeply appreciates the City's priority in providing full legal representation through the Immigrant Opportunities Initiative administered through OCJ, as it was and remains an innovative program that has proven successful in ensuring representation for individuals in removal proceedings. NYLAG, along with our colleagues in other legal service institutions, fear that *pro se* and brief services will be placed at the forefront in future iterations, especially following the various housing RFxs that created separate contracts for brief legal services and full legal representation in the housing context.

Principally funding brief or *pro se* immigration legal services at the expense of full representation will not serve the City's interest in moving people out of shelter. While the filing of asylum applications and the subsequent application for employment authorizations may help many people start working, representation in removal proceedings is vital for a successful outcome, as most unrepresented people will ultimately be ordered deported. This makes reductions in funding for programs like the Rapid Response Legal Collaborative (RRLC), in which NYLAG, UnLocal, and Make the Road New York work together to provide comprehensive legal, social, and educational services to advocate for clients with removal orders, all the more dire.

Over the last 18 months, RRLC has filed over 140 Motions to Reopen and appeals, most of which were for recently arrived immigrants, many of whom failed to appear for a hearing despite having no reliable way to receive their notices in the mail. NYLAG has worked diligently to halt deportations and remove people from ICE custody and reopen cases for those removed with no due process. To illustrate the importance of expertise in rapidly responding to these cases, NYLAG and the RRLC partners represented individuals who were ordered removed in absentia after being denied entry to the immigration court by guards outside the courts. Of the more than 50 cases filed by the RRLC for these individuals over the past year, the vast majority — 82% — were reopened. We have also been inundated with requests to represent *pro se* applicants for asylum who have been ordered deported by judges in hearings that are rife with due process and other legal issues. For example, a *pro se* survivor of domestic violence in her home country was denied asylum, notwithstanding the fact that the immigration judge found her to be credible. In that case, the asylum applicant attempted to testify about the horrific abuse that she had encountered at the hands of her husband but was cut off by the judge and had her application for asylum denied, in contravention of clear case law. NYLAG took the case on appeal and is currently providing her with full representation.

There are far more examples just like these that show the importance of prioritizing newly arrived immigrants' long-term needs, which the City has failed to do via funding despite continuing to rely on organizations with expertise like NYLAG to pick up not only the growing needs in these communities, but also correcting the mistakes that those lacking the expertise leave behind in people's cases.

Given the diversity of the current migrant populations, case postures, and treatment by federal policies, there is no one size fits all. New York City is fortunate to have a breadth of legal service providers with different talents, personnel, and areas of expertise and the City should encourage creativity and diversity in programming to serve existing needs and anticipate future needs. Our expertise should be valued and used in making decisions about current and future programming as we have been in the past. The funding for legal services must be kept flexible and consistent; cutting funding precipitously requires legal services providers to absorb the cost of continuing the cases and leaves vulnerable communities without sustained representation. Flexible funding also allows legal services providers to better leverage our programmatic and legal expertise to meet emerging needs. Finally, we would urge greater collaboration with legal services providers and community-based organizations. Closer collaboration would center the communities we serve and allow the City to benefit from the years of experience implementing programming for immigrants held within these organizations.

**Housing — Right to Counsel**

On August 3, 2023, the City published the Anti-Eviction Full Legal Representation RFx. At the outset, the RFx underfunds the program — with an anticipated funding of $408,520,077 for fiscal years 2025 through 2027 — and has several shortcomings and many providers submitted protests in response.

To fully implement Right to Counsel, providers estimated last year that an additional $351 million in funding was needed. While we are grateful that the City allocated an additional $20 million to the program, the estimated costs associated with fully implementing the Right to Counsel far exceed that additional funding. There are approximately 71,000 eligible eviction cases and only about 44,000 would be "covered" under the existing funding structure which is about 62% of the tenants that will be potentially eligible. Moreover, the RFx failed to adequately fund the true cost of providing these services despite data collected by legal services providers that shows that an eviction case costs on average 40% more than the City's proposed case rate. However, rather than issue a case rate that reflected the genuine cost of services, the City told providers to propose their own cost rate while the overall funding and number of cases covered by the program remained the same ($408,520,077 to fund 44,000 eviction cases at $3,063 per case).

Against this backdrop, rents continue to rise, evictions are skyrocketing, and the affordable housing stock continues to dwindle, and individuals are being denied access to shelter. The funding needed to fully implement Right to Counsel is significantly less than the nearly $2 billion spent on sheltering the unhoused. Funding used on the Right to Counsel program will significantly offset the need to spend money on shelters and is a proven powerful tool to combat the housing crisis in New York City.

Additionally, we are now four months away from the end of the fiscal year and awards for the Right to Counsel RFP have not been made. As such, we do know if we've been granted any award and if so, at what level. This impacts our ability to plan successful programming, make hiring decisions, and staff accordingly. The City must immediately prioritize implementing contract extensions to minimize delays in contract registration and payment so that we can access advances on any such contracts so that we can pay our staff.

**CityFHEPS**

FHEPS is a critical rent supplement for families who are experiencing homelessness or are facing eviction, including those who have lost their housing or ability to pay for housing due to domestic violence, or because of health or safety issues. The subsidies were developed to prevent individuals from entering the shelter system and to enable them to more rapidly exit shelters. CityFHEPS is administered by the City's Department of Social Services, and New Yorkers qualify after meeting certain criteria — households with a gross income at or below 200% of the federal poverty level and facing eviction.

We applaud the City Council's efforts to expand access to vouchers last year and have been profoundly disappointed in the City's decision to not implement the law thereby excluding eligible families from access to benefits that would allow them to exit shelters and obtain permanent housing.

**FY25 NYLAG Requests:**

For FY25, NYLAG has submitted the following initiative requests, for which we are asking to be renewed funding. It is funding through these City Council initiatives that allows us to provide critical legal services to low-income and vulnerable New Yorkers and remain nimble as needs shift. We thank you for your continued partnership and consideration of these requests.

Legal Services for Low-Income New Yorkers: $1,020,000

Immigrant Opportunities Initiative: $700,000

Immigrant Health Initiative: $500,000

Low-Wage Worker Support: $337,852

Legal Services for Veterans: $125,000

**Conclusion:**

I have testified about this before, but a budget reflects values. As such, the City needs to invest more, not less, in initiatives that uplift and invest in communities that need it most. Now is not the time to pull back. Instead, a focus on meaningful access to programs that defend one's ability to access food, stable housing, achieving safety, ability to work, receive a proper education is needed to address rising inequality and poverty in NYC. Investment in legal and social services is an investment in the people of NYC.

I want to once again take the opportunity to thank Chair Brannan and the members of the Committee for their exceptional leadership and commitment to prioritizing the needs of low-income New Yorkers in the City budget and for this hearing today. I welcome the opportunity to discuss any of these matters with the Committee further.

Respectfully submitted,

Lisa Rivera, New York Legal Assistance Group

**Testimony by the New York Legal Assistance Group (NYLAG)**

**before the NYC Council Committee on Immigration regarding:**

**Preliminary Budget for Fiscal Year 2025, the Preliminary Capital Plan for Fiscal Years 2024-2028, and the Fiscal 2024 Preliminary Mayor's Management Report**.

**March 5, 2024**

Chair Avilés, Council Members, and staff, good afternoon and thank you for the opportunity to speak to the Immigration Committee about Legal Services for Asylum Seekers in New York City. My name is Melissa Chua, and I am the Co-Director Immigrant Protection Unit at the New York Legal Assistance Group (NYLAG). NYLAG uses the power of the law to help New Yorkers in need combat social, racial, and economic injustice. We address emerging and urgent legal needs with comprehensive, free civil legal services, impact litigation, policy advocacy, and community education. NYLAG serves immigrants, seniors, the homebound, families facing foreclosure, renters facing eviction, low-income consumers, those in need of government assistance, children in need of special education, domestic violence survivors, persons with disabilities, patients with chronic illness or disease, low-wage workers, low-income members of the LGBTQ community, Holocaust survivors, veterans, as well as others in need of free legal services.

We appreciate the opportunity to testify to the Immigration Committee regarding legal services for asylum seekers in New York City. NYLAG is proud to operate in a City that values its immigrant citizens and supports much-needed services to them through its annual budget. Long-term, continued investment in legal services – including the deep expertise housed within our organizations -- is crucial to meeting the current and future needs of immigrant families in New York. We cannot treat the question of legal services and supports for new New Yorkers as a temporary issue. Instead, we support the investment in expertise, programming, and services to continue to meet the ongoing and ever-changing legal needs of the immigrant community in New York City. Legal service providers need funding that meets our costs and supports our ability to provide innovative, culturally and linguistically competent services, and assist immigrants in navigating the complexities of immigration legal system.

## **The Current Immigration Landscape**

Although New York City has welcomed large numbers of migrants seeking refuge in the last nearly two years the lack of significant new investment in legal services organizations has resulted in a diminished ability to leverage our deep expertise to serve newly arrived immigrants and the overstretching of existing programming at the expense of existing clients.

There has been a large influx of migrants at the Southern Border since the Spring of 2022. While initially the majority of families and individuals coming to New York from the Southern Border were initially from Venezuela, the newly arrived immigrants now come from a number of different countries from all over the world, including Ecuador, Peru, Colombia, Afghanistan, Mauritania, Guinea, Russia, and Burkina Faso. The vast majority of these families and individuals are granted entry into the United States in order to begin removal (deportation) proceedings and are asked to report to Immigration and Customs Enforcement (ICE). However, the breakdown of the ICE surveillance programs and the inability of the Immigration Courts to process and schedule hearings for these migrants has created an urgent crisis in the immigration legal field. These individuals and families are desperate for information to translate documents, guide them as to the requirements and next steps, and advise them how to navigate this broken system. Many migrants are rapidly approaching their one-year anniversary in the United States and must file an application for asylum to preserve their right to seek protection. Where and how they can file this complex twelve-page English only application is a major source of confusion as most people are in a procedural limbo and will need legal assistance in filing. Obstacles to quality, free legal advice and guidance will cause families to seek information from poorly skilled or unscrupulous providers who prey on their desperation.

## **Continued Investment in Legal Expertise and Long-Term Programming**

To meet the incredible need for legal services, a vision for the long-term that invests in flexible programming and expertise is vitally important. Last year, in response to the large numbers of newly arrived immigrants, community-based organizations and legal Service providers, NYLAG among them, came together to develop innovative programming to maximize the limited legal resources and personnel and to provide community oriented, high quality legal assistance. One of the programs that was developed during this process was the Pro Se Plus Project (PSPP), which was established through private investment and now receives support from the City and State. The PSPP, a collective of organizations including NYLAG, African Communities Together, Central American Legal Assistance (CALA), Catholic Migration Services (CMS), MASA, UnLocal, and Venezuelans and Immigrants Aid (VIA), aims to empower recently arrived migrants with the knowledge and tools to advocate for themselves throughout their immigration process and mobilizes community supporters. The PSPP believes that while full representation remains essential, *pro se* assistance that is robust and delivered by lawyers and non-lawyers who have meaningful training and supervision can fill some of the gaps in services. PSPP is also founded on the belief that while *pro se* application assistance is an important initial step, it is only the first part of a long and complicated process during which continued support and information are crucial. Since its inception at the end of last year to date, PSPP has provided information, training, and *pro se* assistance to over 10,000 immigrants and supporters throughout New York City.

PSPP aims to empower the communities we serve through multiple means. The first is robust community education in multiple languages about the U.S. immigration system, and basic services and requirements that intersect with that system (school enrollment, worker's rights, health insurance, identification). Because of deep confusion about the process, and inconsistencies in paperwork and the changing landscape of how migrants are processed, broad group orientations and general information packets are a good starting point for all migrants but are insufficient to properly address the needs. Noncitizens want and need individual guidance and counsel on their options, next steps, and process. The PSPP is centering community-based organizations such as Venezuelan Immigrant Assistance (VIA), MASA, and African Communities Together to provide linguistically and culturally appropriate orientation, information, and guidance. Alongside these community education materials, the PSPP provides trainings to mobilize community supporters to grow the community of individuals supporting newly arrived immigrants.

However, legal orientation must be accompanied by a renewed investment in robust advice and counsel, *pro se* application assistance, and ongoing removal defense representation. Although the number of immigrants in removal proceedings has skyrocketed to more than one million pending cases nationwide while funding for removal defense legal services has largely remained static. As has often been reported, having legal representation makes a significant difference in the outcome of an asylum claim. It is critical that the city re-invest in attorneys to provide robust advice and counsel and full representation to not only this population of newly arrived asylum seekers but the thousands of other New York-based asylum seekers who have been on the waitlists of non-profit organizations for years. These are not legally distinct populations, and the need should be addressed holistically. Additionally, with the ever-fluctuating policies at the border, there are likely to be additional waves of migrants coming into the U.S. and to New York in the upcoming months and years and any programming and services should be forward looking and flexible to address future needs as well as the needs from migrants who migrated to New York City this summer.

To respond to this everchanging and growing need, alongside community education, PSPP provides screenings for full immigration relief, robust *pro se* application assistance done by volunteers under highly experienced immigration attorneys, and connection to full representation where possible. Since beginning our programming earlier this year, PSPP has provided full legal screenings to approximately 2000 individuals and families to provide options for immigration relief, triage cases with upcoming deadlines, and provide individualize advice and counsel for large numbers of migrants. PSPP also assists with simple services such as change of addresses and changes of venue and gives guidance and information on the difference between an ICE check-in and an Immigration Court hearing, guides people on how to find out about upcoming court hearings, and eligibility criteria for asylum and other immigration relief. In addition, while PSPP is supported by immigration attorneys with deep asylum experience, we also leverage the existing knowledge in our organizations to screen for all forms of relief, including U and T visas, family-based immigration relief, and TPS, connecting newly arrived immigrants with services for each type of relief where appropriate.

PSPP also works with volunteers, pro bono attorneys, and community supporters to prepare asylum applications *pro se.* However, PSPP believes the initial application for asylum is merely the first step to securing long term stability and protection for families. After assisting with the preparation and filing of the *pro se* application, PSPP then supports in the critical next steps of an asylum applicant's journey, understanding that many newly arrived immigrants will have to navigate the entire process alone. PSPP answers follow-up questions about filings, provides guidance and support through the next phases of the immigration process, and, when the time is appropriate in a case, connect applicants when possible with full representation. To support asylum applicants through their immigration process, PSPP provides robust trainings about asylum law, immigration court and its processes, and are in the process of producing supporting materials for filings to be made broadly available. We also leverage our deep immigration expertise to provide continuing support for later applications that applicants may become eligible for, such as employment authorization and TPS. For example, as soon as the redesignation of Temporary Protected Status (TPS) was announced for Venezuelan nationals, PSPP staff began reaching back out to *pro se* applicants we had served to inform them and start scheduling them for assistance applying for TPS. Similarly, PSPP staff tracks the filing of asylum applications, reaching back out to individuals who are nearing 150 days after filing for asylum to let them know they can return to PSPP providers to apply for employment authorization.

Finally, legal triage and *pro se* assistance will not be able to fully address the entire need. There needs to be increased and continued investment in full representation for individuals and families who cannot proceed *pro se* who will need to challenge a removal order or appeal a case. There needs to be additional programming and funding for other models of service and traditional full representation. Moreover even with the introduction of the redesignation of TPS for Venezuelans, continued investment in asylum application assistance, including full representation is absolutely crucial. While TPS is an important protection from removal, it is as its name plainly indicates – temporary. While TPS can be extended theoretically every 18 months, it does now provide the holder any permanent protection from harm, nor does it allow for the permanent reunification of families. Moreover, while many off the recent asylum seekers are Venezuelan nationals who can benefit from TPS, it goes without saying that there are thousands of asylum seekers in New York City who are not Venezuelan nationals and cannot benefit from TPS. Given the diversity of the current migrant populations, case postures, and treatment by federal policies, there is no one size fits all. New York City is fortunate to have a breadth of legal service providers with different talents, personnel, and areas of expertise and the City would be wise to encourage creativity and diversity in programming to serve existing needs and anticipate future needs.

**Defunding and Diluting Existing Programs Contrary to Expert Opinions and Community Need**

NYLAG has already seen many newly arrived immigrants who were ordered deported without the opportunity to present their claim for asylum or have been ordered deported after *pro se* hearings during which there were serious due process and other legal issues. Moreover, with the issues concerning mail created by the recent 30/60 day shelter rules, we anticipate that the number of individuals who are ordered deported *in absentia* for failure to receive notice of their hearings will increase over the next year. To preserve the rights of these asylum seekers and ensure that they continue to be able to work legally within the United States, an appeal or motion to reopen must be timely filed. However, these motions and appeals require a specific area of expertise that has been developed over the last five years of RRLC's post-order work.

Since July of 2022, NYLAG and its partners in the Rapid Response Legal Collaborative (RRLC) have already filed more than 140 Motions to Reopen and appeals, the majority of which have been for newly arrived migrants. One young man was ordered removed after he failed to appear for a hearing. The Immigration Judge had pressured him to appear with a lawyer and he could not find a legal service provider with capacity. He was then detained by ICE at his surveillance check-in. Fortunately, NYLAG was able to get his deportation halted at the last minute, get his case reopened by the Immigration Judge, and secure his release from ICE custody. In a number of other cases, NYLAG and the RRLC partners represented individuals who were ordered removed *in absentia* after having being denied entry to the immigration court by guards outside the courts. Indeed, of the over 50 cases filed by the RRLC for individuals ordered removed without due process over the past year, the vast majority – 82% – were reopened, a testament to the crucial expertise needed to respond to these cases in a short period of time.

Similarly, NYLAG has been inundated with requests to represent *pro se* applicants for asylum who have been ordered deported by judges in hearings that are rife with due process and other legal issues. In one such case that NYLAG took on, a *pro se* survivor of domestic violence in her home country was denied asylum, notwithstanding the fact that the immigration judge found her to be credible. In that case, the asylum applicant attempted to testify about the horrific abuse that she had encountered at the hands of her husband but was cut off by the judge and had her application for asylum denied, in contravention of clear caselaw. NYLAG took the case on post-order for appeal and is currently providing full representation on her case.

Flexible and sustained funding for legal services providers must also include continued funding to provide legal services to individuals post removal order. We anticipate that *in absentia* orders will only continue to be issued in record numbers because of administrative errors due to the large number of immigrants being routed to removal proceedings and non-receipt of mail due to changing right to shelter policies, as immigrants in proceedings will certainly continue to fail to receive important notices necessary to ensure their attendance in court. Indeed, NYLAG and the RRLC partners continue to be inundated with requests for assistance for motions to reopen and rescind *in absentia* orders for newly arrived asylum seekers. Similarly, we anticipate that the need to handle appeals for *pro se* litigants will only increase. Timely appeals will be necessary to protect their rights and also to ensure that they can continue to have work authorization. Notwithstanding the growing need for post-order work for newly arrived asylum seekers, this past year, RRLC's funding was cut and we anticipate that it will be cut again, affecting our ability to utilize our deep expertise to act quickly and effectively in these spaces. Sustained and flexible funding is necessary to ensure the ongoing preservation of asylum seekers' rights and ensure their path to employment authorization and protection from harm.

**Continued Support for Representation of Immigrants through IOI**

NYLAG has always respected the City's valuing full legal representation through the Immigrant Opportunities Initiative administered through OCJ. Despite the current influx of recently arrived migrants to New York City, the need for full representation for immigrants facing removal proceedings should continue to be prioritized through this contract. NYLAG, along with our colleagues in other legal service institutions, fear that pro se and brief services will be placed at the forefront of this project when it is up for renewal this fiscal year, especially following the recent announcement that the City intends to separate contracts for brief legal services and full legal representation in the housing context.

Principally funding brief or *pro se* immigration legal services at the expense of full representation will not serve the City's interest in moving people out of shelter. While the filing of asylum applications and the subsequent application for employment authorizations may help many people start working, most unrepresented people in removal proceedings will ultimately be ordered deported.[1] Sometimes the proceedings will last several years, but many people in shelters have been placed on accelerated dockets and many will be ordered deported before or shortly after they receive work authorization. People with deportation orders, by and large, are not physically removed from the United States. Rather, they lose their work authorization and lose almost any chance of becoming documented in the future. Therefore, they will end up staying in–or returning to–shelter indefinitely. People who are granted asylum, however, gain access to federal refugee resettlement assistance–which includes federal rental assistance, public benefits, and other supportive services–that will help them leave shelter immediately and permanently.[2]

Filing asylum and work authorization applications is not sufficient to successfully address the crisis our City is currently facing. The City must simultaneously fund full and competent litigation of those asylum applications to reliably move recently arrived immigrants out of the shelter system and towards stability. The best and most enduring method for alleviating pressures on the New York City shelters is to provide dedicated full representation to vulnerable asylum seekers to help them achieve a grant of asylum and access to federal benefits.

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[1] Access to Counsel | National Immigrant Justice Center (immigrants are five times more likely to prevail in immigration court with a lawyer; lawyers are even more critical for successful outcomes for vulnerable populations)
[2] orr_asylee_fact_sheet.pdf (hhs.gov) (asylees and their family members have access to federal benefits including cash assistance, medical assistance, employment preparation, job placement, English language training, and other services offered through the Office of Refugee Resettlement as well as state benefits, disability benefits, and other assistance.)

**Reconceptualization of Proposed Funding for ActionNYC**

The Action NYC project which has served New York City's immigrant communities through community-based organizations and city institutions such as libraries, schools, and hospitals, is being renamed the Legal Support Centers and a recent concept paper makes significant changes to the existing ActionNYC model, undermining the purpose and integrity of the program, and if implemented as currently conceived, will be a disservice to immigrants. NYLAG has both overall concerns with the model proposed and is extremely disappointed that this concept paper, as confirmed by MOIA at the November 28, 2023 information session, eliminates the ActionNYC in Institutions programs, including ActionNYC in Hospitals, Schools and Libraries.

The model proposed in the Legal Support Centers concept paper is wholly inadequate in responding to the needs of the NYC's immigrant community and impedes the goals of this funding and programming to develop the city's infrastructure to bring legal services and other supports closer to immigrant communities and maximize available city resources. At present, the ActionNYC program provides comprehensive legal assistance which includes preparing and filing affirmative applications with USCIS, representing clients in their USCIS interviews, responding to requests for evidence, and challenging erroneous denials. Under the proposed Legal Support Centers model, program requirements will increase while funding and resources remain level. Additionally, the proposed goals and deliverables over-emphasize brief legal services to the detriment of full representation matters. Finally, a number of new deliverables separate from legal work including conducting off-site legal screening clinics, conducting numerous presentations, and recruiting, training, and overseeing volunteers, will burden the one staff attorney on each contract and will detract from performing direct client services.

Since 2017, NYLAG's LegalHealth Unit has been proud to partner with MOIA through the ActionNYC in Hospitals program. LegalHealth is the nation's largest Medical-Legal Partnership (MLP), with 34 hospital and community health partners across NYC, Long Island, and Westchester, including New York City's public hospital system and other safety net hospitals. Over the past six years, we have grown our immigration services programs at NYC H+H Lincoln, Elmhurst, and Gouvernuer Hospitals and built a deeply knowledgeable and committed staff. MOIA, in collaboration with NYC H+H, selected these health care locations because of their geographic location in relation to high density of immigrant populations. Through ActionNYC in Hospitals, we have been a pivotal resource for hospital patients and community members seeking to access immigration legal services, and key resource for the advancement of health equity for immigrants in NYC. The need for this program is clear. Since 2017, ActionNYC in Hospitals clinics have served a total of 9,058 clients, broken down as follows: 3,600 at NYC H+H Elmhurst Hospital; 2,723 at NYC H+H Gotham Gouverneur Health; and 2,735 at NYC H+H Lincoln Hospital. Legal Services provided include a wide range of affirmative immigration filings, including medical deferred action, visa extensions for medical purposes, VAWA and U visa applications, SIJS and other immigration filings.

The elimination of ActionNYC in Hospitals will leave many vulnerable patients without access to time-sensitive legal services. ActionNYC in Hospitals serves especially vulnerable immigrant New Yorkers, including many who are in-patient or otherwise medically compromised and therefore unable to navigate the community legal centers model as proposed, including recently arrived migrants. At the same time, patients present with increasingly complex immigration matters. In addition to representing clients in medical deferred action, visa extensions for medical purposes, VAWA and U visa application, SIJS, and other immigration filings for hospital patients at our ActionNYC hospital clinics, our staff have also developed skills and knowledge in facilitating Medicaid enrollment for formerly undocumented clients in order to access the necessary lifesaving treatment.

**Increase Cost of Legal Services Due to 30/60 Day Shelter Rule**

Despite the fact that shelter in New York City is legally mandated to be provided to every person, regardless of immigration status, the City has been consistently failing to provide, or providing sub-standard, shelter to recent arrivals since that time, most recently introducing the 30/60 day rule. While cruel and dehumanizing, the 30/60 day rule will also impact the ability for new immigrants to obtain and maintain status, and squander money invested to put immigrants on the road to financial stability. Much of immigration law relies upon the receipt of physical mail, including the courts and USCIS, the part of the federal government that processes benefits such as Temporary Protected Status (TPS) and employment authorization documents. Missing a piece of mail may mean that an individual fails to receive important notices concerning their appearances in court, fingerprints, or time sensitive responses to applications, resulting in deportation orders and denied applications. Holding mail at a location other than where the individual is located is not a viable solution, as individuals may have to travel long distances to check their mail and much of the mail from immigration is extremely time sensitive. Moreover, the processes of updating one's address with the immigration courts and USCIS are complicated and arcane, often taking weeks to take effect. The housing and address instability caused by the 30/60 day rule will result in, at best, unnecessary wasted efforts to constantly update addresses for those subject to the rule. At worst, the 30/60 rule will result in thousands of missed hearings and notices, squandering the vast resources the City has already invested in application assistance, and exposing newly arrived immigrants to deportation and further exploitation.

NYLAG has already seen a number of cases impacted by the 30/60 day rule. In one case, notwithstanding the fact that a *pro se* client had updated the immigration court with their new address, they failed to receive the notice of an upcoming hearing. Although NYLAG was able to help the client determine their next hearing date and attend, had it not been for our intervention, the client would have missed their hearing and been deprived of their work authorization and opportunity to have their asylum claim heard. NYLAG staff has also had to invest resources in helping clients change addresses with USCIS and immigration court when they are displaced, squandering already limited resources.

**Restoration of Funding for Ukrainian Nationals**

This past year, the Mayor's Office of Immigrant Affairs precipitously cut more than $1 million and completely eliminated the Ukraine Response Initiative, a collaborative between NYLAG, Catholic Charities, New York Immigration Coalition, and community organizations providing a host of support services for recently arrived Ukrainians. As of July 3, 2023, more than two hundred thousand applications were filed by individuals sponsoring displaced Ukrainians through the Uniting for Ukraine program. Of the approved Ukrainian parolees, 35,052 of those individuals are in New York – more than any other state and 68% of those (23,717) reside in New York City-primarily Brooklyn's greater Coney Island area, which is the top resettlement destination for displaced Ukrainians seeking refuge in the U.S.

Since the start of the invasion, URI has screened New York's Ukrainian population, provided legal consultations and assistance with application for Temporary Protection Status (TPS), Employment Authorization Documents (EADs), and Advance Parole (AP) documents so they could travel to see their relatives displaced throughout Europe. Through URI, NYLAG conducted 39 clinics, at least 20 trainings, and consulted or assisted 748 clients through our clinic program alone. Moreover, while MOIA announced that the URI program would be completed defunded at the start of fiscal year 2023 but NYLAG and its partners have an ethical and moral obligation to continue to serve the thousands of Ukrainians who are need assistance with renewing TPS, renewing EADs, extending parole, among other legal services. We have sought some private funding but have mostly continued this work without financial support.

I want to once again take the opportunity to thank Chair Aviles and the members of the Committee for their exceptional leadership and commitment to overseeing issues related to immigration in New York City, and for working to schedule this hearing today. I welcome the opportunity to discuss any of these matters with the Committee further.

Respectfully submitted,

Melissa Chua

New York Legal Assistance Group

**Testimony**
New York City Council Committee on Finance
Fiscal Year 2025 Budget Hearing
March 4, 2024

Submitted by:
Marianela Diaz
Campaign and Policy Manager
Human Services Council of NY

## Introduction

Good afternoon, Chair Brannan, and members of the New York City Council Committee on Finance. My name is Marianela Diaz, and I am the Campaign and Policy Manager at the Human Services Council (HSC), a membership organization representing over 170 human services providers in New York City. HSC serves our membership as a coordinating body, advocate, and intermediary between the human services sector and government. We take on this work so that our members can focus on running their organizations and providing critical direct support to New Yorkers. These are the nonprofits that support our city's children, seniors, those experiencing homelessness, people with disabilities, individuals who are incarcerated or otherwise involved in the justice system, immigrants, and individuals coping with substance abuse and other mental health and behavioral challenges. We strive to help our members better serve their clients by addressing matters such as government procurement practices, disaster preparedness and recovery, government funding, and public policies that impact the sector.

The government has transferred most legally mandated human services for New Yorkers to the nonprofit sector to save on costs. Nonprofits are not just more cost-effective, but also deliver higher quality services than government can alone, by combining government and private resources and being more agile and able to adapt to community needs. But as the sector has stretched to meet community needs, providers are met with chronic delays in payment, underfunding, and a lack of sincere collaboration to create meaningful and lasting interventions, which strips away limited resources. Government reliance on the nonprofit human services sector for a broad range of vital public services has steadily grown over at least the past three decades. During that time, total New York City employment in the core social assistance sector doubled, increasing more than two-and-a-half times as fast as total private sector employment. However, human service workers make between 20-35 percent less in median annual wages and benefits than workers in comparable positions in the public and private sector.

## Invest in a 5% COLA for Human Services Workers

We thank the City Council for the $100M workforce investment for the last two years and the $50M investment next year, which is a step in fairly compensating frontline workers. However, the workforce investment is not a true cost-of-living adjustment (COLA) with a guaranteed percentage increase for all contracted human services workers. Also, the Workforce Enhancement Initiative is based on City tax levy funds and not the entire landscape of funding available to the City, including State and federal funds. This is not a fair investment as human services workers deserve full wage increases for the critical services they provide to New Yorkers. A COLA is a significant step to address the historic underfunding and lack of investment in the human services sector as these workers do some of the most important jobs in our communities yet are underpaid and undervalued. As government is the predominant funder of human services through government contracts, this has resulted in nearly 25% of all human services workers qualifying for food stamps in 2016-2018. Low wages also have a sweeping effect on workplace conditions and the outcome of programs, with high staff turnover and vacancy rates resulting in heavy and unsustainable workloads.

According to a fiscal brief by the IBO, if the City provided a COLA matching the DC 37 agreement, the human services sector would need a 16% COLA. However, this does not include the one-time bonus, $18 minimum wage, or retroactive pay that DC 37 received or the pre-existing wage gaps between human services workers and City employees who do comparable work. Poverty-level wages for City-contracted human services workers not only harm workers but put communities at risk by contributing to staff turnover and program closures. Therefore, we ask that **the City includes a 5% COLA ($150 million, with $50 million already allocated from the Workforce Enhancement Initiative) in the FY25 budget and 3% COLAs for the next two years each year on the personal services line of all human services contracts** is needed to ensure this vital workforce does not slip further into poverty.

**Conclusion**

Years of underfunding of the sector have resulted in the human services workforce being some of the lowest compensated workers in New York City's economy. These are workers who do some of the most important jobs in our communities; they take care of our aging neighbors, assist families in staying in their homes, work with people to overcome substance abuse and addiction, and help people from all walks of life in the event of an emergency. Yet despite all of this, they are drastically underpaid. City agencies are not getting a deal by chronically underfunding human services contracts to balance the budget; it is further harming the low wage workers the City relies on to keep these programs running while pushing community-rooted nonprofits into failure during a time of increased need. It is fundamental to invest in a **5% COLA in the FY25 budget and publicly commit to a 3% COLA in each of the next two years, bringing the full investment in human services workers to 16%.**

Thank you for giving me this opportunity to testify. We greatly value our partnership with you and the City Council and know you stand with us in our call to support the human services sector.

Marianela Diaz
Campaign and Policy Manager
Human Services Council of NY
diazm@humanservicescouncil.org

**Testimony**
New York City Council Committee on Finance
Fiscal Year 2025 Budget Hearing
March 2024

Submitted by:
Michelle Jackson
Executive Director
Human Services Council of NY

## Introduction

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Michelle Jackson
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**Testimony: New York City Council Finance Committee**
**Hearing on NYC Fiscal Year 2025 Preliminary Budget**
**March 4, 2024**
**Ana Champeny, Vice President for Research**

Good afternoon, Chair Brannan and members of the City Council Finance Committee. I am Ana Champeny, Vice President for Research at the Citizens Budget Commission (CBC), a nonpartisan, nonprofit think tank and watchdog dedicated to constructive change in the finances, services, and policies of New York City and New York State governments. Thank you for the opportunity to testify on the NYC Fiscal Year 2025 Preliminary Budget.

Chronic underbudgeting and the more recent trend of funding recurring programs one year at a time—what we call the fiscal cliff—have grown to dangerous levels in recent years. These, along with the surge in costs to support migrants and asylum seekers, put the City's fiscal health at significant risk despite an expanding economy.

Through its role in shaping the City budget, the City Council will partly determine whether the City's fiscal foundation is stable, and therefore, whether the City will be able to serve New Yorkers well.

We urge you to ensure that your proposals to add or modify spending are affordable and do not make the City budget even more fiscally precarious. This first requires that the City fully fund the programs it plans to deliver. The spending plan has to accurately reflect the program plan. While the Administration made some important improvements to budget transparency by funding some previously underbudgeted ongoing programs, much more must be done to show clearly the City's fiscal condition once current services are fully funded in the budget.

By this, for example, we mean that the funding required to support the current level of City FHEPS vouchers—whose costs are expected to exceed $800 million this year but are budgeted at approximately $150 million next year—should be in the budget before adding or expanding this or other programs. Adding programs when the current ones are not fully funded, yet are expected to continue, adds unsupportable weight to the fiscal house of cards.

CBC's analysis finds that the Preliminary Budget presents balanced budgets for fiscal years 2024 and 2025 as required by law; however, proposed spending in fiscal year 2025 is short by $3.6 billion needed to continue the current level of services. (A full table is provided with the testimony.) Furthermore, spending in fiscal years 2026 through 2028—assuming ongoing programs will be fully funded—is similarly understated. Adding this, we project the future budget gaps are between $8.8 billion to $9.7 billion, even without expanding City FHEPS or complying with the State class size reduction law, and assuming the Administration's revenue estimates hold.

That is why CBC believes it was ill advised to cancel the April 2024 Program to Eliminate the Gap (PEG). Even if higher revenue projections prove accurate, which would be good news, the City may abruptly face funding shortfalls that require significant, sudden spending cuts that can harm programs more than restraining spending to affordable levels over time. Furthermore, the City has not made a voluntary deposit to the Rainy Day Fund since fiscal year 2022; the $2 billion set aside is woefully insufficient for the next economic contraction.

CBC found that higher than previously projected revenue, in-year reserves and resources, and reductions in agency and asylum seeker spending provided $10.2 billion of resources across fiscal years 2024 and 2025. These resources were used to balance fiscal year 2025 ($7.1 billion), fund underbudgeted fiscal year 2024 programs ($2.5 billion), for increased spending in fiscal year 2025 ($400 million), and to restore some previously announced Program to Eliminate the Gap (PEG) savings ($200 million), just 5 percent of the fiscal year 2024 and 2025 PEG savings.

The fiscal year 2025 budget was balanced in part by the two PEG rounds. Even if the revenue added in January had been added in November 2023, those spending reductions would still have been needed to get to where the budget is now. Furthermore, additional revenue if available, will be needed to support already planned spending in fiscal year 2025, unless those unsupported programs are shrunk or eliminated.

The current level of underfunded ongoing programs, which started in the years right before the pandemic and was increased by using federal COVID aid for recurring programs, has reached critical levels—$3.6 billion next year, far exceeding in-year budgetary reserves of $1.45 billion.

Only when the budget is transparent—and completely and accurately funds the City's current programs and the full cost of desired program expansions—will the prospect of fiscal reckoning be clear. We hope that this would encourage City leaders, both the Executive and the City Council, to make the hard and wise choices needed to prioritize key, high-impact programs and increase government efficiency.

Prioritization based on data and efficient and quality service delivery are hallmarks of the thoughtful, nuanced approach needed. Blunt instruments, such as blanket hiring freezes and across-the-board targets, may achieve needed savings, but too often come with unwarranted service reductions. Doing this right will protect essential services and create the fiscal stability needed for the City to ensure New York and New Yorkers thrive.

Proximate funding shortfalls and future gaps this large, especially during an economic recovery, are evidence of the City's precarious fiscal position. Budget gaps that appear smaller due to underbudgeting may be easier to abide by in the short term, but they dangerously mask the true challenge and minimize the need for swift and thoughtful action to restrain City spending growth, which could have dire consequences in the long term.

Thank you and I would be happy to answer any questions you may have.

## City-Funds Fiscal Cliff, Federal-Funds Fiscal Cliff, and Underbudgeting in the NYC Fiscal Year 2025 Preliminary Budget

(dollars in millions)

| Agency | Program | FY 2025 | FY 2026 | FY 2027 and out |
|---|---|---|---|---|
| | **Existing City-Funds Fiscal Cliff** | | | |
| DSS | CityFHEPS | $704.3 | $704.3 | $704.3 |
| DSS | Cash Assistance Funding | $467.6 | $467.6 | $167.6 |
| DHS | Shelter Cost Re-estimate | $200.0 | $200.0 | $200.0 |
| DHS | EAF Revenue Shortfall | $140.0 | $140.0 | $140.0 |
| ACS | Foster Care | $118.0 | $118.0 | $118.0 |
| ACS | Child Care | $81.0 | $81.0 | $81.0 |
| DSS | HASA housing | $69.0 | $69.0 | $69.0 |
| DOHMH | Early Intervention | $65.0 | $65.0 | $65.0 |
| DOHMH | Article VI School Health | $64.1 | $64.1 | $64.1 |
| NYPD | Mobility Data Plans | $55.5 | $55.5 | $55.5 |
| Misc | Precision Employment | $54.0 | $54.0 | $54.0 |
| DHS | Prevailing Wage | $50.1 | $50.1 | $50.1 |
| ACS | State Mandate | $47.2 | $47.2 | $47.2 |
| NYPD | Domain Awareness | $42.0 | $42.0 | $42.0 |
| DSS | Emergency Food | $30.0 | $30.0 | $30.0 |
| DSNY | Litter Basket Service | $16.5 | $16.4 | $16.4 |
| DHS | Subway Plan Re-estimate | $22.0 | $22.0 | $22.0 |
| DYCD | SYEP Metrocards | $16.5 | $16.5 | $16.5 |
| ACS | Promise NYC | $16.0 | $16.0 | $16.0 |
| DSS | Security and Janatorial | $15.9 | $15.9 | $15.9 |
| DOE | Community School | $9.8 | $9.8 | $9.8 |
| DOHMH | Office of Equity Initiatives | $7.6 | $7.6 | $7.6 |
| DSS | Benefits Access | $6.9 | $6.9 | $6.9 |
| DHS | IT | $6.5 | $6.5 | $6.5 |
| DOC | Medical Evaluation | $5.6 | $5.6 | $5.6 |
| Various | All Other Programs | $45.6 | $45.6 | $45.6 |
| ***Subtotal*** | ***City-Funds Fiscal Cliff*** | ***$2,356.7*** | ***$2,356.5*** | ***$2,056.5*** |
| ***Adjustment*** | ***15% Reserve for Estimate Variance*** | ***($353.5)*** | ***($353.5)*** | ***($308.5)*** |
| **Total** | **Existing City-Funds Fiscal Cliff** | **$2,003.2** | **$2,003.0** | **$1,748.0** |
| | **New City-Funds Fiscal Cliff** | | | |
| DOE | School Nurses | $87.0 | $87.0 | $87.0 |
| DSS | Information Technology | $53.2 | $53.2 | $53.2 |
| DOE | School Cleaning | $22.0 | $22.0 | $22.0 |
| DOHMH | Supportive Housing | $20.0 | $20.0 | $20.0 |
| Other | All Other Programs | $17.8 | $17.8 | $17.8 |
| ***Subtotal*** | ***New City-Funds Fiscal Cliff*** | ***$199.9*** | ***$199.9*** | ***$199.9*** |
| ***Adjustment*** | ***15% Reserve for Estimate Variance*** | ***($30.0)*** | ***($30.0)*** | ***($30.0)*** |
| **Total** | **New City-Funds Fiscal Cliff** | **$170.0** | **$170.0** | **$170.0** |

| Agency | Program | FY 2025 | FY 2026 | FY 2027 and out |
|---|---|---|---|---|
| | **Federal Fiscal Cliff** | | | |
| DOE | Summer Rising | $96.0 | $176.0 | $176.0 |
| DOE | Expand Pre-K for All Special Education | $94.6 | $94.6 | $94.6 |
| DOE | 3K Expansion | $92.2 | $92.2 | $92.2 |
| DOE | Mental Health Support | $85.8 | $85.8 | $85.8 |
| Various | Non-Profit Overhead | $0.0 | $60.6 | $60.6 |
| DOE | Restoration of Equity and Excellence Program Reduction | $54.0 | $54.0 | $54.0 |
| DOE | Pathways Expansion | $52.3 | $52.3 | $52.3 |
| DOE | Community Schools Expansion | $51.2 | $51.2 | $51.2 |
| DftA | Community Care Investments for Older New Yorkers | $0.0 | $47.6 | $47.6 |
| DOHMH | Mobile Treatment | $0.0 | $47.4 | $47.4 |
| DSS | Universal Access in Housing Court | $0.0 | $15.6 | $15.6 |
| DOE | Restoration of Expanded Arts Instruction | $15.5 | $15.5 | $15.5 |
| DOE | Expand Restorative Justice | $14.8 | $14.8 | $14.8 |
| DOE | All Other | $13.6 | $13.6 | $13.6 |
| DOE | Digital Learning | $13.4 | $13.4 | $13.4 |
| DOE | Bilingual Education Expansion | $13.2 | $13.2 | $13.2 |
| DOHMH | NYC Well Expansion Funding Swap | $9.6 | $9.6 | $9.6 |
| DOE | Safe Supportive Schools | $9.2 | $9.2 | $9.2 |
| DOE | Head Start | $8.8 | $8.8 | $8.8 |
| DOE | Restoration of Air Conditioning | $8.3 | $8.3 | $8.3 |
| DOE | Literacy and Dyslexia Screening | $7.8 | $7.8 | $7.8 |
| DOE | Transalation and Interpretation | $7.1 | $7.1 | $7.1 |
| DOE | Expand Public School Athletic League | $7.1 | $7.1 | $7.1 |
| DYCD | Community Centers | $0.0 | $6.2 | $6.2 |
| DOHMH | Clubhouses | $2.0 | $6.0 | $6.0 |
| DOE | Restoration of Community School OTPS Contract | $6.0 | $6.0 | $6.0 |
| DOHMH | Mobile Food Vending Permits & Grading | $2.9 | $5.8 | $5.8 |
| DOE | Restoration of Comprehensive School Supports | $5.0 | $5.0 | $5.0 |
| Various | All Other | $4.9 | $10.7 | $10.7 |
| **Total** | **Federal Fiscal Cliff** | **$675.2** | **$945.2** | **$945.2** |
| | **Underbudgeting** | | | |
| Uniformed | Overtime | $655.0 | $655.0 | $655.0 |
| MISC | MTA Subsidies | $145.0 | $145.0 | $145.0 |
| **Total** | **Underbudgeting** | **$800.0** | **$800.0** | **$800.0** |
| **GRAND TOTAL** | | **$3,648** | **$3,918** | **$3,663** |

**Notes:** Fiscal cliff estimate is based on a CBC analysis of "Identifying Fiscal Cliffs in NYC's Financial Plan," updated in December 2023, produced by the Office of the State Comptroller. CBC reconciled the reported cliffs as of November 2023 Financial Plan with the City's Fiscal Year 2025 Preliminary Budget and updated the cliff estimate for fiscal year 2025 and out as appropriate. If funding in FY 2024 was at least 90 percent of the cliff estimate, the lower amount was the new cliff going forward. Similarly, if a program was funded at 110 percent or more of the cliff amount, the higher level is the cliff going forward. For cash assistance, the cliff is increased by $300 million in fiscal year 2025 and 2026 to reflect higher spending in fiscal year 2024 and lower budgeted levels in those years. New funding added to just fiscal year 2024 was considered a new fiscal cliff if it was likely to recur based on the limited description available. The federal fiscal cliff for Summer Rising was reduced by $80 million in fiscal year 2025 only, to reflect increased City funding. The overtime estimate is based on fiscal year 2024 overtime spending at the four uniformed agencies as of January 2024, projected through the end of the fiscal year, compared to budgeted funding in fiscal year 2025 and beyond. MTA subsidy was based on reports by the Office of the New York City Comptroller and the Office of the New York State Comptroller. For the City-funds cliff, to account for limited details and year-to-year variation in spending, the projected cliff was reduced by 15 percent.

**Sources:** CBC analysis of City of New York, Mayor's Office of Management and Budget, Fiscal Year 2025 Preliminary Budget: Reconciliation (January 16, 2024), Fiscal Year 2025 Preliminary Budget: Financial Plan Detail (January 16, 2024), and Fiscal Year 2025 Preliminary Budget: Departmental Estimates (January 16, 2024); Office of the New York State Comptroller, "Identifying Fiscal Cliffs in New York City's Financial Plan" (updated December 22, 2023, accessed February 6, 2024), and Review of the Financial Plan of the City of New York (Report 16-2024, December 2023); and Office of the New York City Comptroller, "Checkbook NYC: Data Feeds" (accessed January 22, 2024), and The State of the City's Economy and Finances (December 15, 2023).

**Testimony to New York City Council Finance Committee**
**Executive Budget FY25**

**Public Hearing**

**March 4, 2024**

Tanya Krupat
Vice President, Policy & Advocacy
Osborne Center for Justice Across Generations

Osborne
ASSOCIATION

Thank you for the opportunity to provide testimony to the Finance Committee for the upcoming FY 2025 Budget. My name is Tanya Krupat and I am the Vice President of Policy and Advocacy at the Osborne Center for Justice Across Generations. As many of you know, Osborne is one of the oldest and largest criminal justice service organizations in the state. We serve 10,000 participants in programs from arrest to reentry. We have offices in Harlem, Brooklyn, Buffalo, Newburgh, White Plains, and Troy, with our headquarters in the Bronx. We also have programming in 41 state prisons and (to a limited degree now) on Rikers Island. Through advocacy, direct service, and policy reform, Osborne works to create opportunities for people to heal, grow, and thrive.

Osborne has been a member of the Alternatives to Incarceration (ATI) and Reentry Coalition since its inception and we are among the 11 organizations included in the funding request of $1,952,074, a $100,000 increase per organization from current funding levels. This funding collectively allows for our organizations to continue providing services across the full spectrum of the criminal legal system. We have been and remain grateful for the flexibility ATI funding provides to our organizations as we work to decarcerate our jails and prisons with a particular focus on reducing the population on Rikers Island and moving towards its closure. It bears repeating as often as possible- how effective and affordable ATI programs are: for the cost of one person being detained on Rikers for one year (around $556,000) – a year in which they are likely to experience or witness violence, are separated from their family, may lose their job and home, and their health and mental health may worsen – ATIs can serve more than 30 people, and yield positive and life-changing results that make us all safer.

We come to this year's budget discussions still reeling from last year's DOC budget cuts to Rikers Island programming, and Probation's elimination of Next STEPS, which served young people living in NYCHA housing. In both cases, the abruptness of the decision was additionally harmful, particularly for the young people who had their mentors taken away in a matter of days.

In the case of Rikers programming, with only two weeks' notice, Osborne and other providers had their contracts terminated after many years of service to those in custody , which included cognitive behavioral therapy, employment readiness, conflict avoidance and discharge planning. At the time, we were highly concerned that DOC would not immediately be able to provide comparable services with existing or newly hired staff, and meet the five-hour daily programming requirement under local law[1]. Our concerns were justified when the recently released Mayor's Management Report (MMR) showed a significant reduction in programming over the first quarter of FY24. Specifically, there were 4,100 fewer group facilitation sessions and 3,460 fewer one-on-one sessions in a four-month period (comparing FY24 to FY23).

We are eager to resume our full array of programming at Rikers and are pleased that the current DOC Commissioner is inviting providers to come back. We have submitted a discretionary funding request to the Council for $500,000 to relaunch restorative and supportive rehabilitative services for people who are detained at GRVC. This funding would allow Osborne to once again provide daily group services for up to 18 housing areas serving approximately 360 people per

[1] NYC Code, Title 9, Chapter 1, Section 110, Education and Programming.

week. This only restores a fraction of the programming we once provided, and we welcome additional funding from the Council and/or DOC to serve more people. The benefits of programming are enormous and have ripple effects that benefit Officers, families, and communities.

To strengthen New York City's families and communities, and contribute to public safety and a brighter City, we have also submitted the following requests for Council funding:

**Safeguarding Children**

In FYs 22, 23 and 24, the City Council funded Osborne to work with the NYPD to **Safeguard Children at the Time of Their Parent's Arrest**. The funding allowed us to assist NYPD in complying with the recently passed Local Law 1349-A, enacted to reduce trauma to children when NYPD arrests the parent or caregiver of a child. Our role has been to assist in developing and delivering training, provide technical assistance to the NYPD regarding data collection, and build a network of community-based providers who can offer post-arrest support to children and families. While we have trained more than 1,700 newly promoted Sergeants and Lieutenants, as well as new recruits and Youth Coordinating Officers, there remains much more to do, and much that is currently in progress. In FY25, with continued funding, we can train Training Sergeants, create practice tools for Officers to access on their phones via NYPD's intranet, equip scenario-based training rooms with props to indicate the presence of children, and reach many more of the 30,000 members of service. We can also work to create sustainable training plans and ensure this work continues and is embedded in NYPD policy and practice. As mentioned, the funding we received from the City Council also allowed us to build a consortium of service providers that can address the needs of children and families after a parent's arrest. Sustained funding would allow this work to continue; without a dedicated focus on this vital component and funding for it, these efforts would end. FY 25 funding would also allow us to pursue aspects of this work that are critically important but we have not yet addressed: safeguarding children present when warrants are executed through pre-arrest planning, and confronting the ongoing lack of data. We are requesting $265,000 to continue this work, and a letter from NYPD Commissioner Caban supporting this request is attached to this testimony.

**Gun Prevention**

**Bronx Osborne Gun Accountability and Prevention (BOGAP) Program**
Osborne has submitted a funding request of $20,000 to expand a program developed with the Bronx DA for 16- to 30-year-olds that provides an accountability-based alternative to the 3.5-year mandatory minimum prison sentence for carrying a loaded gun in the absence of any other crime. This funding would supplement funding we have received from other sources, and allow us to serve 75 young people this coming fiscal year. It costs about $110,000 per year for one person incarcerated in a NY State prison, and as previously noted about $556,000 per year per person detained on Rikers. BOGAP successfully keeps young people out of jail and prison, saving millions of dollars and achieving positive outcomes and brighter futures for young adults, as demonstrated by our extraordinarily high retention rate (98%) and described in this recent

feature article by the Bureau of Justice Assistance. With our requested funding, we'll be able to provide hot meals to program participants, stipends for internships, and additional supportive services to increase young people's success in the program and beyond.

**Housing**

The housing crisis in the City remains significant and those reentering from jail and prison encounter not only the shortage of affordable housing, but also housing discrimination due to their conviction histories, which we hope will be mitigated with the passage of the Fair Chance for Housing Act. Thank you to the City Council for passing this landmark bill in December 2023!

According to the *State of the Homeless 2023*[2] report, every year since 2015, between 45 and 55 percent of those leaving state prison were discharged to the NYC shelter system. To address the dire need for reentry housing, Osborne is poised to soon open the **Fulton Community Reentry Center** that will provide 140 transitional housing beds for older men returning from prison, and an array of reentry services in the former state-owned Fulton Correctional Facility. We are grateful for past Council funding for Fulton, and we are again requesting Council support in the amount of $250,000 to specifically support: 1) workforce development training for residents; 2) group sessions for residents and community members; 3) restorative justice community-building circles for residents and community members; and, 4) a therapeutic gardening program.

**Elder Reentry**

Over the past 20 years, the population in our state prisons has dramatically decreased from a high of 60,000 in 2008 to 31,000 in the most recent year of reporting. We applaud all the reform efforts over the years to bring more individuals home. Many of these individuals have spent decades behind the prison walls and return to the community at an advanced age. They have suffered through a system of acute trauma, inadequate healthcare and nutrition, and have aged at a faster rate, referred to as "accelerated aging." They face unique challenges in a world that is fast-paced, digitized, "in a cloud," and unfamiliar. Osborne for many years now[3] has been educating the public about this community of people and advocating for support on their behalf through our **Elder Reentry Initiative (ERI)**. Funded by the Council in the past, we request continued funding in the amount of $100,000 to support two related program areas: (1) participant screening, intake and assessment, reentry service plans, community case management, and technical assistance; and (2) advocacy and public education on behalf of older adults.

**Health & LGBTQIA+ Reentry Services**

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[2] Coalition for the Homeless, June 2023, State of the Homeless 2023, Compounding Crises, Failed Responses

[3] Osborne Association, May 2018, The High Costs of Low Risk: The Crisis of America's Aging Prison Population

We have submitted additional funding requests to 1) support previously incarcerated individuals living with or at risk of contracting HIV, with a focus on the LGBTQIA community; 2) the hiring of a full-time Hepatitis B and C Patient Navigator to serve the previously incarcerated, and; 3) programming to assess and address mental health and trauma in youth impacted by the criminal legal system.

Please see our full list of nine (9) funding requests in the attached document.

It should go without saying, yet can't be said enough, that there is great concern about the conditions on Rikers Island and the challenges that lie ahead for its scheduled closure. We hear almost daily about the harm, violence, and, in too many instances, the tragic deaths that occur there. In addition, the population continues to increase, representing a true threat to the hard-fought borough-based jails plan. We urge an "all hands on deck" approach to decarceration, including investing in ATDs and ATIs, expanding treatment and mental health services, improving court processing times and court production, funding Second Look efforts, and expanding an array of housing options. We also call for reducing the trauma experienced by those who live and work on Rikers by investing in programming and visiting. Maintaining relationships and support systems for those detained benefits everyone on Rikers - including staff- and benefits their children and families.

We support the efforts of the new Lippman Commission to fully evaluate the current status of the new jail plan and development of recommendations to close Rikers. We also support an increase to the budget for the Board of Correction to hire more staff to enhance the monitoring of daily operations and to conduct investigations. It will take all of us working together along with critical investments to transform Rikers from a place that is filled with terror and tragedy to a smaller, fairer, safer place. Investments in community programs and communities - including alternatives to detention and incarceration, but also core services for young people, and addressing mental health and addiction - will help fewer people end up on Rikers in the first place.

Thank you.

**The Osborne Association**

**New York City Council**

**FY25 Discretionary Funding Requests**

| Program | Description | FY25 Request | FY24 Funding |
|---|---|---|---|
| **Alternatives to Incarceration and Reentry Services** | Osborne's portion of the ATI coalition request, which will support multiple programs: (1) court advocacy and mitigation services; (2) video visiting and family strengthening activities; (3) expansion of job training and placement; (4) elder reentry services; and (5) the Osborne Center for Justice Across Generations. | $1,952,074 | $1,852,074 |
| **Rikers Island: Partial Program Restoration- Supportive Services at George R. Vierno Center (GRVC)** | To relaunch critical rehabilitative services for people who are detained at the GRVC on Rikers Island. Osborne will restore daily group services for up to 18 housing areas, serving approximately 360 people per week. | $500,000 | N/A |
| **Bronx-Osborne Gun Accountability Project (BOGAP)** | For expanding BOGAP—an innovative diversion program developed with the Bronx DA—to serve approximately 75 participants annually. Funds will be used to provide hot meals to program participants, stipends for internships, and additional support services to participants to increase their chances of success in the program. | $20,000 | $20,000 |
| **Elder Reentry Initiative Services and Advocacy** | To support two related program areas: (1) The Elder Reentry Initiative's participant screening, intake and assessment, reentry service plans, community case management, and technical assistance; and (2) Osborne's advocacy and public education on behalf of older adults. | $100,000 | $90,000 |

| | | | |
|---|---|---|---|
| **The Fulton Community Reentry Center** | For Osborne's new transitional reentry housing facility. Funding will support workforce development training for Fulton residents; group sessions for residents and community members (e.g., AA meetings); restorative justice community-building circles for residents and community members; and a therapeutic gardening program. | $250,000 | $10,000 |
| **Health and Wellness – Ending the Epidemic** | To support formerly incarcerated people who are living with or at high risk of contracting HIV and come from low-income communities of color, with a focus on LGBTQIA+ people. Osborne will provide sexual health education, prevention/treatment, trauma support, and other supportive services. | $60,219 | $60,219 |
| **Hep Free NYC** | To support a new, full-time staff position of Hepatitis B and Hepatitis C Patient Navigator—who will serve formerly incarcerated people and others with criminal legal system involvement from Osborne's offices in the Mott Haven section of the South Bronx. | $125,000 | N/A |
| **Implementation of the NYC Safeguarding Children Initiative** | To support implementation of Local Law 1349-A, enacted to reduce trauma to children when NYPD arrests the parent of a child. Osborne will provide necessary training and administrative support to the NYPD, and build a network of CBOs that can provide post-arrest support to children. | $265,000 | $265,000 |
| **Improving Behavioral Health and Wellbeing for Youth** | For assessing and addressing mental health and trauma in youth impacted by the criminal legal system through treatment options that alleviate stress, improve functioning, and reduce trauma symptoms. Targets: 60 assessments; 120 referrals. | $158,000 | $158,000 |

**THE POLICE COMMISSIONER**
**CITY OF NEW YORK**

January 16, 2024

Speaker Adrienne Adams
New York City Council
250 Broadway Ste. 1880
New York, NY 10007

Dear Speaker Adams:

I have been informed that the Osborne Association has applied for continued New York City Council discretionary funding for its work with the New York City Police Department ("NYPD") on implementing practices and developing training regarding the Child-Sensitive Arrest protocol delineated in New York City Administrative Code section 14-181.

This law was enacted in 2020, specifically to reduce the trauma children and families may face when NYPD officers arrest the caregiver of a minor child. Last year, Osborne received City Council funding which allowed it to assist the NYPD with the implementation of this protocol, which requires training and follow-up support. The law specified that the NYPD should include a nonprofit partner to participate in the process, however, no funding was allocated to accomplish this. I understand that the City Council provided funding to Osborne through which Osborne was able to hire a full-time staff. Further, Osborne was able to make additional staff available to NYPD to develop training materials and establish a network of partner referral organizations, as required in the above mentioned law.

We are in the process of working with Osborne to tailor training to a wide variety of personnel, including recruits, police officers and various ranks of supervisors. We welcome Osborne's role in educating uniformed members of the service about the impact of parental arrest, along with practical ideas for implementing policies designed to lessen trauma at, and following, an arrest including providing and connecting children to safe settings when caregivers are taken into custody.

We would request that you give the Osborne Association's funding application all due consideration for inclusion in the Fiscal Year 2025 budget as it supports a significant City interest.

Sincerely,

Edward A. Caban

Edward A. Caban
Police Commissioner

ICARE COALITION

## Join ICARE in the fight for justice!

**Who We Are**: ICARE is a coalition of legal service organizations dedicated to expanding access to legal representation for immigrant children facing deportation in New York City, while advocating for universal access to counsel.

**The Challenge:** Every year, thousands of children—some as young as infants - appear in immigration court in NYC without an attorney. New York continues to rank 4th in the country for highest number of unaccompanied arrivals released to sponsors. Although the current federal administration has changed some harmful immigration policies of the previous administration, there's still much that needs to be undone. ICARE attorneys routinely experience challenges when assisting children facing deportation, but our coalition continues to serve as a critical resource for these young New Yorkers.

Many of the children we represent are escaping extreme violence and trauma in their home country, in search of protection and safety. Without City Council's ongoing support, thousands of children will be left to represent themselves, resulting in rapid deportation where their lives are at risk.

**Without legal support: Children stand a mere 15% chance of winning their case.**
**With ICARE attorneys: Children have more than 90% chance of winning their case.**

**What We Do:** With the City's help, ICARE provides free legal services for immigrant children and families fighting deportation in NYC. We offer know-your-rights trainings, legal screenings, direct representation and connections to city & social services, ensuring vulnerable New Yorkers don't face court alone.

## OUR IMPACT

**Since 2014, we have:**

| | | | |
|---|---|---|---|
| Screened over 12,000 children for relief | Represented over 2,800 children | Obtained relief for 1,200 children | Secured over $20M in public funding for legal services |

## FY25 Discretionary Funding Request: $4.904,317

Continued support from the New York City Council will ensure we can keep fighting for nearly 1,700 children and families this year.

**No child should face the immigration process alone**

**In partnership with:**

CENTRAL AMERICAN LEGAL ASSISTANCE · CATHOLIC CHARITIES ARCHDIOCESE OF NEW YORK · Safe Passage Project · THE LEGAL AID SOCIETY · THE DOOR · KIND KIDS IN NEED OF DEFENSE · Human Rights First

www.icarecoalition.org

**TESTIMONY**
New York City Council Committee on Finance
FY25 Preliminary Budget Hearing

Delivered by:
Sierra Kraft, Executive Director, ICARE Coalition
March 4th, 2024

Good afternoon, it's great to be with you today. Thank you, Chairperson Brannon, and the Committee on Finance for the opportunity to present this testimony. My name is Sierra Kraft, and I am the Executive Director at Immigrant Children Advocates' Relief Effort (ICARE). ICARE is a nonprofit coalition comprising seven legal services organization that provides free representation to immigrant children facing deportation in New York City, while advocating for universal access to counsel.

Our members include Catholic Charities Community Services, Central American Legal Assistance, Human Rights First, Kids in Need of Defense (KIND), Legal Aid Society, The Door, and Safe Passage Project.

**Children and families are more vulnerable now than ever – as the migrant crisis intensifies, the need for legal services skyrockets.** In FY2023 alone, Customs and Border Protections arrested over 138,000 unaccompanied minors at the border. New York continues to rank 4th in the country for highest number of unaccompanied arrivals released to sponsors. Every year, thousands of young New Yorkers are placed in removal proceedings facing the possibility of deportation without due process if they cannot afford a lawyer.

**Access to an immigration attorney can mean the difference between life and death for immigrant children and families.** Many of the children we represent are escaping extreme violence and trauma in their home country, embarking on an arduous journey to the U.S. in search of protection, safety, and new opportunities. Without ICARE's representation, most of these children would be forced to represent themselves against a trained government lawyer. Studies show that children without representation stand just a 15% chance of winning their case, even when they have a viable form of relief. Loss of access to attorneys can result in the rapid deportation of children and families to countries where their lives are at risk. If they lose their lawyers, they lose their lives.

With support from the City Council, through the Unaccompanied Minors and Family Initiative, has made it possible for the ICARE Coalition to stand alongside over 12,000 brave and resilient young immigrants from countries around the world, defend them from deportation, and empower them to become leaders of tomorrow. Legal representation has been truly life-changing for many young New Yorkers.

**Despite the overwhelming need, ICARE attorneys are on the front lines every day protecting immigrants' rights and defending New York values.** Our providers have decades of expertise in providing culturally responsive, trauma-informed services to this vulnerable population. Children represented by ICARE attorneys have more than a 90% success rate. With our support, these young New Yorkers can be given the opportunity to obtain higher education, pursue meaningful careers and step into leadership roles in a city they now call home.

Today, we urgently call upon the Immigration Committee to prioritize funding for the many unaccompanied minors in New York City, who are reliant on the critical legal services and immigration supports that the ICARE provides. Funding for coalitions like ours is never guaranteed, but the need for our services is greater than ever. Our coalition of 7 legal service providers seeks **$4.9 million** this year and are ready to serve **nearly 1,700 children and families** through legal screenings, know-your-rights trainings, direct representation, and referrals to city and social services. We need your support and advocacy, to ensure we are not putting these young people in harm's way. No child should have to face immigration court alone. Now more than ever, it is critical that NYC Council stand in solidarity with children seeking safety, protection, and a new life in this city.

Thank you again for your tireless efforts to support all New York City's residents, and especially for continuing to champion children and providing life-saving support so they can thrive and have a bright future. We could not have met the needs of our clients in this time without you. We look forward to our continued partnership with you in ensuring we live our values as a sanctuary city.

In Community,

Sierra Kraft
Executive Director,
ICARE Coalition
skraft@icarecoalition.org
701-866-3922
www.icarecoalition.org

Asian American Federation

**Testimony to the Committee on Finance on the FY 2025 City Preliminary Budget**
*March 4, 2024*

Written Testimony

Thank you for giving the Asian American Federation (AAF) an opportunity to testify. I am Jo-Ann Yoo, the Executive Director at AAF, where we proudly represent the collective voice of more than 70 member nonprofits serving 1.5 million Asian New Yorkers.

Going into FY 2025, the Asian community continues to endure the impacts of teetering economic conditions and continued anti-Asian hate. Despite these obstacles, our member organizations continue leading the way in numerous service sectors and programming organized and led by the Asian American Federation. This however, would not be sustainable without continued support from City Council.

Direct Services to Address Essential Needs

Asian-led, Asian-serving direct service providers have continuously provided every kind of basic need service that our community members have needed, from culturally-responsive mental health programming, to congregate meals and food deliveries, to anti-violence trainings and ESL/ESOL trainings - all throughout the pandemic, the continued anti-Asian hate, and after. Despite the cards our community has been dealt with, they remained unified in their objective: Helping our neighbors and helping our most vulnerable.

The Asian American community faces ongoing mental health challenges as they cope with the largest uptick in anti-Asian violence in recent history; the effects of persistent joblessness on their well-being and finances; and the difficulties their children face due to anti-Asian bullying and lingering COVID-induced trauma. As a result of these factors, our member organizations reported a 20% increase in community members requesting mental health services to mitigate the increased anxiety and fear within our communities.

After the release of the first ever AAPI mental health directory, AAF released Seeking Help, Finding Hope: Mental Health Challenges and Solutions for Asian Americans in New York City, a first-of-its-kind report on the mental health needs of Asian New Yorkers. Through surveys with 543 individuals from 23 Asian ethnicities in 10 languages and six in-language focus groups, AAF's latest research reveals the prevalent mental health issues affecting Asian New Yorkers. It highlights the barriers to access the community faces in receiving treatment, and offers recommendations for how healthcare providers, CBOs, government officials, and community members can work together to support the well-being of Asian New Yorkers.

This work, and the work of our community mental health providers, needs support now more than ever before.

As anti-Asian violence continues to persist and evolve, and has begun to affect more Asian ethnic groups, many Asian New Yorkers are still afraid to leave their homes. Given the growing incidents of Islamophobia in New York City due to the Middle East crisis, it is imperative to sustain AAF's Hope Against Hate Campaign in order to continue providing safety programming and victim support services to affected Asian New Yorkers.

From January to December 2022, there were at least 3,480 anti-Asian assaults in New York City, with the NYPD reporting a 321% increase in hate crimes against Asian Americans in 2021 alone. Our flagship anti-violence program, our Hope Against Hate Campaign, trained over 2,400 individuals in conflict de-escalation, situational awareness, and self-defense strategies; reached 6,900+ youth through community education, anti-bullying initiatives, and the provision of emotional and mental health support; referred over 3,700 people to various support services, including domestic violence resources, protective accompaniment, reporting assistance, anti-bullying initiatives, and behavioral and mental health services; recruited over 50 small businesses/community centers to provide safety resources to victims of anti-Asian violence; and provided community education events to over 2,330 community members, including policymakers, funders, and other stakeholders, on anti-Asian violence and its impact.

To respond to our community's needs, AAF will strengthen the Hope Against Hate Campaign network to provide coordinated, proven, ready-to-go interventions to sustainably increase street safety and provide wrap-around support for victims of anti-Asian assaults. In FY 25, we will expand our network of 30+ community-based organizations, which will provide in-language safety trainings, victim support services, and youth programming through community outreach and education to those impacted by anti-Asian violence.

<u>Immigrant Small Businesses</u>

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

Immigrant businesses often struggle to adapt quickly to changing market and consumer behavior. AAF's basic training and support services to establish an online presence for such businesses are critical to ensuring the survival of New York City's diverse ethnic commercial corridors. Furthermore, the increasing trend among government agencies to move all client services online is widening the digital divide. AAF's Small Business team provided assistance to immigrant small business owners in contacting city agencies.

In FY 24, our team reached over 2,000 Asian American small businesses via informational outreach activities and served over 70 businesses with technical assistance, with over 100 business owners participating in our training sessions.

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

<u>Immigration and Inclusion</u>

Since 2016, AAF has been the only nonprofit organization to build the capacity of Asian-led, Asian-serving community-based organizations to offer immigrant integration services to low-income immigrants in Brooklyn and Staten Island. We now serve immigrants in all five boroughs.

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

In FY 24, we provided 14 workshops, trainings, roundtables, and outreach days with resources related to public, mental health, and workforce development training that ultimately reached 241 Asian immigrants. During this time, we also developed a bridge workforce development program to help low- to moderate-income Asian immigrants gain the computer literacy skills they needed to work with Asian small businesses on expanding their online marketing presence. Through this program, AAF and our partners offered free trainings in basic online search engine optimization to over 40 individuals who own a small business or work to support business owners.

However, virtually no mainstream immigration legal clinics offering services are accessible to our high-LEP community. While many Asian organizations see the need for case management services to help Asian immigrants access and navigate legal services, no Asian-led, Asian-serving organization receives funding to do this on a consistent basis. That needs to change, especially now. The increase of Asian migrants who require immigration support has reflected the urgency and need of linguistically appropriate immigration legal clinics in our communities. AAF will continue to advocate for the City to make investments in our community-based nonprofits to support unfunded case management work and provide trusted, in-language immigration legal services to meet the increasing demand.

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

- Support AAF's work and priorities through:
    - AAPI Community Support ($250,000)
    - Communities of Color Non-Profit Stabilization Fund ($150,000)
    - CUNY Citizenship NOW! Program ($250,000)

  - Hate Crimes Prevention ($200,000)
  - Immigrant Health Initiative ($100,000)
  - Mental Health Services for Vulnerable Populations ($140,000)
  - Speakers Initiative ($400,000)
  - Support Our Older Adults ($100,000)
  - Worker Cooperative Business Development Initiative ($700,000)
- Support funding to the AAPI Community Support Initiative at **$7.5 million**. AAF requests a budget allocation from this Initiative of **$250,000** to support ongoing support for our Hope Against Hate Campaign.
- Continue to fund the Communities of Color Nonprofit Stabilization Fund at **$7.5 million**. AAF requests a budget allocation from this Initiative of **$150,000** to support our technical assistance work.
- Fund the development of a worker cooperative for Asian language interpretation (**$700,000**). We also ask, in partnership with African Communities Together, Masa, and New York Immigration Coalition, for **$2.25 million** to support a community interpreter bank (CIB).
- Invest **$120,000** to support the operation and expansion of AAF's small business programs, such as technical assistance and merchant organizing.

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

**CAMBA**
**Testimony Before the New York City Council**
**Preliminary Budget Hearing**
**Committee on Finance**
**March 4, 2024**

Council Member Brannan and members of the Finance Committee, my name is Joanne M. Oplustil, and I am the President and CEO of CAMBA, Inc. I want to thank you for holding today's hearing and affording us the opportunity to testify before you. CAMBA has been providing quality services to our City's youth for more than 30 years. For decades, CAMBA has been dedicated to enhancing the well-being of our residents through various programs, including education and youth development, community support, economic development workforce initiatives, and vital housing services. The proposed budget cuts that were outlined in the last two fiscal plans posed a threat to the very foundation of these programs, jeopardizing the progress we have made in fostering a stronger, more resilient city.

My goal is to shed light on the current repercussions of Mayor Eric Adams budget plans, particularly in relation to the budget cuts proposed and their implications for critical areas such as education and youth development, community support, the workforce in New York City's economic development sector, and housing.

Education and Youth Development:

CAMBA has played an instrumental role in promoting education and youth development through its afterschool programs, offering a safe and nurturing environment for children and adolescents. These programs contribute significantly to the holistic development of our youth, fostering academic success, character building, and the acquisition of crucial life skills. However, the proposed budget cuts threaten the stability and continuity of these essential initiatives.

Reduced funding for afterschool programs would compromise the quality and reach of educational support services provided by CAMBA. Our children deserve every opportunity to succeed academically and socially, and any cutbacks in this area may hinder their future prospects, perpetuating a cycle of disadvantage that our city can ill afford. One program that I would like to highlight is the Learning To Work program. Since 2020, our Learning To Work (LTW) program, which re-engages over-age, under-credited high school students, helping them graduate and prepare for the workforce and/or higher education, has been funded by federal stimulus dollars through the American Rescue Plan. This funding is slated to sunset in June 2024, with no plan from the department of education or administration to address the shortfall of this program going forward.

Community Support:

CAMBA's commitment to community support extends beyond education, encompassing a wide array of services that address the unique needs of diverse populations. From job training and placement to mental health and substance use supports, and assistance for individuals with disabilities, CAMBA is a lifeline for many New Yorkers facing hardships. The proposed budget cuts threaten the very fabric of these vital support networks, jeopardizing the well-being of countless individuals and families.

Workforce within New York City's Economic Development Sector:

As a key player in the economic development sector, CAMBA empowers individuals to secure meaningful employment and contribute to the growth of our city. Job training programs, career counseling, and placement services provided by CAMBA bridge the gap between employers and a skilled workforce. Reductions in funding for these programs will lead to a decline in the preparedness of our workforce, negatively impacting the economic vitality of New York City. Moreover, far greater time and effort that goes into seeking reimbursement with the continuing changes in policies and inconsistent application of policies. The additional effort creates delays in reimbursement which creates a cascading effect. This Administration has graciously started initiatives to obtain more funding, such as indirect costs increases and marginal wage enhancements. However, our sector would really benefit from a true COLA. The City's initiatives should go a long way towards increasing our ability to retain staff and hire more to offset the demands. However, delays in the funding of these initiatives have caused the opposite effect, further exasperating cash and fiscal staff time demands.

Housing:

CAMBA's initiatives in housing, including CITY FHEPS, ERAP, and supportive housing, have been indispensable in addressing the City's housing crisis. The proposed budget cuts place these critical programs in jeopardy, endangering the stability of thousands of households. As we grapple with a shortage of affordable housing, any reduction in funding for these initiatives would exacerbate the already dire situation, leaving vulnerable populations at risk of homelessness.

Impact on CAMBA's Programs and the Social Service Sector:

The proposed budget cuts, if implemented, would not only undermine the effectiveness of CAMBA's programs, but would also have a ripple effect across the entire social service sector. As a nonprofit organization, CAMBA relies on government support to fulfill its mission of serving the community. The proposed cuts could force CAMBA to make difficult decisions, such as scaling back programs, reducing staff, or even discontinuing services altogether.

CAMBA already provides support and relocation assistance to thousands of homeless individuals and families in our shelters to ensure that they have the opportunities to live and work independently as contributing residents in New York City. The PEGS in FY 24, combined with a sharp increase in inflation, have made it harder to provide essential services to this population. Increased costs in insurance, food, and utilities, to name a few, further reduced our ability to make ends meet in program budgets cut 2.5%. Modest workforce enhancements did not address a dire workforce shortage, and workers cannot afford to work with the most vulnerable New Yorkers when their own costs of living are rising. Staff shortages continue to haunt our programs, causing delays in processing housing applications and move-outs and, ultimately, longer stays in shelters and more costs to New York City.

The social service sector as a whole will face increased strain, potentially leading to a rise in unmet needs and a surge in demand for emergency services. This not only compromises the welfare of those currently benefiting from CAMBA's programs, but also hampers the City's ability to address emerging challenges and crises effectively.

In closing, I urge the Committee on Finance to carefully consider the far-reaching consequences of the budget cuts within Mayor Eric Adams' Fiscal Plan. While balancing the FY24 budget is undoubtedly a difficult task, it is crucial to prioritize the well-being of New Yorkers and safeguard the invaluable services provided by organizations like CAMBA. I encourage the Committee to explore alternative avenues for revenue generation and advocate for increased state and federal aid to ensure that essential programs and services are not sacrificed in an effort to reach a balanced budget. Our city's future depends on the well-being and success of New Yorkers, and now, more than ever, we need to invest in the social infrastructure that supports the most vulnerable among us.

Thank you for your time and consideration.

Center for Justice Innovation

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**Courtney Bryan.** Executive Director

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The **Center for Justice Innovation** is a non-profit organization that seeks to transform the policies and practices of the justice system to make it fair, effective, and humane. The Center operates the following sites throughout New York City.

Family | Criminal | Community Development | Civil/Housing

Click on the name of any program to learn more.

**STATEN ISLAND**

1. Staten Island Justice Center

**MANHATTAN**

2. Harlem Community Justice Center
3. Headquarters
4. Manhattan Justice Opportunities
5. Midtown Community Court

**MULTI-BOROUGH**

6. Legal Hand (Bronx, Brooklyn, Queens)

**BRONX**

7. Bronx Child Trauma Support
8. Bronx Community Justice Center
9. Bronx Community Solutions

**BROOKLYN**

10. Brooklyn Justice Initiatives
11. Brooklyn Mental Health Court
12. Brownsville Community Justice Center
13. Neighbors in Action
14. Red Hook Community Justice Center
15. Supervised Release Program

**QUEENS**

16. Queens Community Justice Center (Jamaica and The Rockaways)


## Citywide

- Access to Justice
- Alternatives to Incarceration
- Driver Accountability Program
- Gender and Family Justice
- Neighborhood Safety Initiatives
- Parent Support Program
- Project Reset
- Restorative Justice Practices
- RISE Project
- Strong Starts Court Initiative
- Youth Action Institute
- Youth Impact

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**Courtney Bryan.** Executive Director

**Center for Justice Innovation**
**New York City Council**
**Committee on Finance**
**March 4th, 2024**

Good morning, Chair Brannan, and esteemed members of the Committee on Finance. My name is Hailey Nolasco, Director of Government Relations at the Center for Justice Innovation, and I am honored to testify before you today to urge the Council to remain steadfast in their ongoing investments to alternative community-based programs that impact public safety and the needs of our most marginalized communities.

The Center for Justice Innovation (the Center) recognizes the difficult financial situation the City is currently facing. While we are relieved to know this latest round of spending cuts has been canceled, we understand that the Council still faces troubling financial constraints that will inform future decisions. In light of this, the Center urges Council not to forgo so much of the progress already made in the effort to make our criminal justice system more fair, humane, and effective, and our communities safer.

In recent years, New York City has made a number of major strides to improve our justice system, from limiting the use of cash bail to legislation raising the age of criminal responsibility. This has allowed us to reduce unnecessary incarceration, particularly for low-income individuals and young people, for whom incarceration can present undue harm. As we work towards our next notable effort of closing Rikers Island, we urge the Council to stand strong in its investments for a fairer, more just system, including alternative methods of generating community safety. At the Center, we believe that safety starts in the community, where residents have access to safe, affordable housing, have the capacity to thrive physically, emotionally, and financially, and can respond to harm in a way that heals.

Over the past nearly 30 years, the Center's programs and services have spanned the entire justice continuum, seeking to shrink the footprint of police, reduce the use of unnecessary incarceration, and build safety through community engagement. Our work is mainly situated on two comprehensive frontiers; Community Development and Crime Prevention and Court Reform. These two teams work tirelessly with the communities they serve to provide resources and solutions to residents that are often marginalized and excluded from conventional conversations around public safety.

In working with residents, we are able to identify the root causes of many issues of safety. Our programming, backed by a skilled team of researchers, works to address these conditions with offerings such as youth engagement, workforce development, harm reduction, intimate partner violence prevention, and more. When harm does occur, our supportive interventions take a restorative approach, making sure participants are held accountable for their actions, while working to limit future justice system involvement by setting them up to live safely and productively in community.

Today, I will be outlining a selection of our programming, both from the Community Development and Crime Prevention team and our Court Reform unit. These programs are vital, and will only become more so as we work towards closing Rikers Island. As we transition away from a reliance on carceral settings, we ask Council to invest in these alternatives. These programs are proof positive that we can build and maintain public safety in a way that is fair, humane, and responsive.

## Community Development and Crime Prevention

### Neighborhood Safety Initiative (NSI)

Neighborhood Safety Initiatives (NSI) supports the implementation of NeighborhoodStat (NSTAT), a resident-driven community organizing initiative within the Mayor's Action Plan for Neighborhood Safety (MAP). NSTAT is a comprehensive strategy to enhance public safety and strengthen community well-being in 30 public housing developments.

MAP enlists residents, City agencies, and community-based partners to help move beyond enforcement and address the factors underlying safety – providing opportunities for work and play, health and well-being, and youth development; promoting activated, well-maintained spaces through community and human-centered design; and improving trust between neighbors with a responsive and just government. MAP's mission is to improve community safety in places impacted by historic disinvestment by creating opportunities for residents to identify key issues underlying crime and participate in the decision-making to address these priorities. Through NeighborhoodStat (NSTAT), the operational centerpiece of MAP, we harness the collective expertise of residents, government, and community partners to drive meaningful dialogue, problem-solving, and, ultimately, create positive change at both the neighborhood and administrative levels.

NeighborhoodStat connects resident access to social services and community resources, increases the security and quality of shared community space by working with residents to physically improve and maintain public space thereby enhancing a positive sense of ownership, increases civic engagement, and enhances the capacity of its residents to improve public safety and wellbeing in their communities. Adopting a participatory justice model, NeighborhoodStat works with local organizers to provide direct investment into historically underserved communities and ensures that those most affected and most marginalized, especially those who have been historically left out of these conversations, have a say in improving health and wellbeing, safety and justice, economic stability, physical space, and youth development policies that affect their lives.

The program has reached over 60,000 residents of the New York City Housing Authority utilizing the following strategies:[1]

- **Invest in Residents:** Neighborhood Safety Initiatives hires, trains, and supports community organizers; recruits and organizes resident leadership teams; designs and implements social programs; manages community action plans; and implements data collection and evaluations. Social programs include youth mentorship, coding courses, music mentorship, adult entrepreneurship training and support, intergenerational green space stewardship, healing and justice events, public education campaigns like those around COVID-19, summer time basketball series, economic mobility events, and more. Neighborhood Safety Initiatives also respond to residents' immediate needs. The program coordinates collaboration across city agencies and other non-profit partners to answer food needs, connect residents to resources, and host conflict resolution events. In 2023, more than 465 intergenerational residents were actively involved in resident stakeholder teams, taking the lead in identifying both the issues plaguing their communities and driving positive change.
- **Transform Public Spaces:** Neighborhood Safety Initiatives works with residents to re-envision public spaces to make them more welcoming and promote people's well-being. In the last five years the program has designed and implemented a series of community gardens and recreational public spaces, wayfinding projects, murals, creative lighting installations, and a pop-up outdoor program with movable kiosks where partner agencies can provide information and supportive services to the community. Since 2017, Neighborhood Safety Initiatives has overseen the co-creation and implementation of over 65 built environment projects and social programs. These initiatives include murals, open plazas, community gardens, pop-up modular resource hubs, music programs for youth, and adult entrepreneurship programs in collaboration with NYCHA community stakeholders.

## Neighbors in Action

Neighbors in Action is a neighborhood institution that aims to improve community collaboration, foster local leadership, and make the neighborhoods of central Brooklyn safer and healthier for all residents. Staff work to reduce community violence and the negative impacts of the criminal justice system by addressing root causes such as poverty, trauma, and racism. Since its founding, Neighbors in Action has developed multiple programs ranging from anti-gun violence initiatives to therapeutic services and activities to cultivate youth empowerment through civic engagement and workforce development.

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[1] Center for Justice Innovation. *Neighborhood Safety Initiatives.* New York, NY. https://www.innovatingjustice.org/programs/neighborhood-safety-initiatives/more-info

- **Promoting Community-led Approaches to Safety**: We mobilize local residents to promote peace and safety. The Save Our Streets program, described in more detail in the next section, which takes a public health approach to ending gun violence, has been documented to reduce shootings.
- **Healing:** Our community healing and well-being programs give participants (all of whom are youth who have experienced violence) the tools they need to overcome trauma and succeed. All programming takes into consideration collective or historical trauma and resilience in order to heal.
- **Aiding Neighbors:** We open our doors to anyone who wants to come in for help. Our services include helping people find jobs, apply for benefits, and access basic services. In partnership with the Legal Hand program, we train local residents to provide legal information to their neighbors so they can resolve housing, family, immigration, and other issues. There is also an on-site lawyer who provides free legal assistance to community members.
- **Placekeeping:** By creating places that are welcoming, accessible, familiar, and conducive to economic development and social interaction, placekeeping can tip the scales in favor of safe and vibrant communities without relying on conventional law enforcement responses. Placekeeping is more than just space improvement or beautification, it is as much about cultivating resident decision-making as it is about environmental design. Our annual activities include street festivals, arts campaigns, and events in spaces identified by program participants. We also facilitate residents activating under-resourced and underdeveloped spaces to help promote ways that they can be transformed into spaces that are joyful, healthy, and engaging.
- **Investing in Youth:** Neighbors in Action engages youth from the Bedford-Stuyvesant and Crown Heights neighborhoods of Brooklyn, New York, with a focus on long-term investments, such as building transformative relationships and creating scaffolded opportunities for skill-building in meaningful educational, recreational, vocational, and artistic opportunities. We work with teens to implement meaningful youth-led community projects to solve community issues. We train teens to become peer leaders and community organizers and help prepare young adults for the world of work. Many of our alumni stay involved and participate in leadership and organizing work after they graduate from our programs.

## Save Our Streets (S.O.S.)

The Save Our Streets (S.O.S.) program works in four New York City neighborhoods, partnering with local organizations, faith leaders, residents, and the individuals most likely to be involved in a shooting. Our staff prevent gun violence from occurring by mediating conflicts and acting as peer counselors to people who are at risk of perpetrating or being victimized by violence. We work closely with neighborhood leaders and businesses to promote a visible and public message against gun violence, encouraging local voices to articulate that gun violence is unacceptable. These local voices are respected pillars of the community, adults that youth and their families know and trust.

Using public health strategies, S.O.S. seeks to control the spread of violence. Its key elements are:

**Community Outreach and Hospital Response:** The program deploys outreach workers and violence interrupters who engage youth and adults in the community at risk of perpetrating or being victimized by violence. The staff, who all have intimate knowledge of life on the streets, serve as counselors, offering advice and guidance on how to respond to conflicts without violence. They use positive peer pressure to redirect high-risk individuals towards school or jobs and help them think and behave differently about violence. Violence interrupters' primary focus is to prevent shootings from occurring by engaging in mediation. Hospital responders partner with local hospitals to respond to shooting injuries, connecting with gunshot-wound victims and their families at the hospital to offer resources and prevent retaliation.

**Public Education:** S.O.S. staff and volunteers distribute palm cards and posters with messages that promote peaceful conflict resolution, decry violence, and offer S.O.S. as a safe resource for people at risk of experiencing gun violence. Merchants have signs in their windows supporting our "Stop Shooting. Start Living," message and counting the number of days since the last shooting. Social media, texting, and e-mails keep the community updated and involved. S.O.S campaigns are often designed particularly to reach youth, with a specific, thought-provoking focus.

**Faith-Based Leaders:** Faith-based organizations are an essential partner in the S.O.S. violence-reduction strategy. Faith-based leaders are encouraged to preach against gun violence from their pulpits, attend vigils, counsel people who are potentially involved in gun violence, and refer high-risk individuals to the program.

**Community Mobilization**: S.O.S. has built strong relationships with local businesses and agencies to spread an anti-violence message and promote community collaboration. Staff, participants, and volunteers organize block parties, arts showcases, presentations, and trainings to advance the idea that gun violence is both unacceptable and preventable. The program organizes community forums, rallies and marches, speak-outs, and barbecues to advance a simple idea: our community is moving past gun violence. S.O.S. also organizes a rally or vigil in the location of every shooting to call attention to the tragic results of violence. Local residents work as canvassers to promote events and disseminate program information.

**Youth Programming:** Our youth specific program, Youth Organizing to Save Our Streets (YO S.O.S.) mobilizes youth in a twice weekly after-school program. Participating youth become peer educators and advocates for change in the local schools and throughout the community. S.O.S. also carries out the following initiatives:

- **Working with Justice-Involved Youth:** S.O.S. Bronx is contracted through the city Administration for Children's Services to work with young people in Horizon Detention Center, The Children's Center, and the Close to Home program. The goal is to reduce violence by changing the mindsets of the youth we serve. Staff facilitate workshops, including Job Readiness, Know Your Rights (provided by Legal Aid), Self-Care and Awareness, Reflections of Oneself, Creative Arts, plus game and movie nights. If needed, staff will accompany participants to court and write recommendation letters to help support their cases.
- **Conflict Mediation in Schools:** School-based conflict mediation provides culturally competent programming to at-risk youth to reduce their involvement in violence while increasing attendance, academic progress, and other social measures. The program includes school-wide activities to change the culture around violence and to assist schools in their response to incidents in school or the community.
- **Anti-Gun Violence Employment Program:** This program is a seasonal employment program for participants 14- to 24-years-old. The program consists of two phases: a six-week summer program and a 25-week school-year program. Job responsibilities include community canvassing, asset mapping, data gathering, community outreach, and coordinating shooting responses.
- **In This Together:** Also known as "ITT," this is a therapeutic program that fosters a safe space for individuals in the community and participants to share and process trauma experienced by themselves or someone close to them. Through individual and group therapy, participants learn coping skills and other techniques such as mindfulness to incorporate in their daily lives. Groups like the King and Queen Makers tap into the greatness of young people and teach them how to use their talents to be positive and safe.
- **Youth Council:** The Youth Council serves young people ages 16 to 24 by providing a safe space to develop leadership and community skills. Participants work to become positive contributors to their neighborhoods. Learning takes place through workshops, community meetings, and recreational activities. Goals include reducing violence and forming a healthy, vibrant peer culture.

## Reimagining Intimacy through Social Engagement (RISE) Project

The RISE Project transforms responses to intimate partner violence, focusing specifically on its intersection with gun violence. Gun violence and intimate partner violence are often viewed as separate problems that require different responses, but neighborhoods impacted by high rates of gun violence also have the highest levels of reported domestic violence incidents. Access to a gun makes it five times more likely that a partner experiencing abuse will be killed.[2]

The need for these services is increasing, as domestic violence related homicides are displaying startling upward trends. According to a recently released report from the Mayor's

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[2] Center for Justice Innovation. *Rise Project*. New York, NY. https://www.innovatingjustice.org/programs/rise-project

Office to End Domestic and Gender-Based Violence, there were 71 domestic violence homicide deaths in New York in 2022, up nearly 15% from the year before.[3] Black and Hispanic women were disproportionately affected, with Black women comprising 41% of the victims despite representing just 21% of the population and Hispanic women comprising 36% of the victims, despite making up just 28% of the population. This disproportionate effect also extends to the boroughs, with Brooklyn experiencing a 225% escalation in intimate partner homicides and the Bronx experiencing a 57% increase.[4] Seeing these disturbing data trends, it is imperative that we increase funding to these services, rather than decrease.

In neighborhoods across New York City, RISE implements community-centered interventions that build local capacity to respond to and prevent intimate partner violence. RISE works with people causing harm in their relationships to stop the violence and transform behaviors and offers people experiencing harm the support they need to navigate systems to obtain safety. RISE's program offerings seamlessly integrate public health, healing-centered approaches, and restorative justice strategies through the following:

- **Community Initiatives:** By engaging communities most impacted by violence, RISE builds capacity to co-create safety in the community and within our homes by changing the societal norms that tolerate intimate partner violence. RISE implements community healing, placemaking, and community organizing strategies that activate neighborhood spaces to prevent violence and support healthy relationships. Youth programming provides space for youth to understand how to maintain healthy relationships, develop youth advocacy projects, and build networks of peer support.
- **Prevention Strategies:** RISE engages community members to play a role in preventing, responding to, and ultimately ending intimate partner violence through workshops, youth programs, community events, and neighborhood-specific public education campaigns.
- **Capacity Building:** Through tailored training and technical assistance to community-based and gun violence prevention organizations, RISE builds community capacity to prevent violence, support healthy relationship norms, and reduce tolerance for intimate partner violence
- **Crisis Response:** RISE responds to crises through immediate interventions and addressing existing service gaps that make it difficult for those most marginalized or impacted by intersectional violence to access support.
- **Youth Programs:** RISE engages youth to develop and implement projects focused on changing harmful behaviors around intimate partner violence. Youth learn about dating

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[3] Shwe, E., Carlson, S., & Pinder, H. (2024, February 10). In NYC, 2022 was a grim year for domestic violence homicide. Things have gotten worse. https://gothamist.com/news/in-nyc-2022-was-a-grim-year-for-domestic-violence-homicide-things-have-gotten-worse

[4] Graham, A. (2024, January 31). Domestic violence-related homicides skyrocket in NYC, according to new report. https://www.amny.com/news/domestic-violence-homicides-skyrocket-nyc/?oref=csny_firstread_nl

violence, consent, and navigating relationships through workshops, public education campaigns, arts initiatives, and community events.

- **Transformative Initiatives:** Community-based interventions engage individuals who cause harm in their intimate relationships. The goal for the individual is to stop causing harm, take accountability, and change their behavior to ultimately prevent abuse
- **Individual Interventions:** RISE provides individual services to support participants in recognizing the root causes of their harmful behaviors and co-creates strategies to change behavior using an intersectional and restorative framework.
- **Group-Based Interventions:** RISE supports people to hold themselves accountable and to build networks of peer accountability through group interventions. Voluntary, neighborhood-based groups facilitated by trained staff provide accessible space to challenge harmful behaviors and beliefs around intimate partner violence.
- **Community Strategies:** RISE provides community healing circles and interventions to provide ongoing support when violence has been caused in the community. RISE also develops tools, trainings, and interventions to increase community engagement to challenge violence such as bystander intervention trainings, community-focused safety planning, and community campaigns.

## Court Reform

In addition to our preventative work, the Center also offers supportive interventions through our Court Reform programming. The Center's work follows a model of problem-solving justice, turning an arrest into an opportunity for change. Beyond just processing cases, our staff works to resolve the underlying issues that involve individuals in the justice system in the first place by connecting individuals in need with a range of services including counseling, drug treatment, employment, and housing help. Offering support early builds safety, restores lives, and saves money. By striving to make each engagement swift and meaningful, it makes the most of a participant's brief—and hopefully last—contact with the system.

## Alternatives to Incarceration

Each year, thousands of people with substance use disorders, serious mental illness, and other treatable issues cycle through our city's jails. According to recent data, over 1,200 people in New York City jails have a serious mental illness, up 45% since the start of 2022. Often, these folks are returning to their communities destabilized, leading to more harm and ultimately, re-incarceration.[5] With the goal of breaking that cycle, ATIs link participants with mental health and substance use treatment, vocational and educational supports, individual and group

[5] *A Safer, More Effective Option Than Rikers*, A More Just NYC: Independent Commission on NYC Criminal Justice and Incarceration Reform, Oct. 2023, https://static1.squarespace.com/static/5b6de4731aef1de914f43628/t/6530056e07c0614a1a3d6655/1697645934489/1500+Secure+Treatment+Beds+to+Help+Close+Rikers+White+Paper.pdf.

counseling tailored to participants' needs, as well as supervision and regular reporting to the court. ATI programs therefore reduce the court's reliance on incarceration, lower the jail population, and allow people to remain in their communities while receiving the tools they need to avoid further justice involvement.

ATIs work to set defendants up for success upon completion of programming. Through significant staff training and quality assurance measures, we ensure our programs consistently adhere to evidence-based practices. As a result, our programs are successful in reducing re-offending and re-incarceration. In addition, our programs offer longer term services to participants on a voluntary basis following completion of their court-mandated program.

Utilizing these evidence-based practices results in shrinking some of the well-documented high costs associated with incarceration and detention. Ultimately, we can also reduce the potential harms of confinement, such as losing housing, critical benefits, or employment, protective factors that can be hard to regain once lost.

Our breadth of data-driven alternatives are evidence that it is possible to achieve lofty goals, such as closing Rikers Island, without compromising public safety. As Governor Hochul's most recent crime report shows, significant progress has been made in decreasing crime in and around New York City.[6] The Center executes these effective programs across several distinct program sites and models. These programs have the capacity to make real, tangible advances in our efforts to improve public safety, ensure justice and accountability, and strengthen communities in the long run.

**Manhattan Felony Alternative to Incarceration Court**

Launched in 2019, the Manhattan Felony Alternative to Incarceration Court—an initiative of New York County Supreme Court—expands on the principles and successes of specialized drug and mental health courts to create alternatives to incarceration for all types of felony cases, including violent offenses. The court is among the first all-purpose felony alternative courts in the country. The Center's Manhattan Justice Opportunities (MJO), partners with the Felony Alternative to Incarceration Court to realize its vision of reducing the harms caused by incarceration and supporting people to address the issues that often underlie their contact with the justice system.

MJO staff conduct independent assessments of the court's prospective participants and develop individualized plans for services to address not just their mental health and substance use issues, but also their educational, housing, and employment needs. These are important determinants of a participant's ability to live successfully and safely in community. However, these services are often unavailable to people in the carceral setting. Once participants formally

[6] "Governor Hochul Details the First Comprehensive Overview of Crime Trends Across New York State for 2023." *NY.Gov*, Governor Kathy Hochul, 9 Nov. 2023, www.governor.ny.gov/news/governor-hochul-details-first-comprehensive-overview-crime-trends-across-new-york-state-2023

enter the court, MJO social workers connect them to an extensive network of service providers across New York City. MJO provides ongoing case management until participants complete their mandate.

In 2023, participants were mandated to an average of 14 months with the program, and 93 participants completed their mandate.[7] When our participants graduate, they are graduating with the support of a vast web of resources that continue to buoy them in a way incarceration does not, contributing to their ability to live safely and productively in their communities.

**Brooklyn Mental Health Court**

Launched in 2002, Brooklyn Mental Health Court (BMHC), based within Brooklyn Supreme Court, works to craft effective responses to crime committed by those suffering from severe mental illness, including those facing felony charges. In addressing both program participant treatment needs and community public safety concerns, the court links defendants with serious and persistent mental illness, who would ordinarily be jail- or prison-bound, to long-term community-based treatment as an alternative to incarceration. Cases are referred by judges, defense attorneys, and the Kings County District Attorney's office.

The participants in our mental health courts often face numerous challenges, so being able to administer critical treatment services while preserving stability in participants' community is of vital importance. To date, over 1,300 participants have received treatment, satisfied program requirements, and graduated, all outside of the carceral setting. Active participants boast a 73 percent compliance rate while in Brooklyn Mental Health Court. These participants see a 46 percent reduction in the likelihood of a rearrest and a 29 percent reduction in the likelihood of a re-conviction versus a comparison group.[8] This data shows that these programs are not just effective at administering treatment but also at improving public safety, features traditional incarceration often lacks. As evidenced by the reduction in re-arrests and convictions, these programs function in a way that is true to their name, working to solve the problems that result in justice system involvement to benefit individuals and communities for years to come while saving the city from increased incarceration costs.

**Misdemeanor Mental Health Courts**

In partnership with the New York State Unified Court System, the Center launched Misdemeanor Mental Health Courts in Brooklyn and Manhattan in 2022. The court helps people with mental health issues and co-occurring disorders to engage meaningfully in social services and reduce their involvement in the justice system. Our clients living with serious mental illness often face myriad and intersectional challenges. Following the model of Brooklyn Mental Health

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[7] Center for Justice Innovation. (2024). Justice Center Application database. [Data file].

[8] Rossman, S.B., J. Buck Willison, K. Mallik Kane, K. Kim, S. Debus-Sherrill & P.M. Downey (2012, July). Criminal Justice Interventions for Offenders with Mental Illness: Evaluation of Mental Health Courts in Bronx and Brooklyn, New York. New York, NY: Urban Institute. https://www.urban.org/sites/default/files/publication/25576/412603-Criminal-Justice-Interventions-for-Offenders-With-Mental-Illness-Evaluation-of-Mental-Health-Courts-in-Bronx-and-Brooklyn-New-York.PDF

Court, the court works with participants to craft individualized responses that address both treatment needs of the client and public safety concerns of the community. Participants are connected with ongoing mental health and substance use services, benefits, and housing support. The court also helps clients build their relationships with family, friends, and community organizations, relationships that help clients avoid further justice system involvement. The Center has served over 290 individuals in programming through the Misdemeanor Mental Health Courts since their inception, with many clients electing to continue with voluntary services after they complete their mandate due to the effectiveness of services provided.[9]

## Alternatives to Detention

After an effective pilot program showed that releasing more people from pre-trial detention does not compromise public safety,[10] the Center now runs Supervised Release, an Alternative to Detention (ATD), in Brooklyn and Staten Island, playing an instrumental role in the success of the program. The supervised release model employs social workers and case managers who check in regularly with supervised release participants to not only help plan for upcoming court dates and address needs and barriers to court attendance, but also to connect them to community-based resources and services that can provide lasting support beyond the duration of a court case.

An independent evaluation found that Supervised Release is as effective as cash bail at preventing failure to appear in court without recourse to the documented harms of incarceration.[11] In 2020, a citywide measure showed that since 2016, 87 percent of participants never missed a single court date while enrolled in Supervised Release. Court attendance remains high following major bail reforms in January 2020 which made all cases eligible for the program, with approximately 90 percent of scheduled court dates attended.[12]

The data shows that Supervised Release is a trusted pretrial option and bail alternative for the courts. In FY23, Brooklyn Justice Initiatives worked with nearly 9,000 participants to provide them with supervision and resources in order to ensure their return to court and help them address any other needs.[13]

## Pre-Arraignment Diversion

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[9] Center for Justice Innovation. (2024). Justice Center Application database. [Data file].

[10] Hahn, J. (2016, February). *An Experiment in Bail Reform: Examining the Impact of the Brooklyn Supervised Release Program*. New York, NY: Center for Justice Innovation. https://www.innovatingjustice.org/publications/experiment-bail-reform-examining-impact-brooklyn-supervised-release-program

[11] Bloom, H., C. Redcross & M. Skemer (2020, September). *Pursuing Pretrial Justice Through an Alternative to Bail: Findings from an Evaluation of New York City's Supervised Release Program.* New York, NY: MDRC. https://www.mdrc.org/work/publications/pursuing-pretrial-justice-through-alternative-bail

[12] Center for Justice Innovation, New York City Criminal Justice Agency & CASES. (2021, October). *Supervised Release: A Proven Alternative to Bail*. New York, NY. https://www.innovatingjustice.org/publications/supervised-release-five-years-later

[13] Center for Justice Innovation. (2023). Justice Center Application and Reset referral database. [Data file].

In recent years, a critical and growing part of the Center's work has been an effort to develop proportionate responses that shrink the footprint of the justice system and minimize its harms. This has led to the launch of several early diversion programs which seek to provide offramps to individuals even further upstream than traditional system responses have allowed for. Two such examples are below.

**Bronx HOPE**

Bronx Heroin Overdose Prevention and Education (HOPE), an initiative of Bronx Community Solutions, addresses substance use issues with a harm reduction model at the precinct level. By giving clients the option of accessing community services instead of appearing in court, Bronx HOPE gives Bronx residents the opportunity for rehabilitation and connection to community rather than jail or options that don't address the underlying issues.

The process begins when an individual is issued a Desk Appearance Ticket from the New York Police Department. The NYPD will forward this ticket to the Bronx District Attorney's Office, which will review the individual for eligibility. Individuals who receive a ticket for drug possession will have the option to participate in the HOPE program. If an individual is eligible, they will be met at the precinct after their arrest by a peer mentor, who explains the program, provides a Naloxone kit and overdose prevention education; and connects the individual to Bronx HOPE case managers. If an individual chooses to participate, they must meet with a Bronx HOPE case manager within seven days of their arrest. Case managers then conduct an assessment and work with the individual to develop an individualized plan of care; help identify services that address an individual's needs; and provide support in the completion of services.

Bronx HOPE demonstrates that eligible cases are more likely to engage in programming with peer presence at the precinct. In 2022, Bronx HOPE had a contact rate of 84 percent for dispatched cases. Of those cases that were dispatched, 81 percent completed their services, thereby preventing the need for those participants to appear in court and face criminal charges.

**Project Reset**

Much like Bronx HOPE, Project Reset offers participants the option to avoid court and a criminal record by completing community-based programming. The Center operates Project Reset for adults ages 18 and older in all five boroughs with support from the Mayor's Office of Criminal Justice, New York City Council, District Attorneys' offices, and the New York City Police Department. Police alert individuals arrested for low-level offenses that they may be eligible for Project Reset. Prosecutors then review each case. Those with eligible charges are offered the opportunity to engage in programming rather than going to court. Individuals may consult with a defense attorney at any time.

Participants complete an intake interview with program staff and engage in two-to-four hours of programming. Participants who successfully complete this intervention never set foot in a courtroom and don't get a criminal record. Instead, the local district attorney's office declines to prosecute their case and the arrest record is sealed. Project Reset programming varies by borough and the participant's age. Participants are offered interventions such as group workshops, restorative justice circles, arts programming, or individual counseling sessions. Through these interventions, participants gain a better understanding of the criminal justice system, personal accountability, and knowledge of the resources available to them in the community. All participants are offered voluntary referrals to social services, such as counseling, job training, or substance use treatment.

Since 2015, Project Reset has helped more than 6,000 participants avoid court and the consequences of a criminal record. As of 2023, the program has a 96 percent attendance rate of those scheduled.[14] An evaluation of 16- and 17-year-old Project Reset participants in Manhattan found they were significantly less likely than defendants in a comparison group to be convicted of a new crime within one year.[15] It also documented improved case processing times and case outcomes, as well as positive perceptions of the program. More than 95 percent of participants said they had made the right decision by entering the program and that they would recommend Project Reset to someone in a similar situation.

In addition, the Center is expanding offerings to provide same-day at-arraignment diversion services for individuals who were referred to Project Reset Bronx or Bronx HOPE pre-arraignment diversion programming, but who were not contacted or did not complete programming. Any other individuals deemed eligible by court stakeholders also have the opportunity to participate in this at-arraignment diversion program. Upon successful completion of the session, participants' cases are dismissed the same day and they are not required to return to court. This has offered relief from the collateral consequences participants might otherwise experience if arraigned for a low-level crime.

## Conclusion

These programs are vital to the communities they serve. The success of these programs show that it is indeed possible to reduce the use of unnecessary incarceration, shrink the footprint of police and minimize the collateral damage of our justice system while maintaining public safety. We urge Council to continue its investment in these programs at this critical juncture for our City. We thank Council for its partnership on this effort and are available to answer any questions.

[14]Center for Justice Innovation. (2024). Justice Center Application and Reset referral database. [Data file].
[15]Cadoff, B. & K. Dalve (2019, January). *Project Reset: An Evaluation of a Pre-Arraignment Diversion Program in New York City*. New York, NY: Center for Justice Innovation.
https://www.innovatingjustice.org/publications/projectreset-evaluation

Center for Justice Innovation

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**Courtney Bryan.** Executive Director

**FY25 Center for Justice Innovation Major Proposals**

- **#172167 - Center for Justice Innovation (formerly Center for Court Innovation) - $750,000**

  **Innovative Criminal Justice Programs (Renewal/Expansion);**
  Speakers Initiative

  **Description:** This is an application to support the continuation of the Center for Justice Innovation's innovative criminal justice responses, community-based public safety initiatives, and access to justice programs across all five boroughs in New York City. City Council's support allows us to serve tens of thousands of New Yorkers with mental health services, family development, youth empowerment, workforce development, and housing, legal, and employment resource services. Our goal continues to be improving safety, reducing incarceration, expanding access to community resources, and enhancing public trust in government to make New York City stronger, fairer, and safer for all.

- **#170201 - Center for Justice Innovation (formerly Center for Court Innovation): Brooklyn Felony Alternatives to Incarceration, community-based interventions and rigorous judicial monitoring for those facing felony charges in Brooklyn Criminal and Supreme Court. - $1,175,000**

  **Alternatives to Incarceration (ATIs) (Renewal/Redesign);**
  Diversion Programs

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

- **#165625 - Staten Island Justice Center - Community Justice Center - $987,087 (Renewal/Expansion)**

Speaker's Initiative;<br>Innovative Criminal Justice Programs;<br>Alternatives to Incarceration (ATIs)

**Description:** In response to growing need in the community, the Justice Center has worked in collaboration with the Richmond County District Attorney's Office to plan and begin operationalizing programming for a Staten Island Community Justice Center. This work puts the Justice Center on a path to replicate and launch community-based interventions and initiatives piloted and established at the Center for Justice Innovation's existing Community Justice Centers in other boroughs. Based on results of a comprehensive public safety assessment, several pilot initiatives for at-risk youth are being implemented in the spring of 2024. In FY25, the Justice Center will also have a dedicated community outreach van to allow for expanded recruitment. Staff will continue planning for the increased scaling of operations, working on program design, building data and technology infrastructure and strengthening partnerships. In response to the needs identified in the assessment, the Justice Center will continue planning for and launching additional initiatives in areas such as veterans support, housing assistance, and violence prevention.

- **#171694 - Center for Justice Innovation (formerly Center for Court Innovation): Driver Accountability Program - $885,000**

Diversion Programs (Renewal);<br>Alternatives to Incarceration (ATIs)

**Description:** The Center for Justice Innovation's Driver Accountability Program works to improve street safety by changing driver behavior, while minimizing harms perpetuated by the criminal justice system's historically punitive responses. It does so by offering a proportionate and meaningful alternative to fines, fees, and short-term incarceration for vehicular offenses in criminal court; and by utilizing principles of restorative justice to address the dangerous behaviors that are the primary cause of pedestrian fatalities. With support from City Council, the program currently operates at six sites in all five boroughs. This application seeks funding to sustain those operations, as well as to sustain operations of its more intensive version, Circles for Safe Streets, which brings together drivers and their victims for a process of accountability and healing in cases where traffic crashes have caused critical injury or death.

- **#171747 - Bronx Community Solutions: Project Reset Expansion, expanding diversion opportunities in the Bronx - $710,000**

**Diversion Programs (Renewal/Expansion)**

**Description:** Building on Bronx Community Solutions' (BCS) success running the Project Reset pre-arraignment diversion restorative model for six years, and the robust support and collaboration of Bronx court system stakeholders, the Center seeks to renew funding to expand access to rapid diversion services for adults in the Bronx. To address the large gap in services caused by the inability to contact many Bronx Reset and Bronx HOPE (Bronx Heroin Overdose and Prevention Education) pre-arraignment diversion participants before their initial court date, and to remedy the growing backlog of low-level arrests in the Bronx Criminal Court system, BCS launched same-day at-arraignment programming that would give eligible individuals the opportunity to participate in diversion programming at their first court appearance and receive an immediate dismissal the same day. This application seeks to renew the previously awarded $710,000 to continue to provide at-arraignment diversion programming and expand access to diversion services in the Bronx.

- **#170174 - Midtown Community Justice Center: Youth Weapons Diversion, a program based on a restorative framework for Weapons Possession Charges in Family Court - $300,000**

**Diversion Programs (News)**

**Description:** Midtown Community Justice Center (MCJC), formerly the Midtown Community Court, in collaboration with the New York City Law Department Family Court Division , seeks a dedicated funding source to sustain and enhance its youth diversion pilot program for weapons possession charges: Youth Weapons Diversion . MCJC's program, founded on restorative practices and culminating in a family support circle, was created to fill a gap in holistic alternative-to-prosecution diversion options for young people ages 14 to 17 arrested for gun and other weapons possession, providing an early off-ramp from the traditional Family Court process and building supportive connections for participants. Successful completion of the program results in a "decline to prosecute" with a sealed record, or for cases that have already been filed, the petition is withdrawn and the case sealed, thereby preventing a full criminal process, a criminal record, and many collateral consequences for young people at a pivotal age. In addition to providing a critical diversion opportunity that addresses the root causes of gun violence, this program will provide educational support and job skills development, offer connections to health and wellness and other holistic services, and build youth connections to the community.

- **#168959 - Brooklyn Mental Health Court - $100,000**

**Speakers Initiative (Renewal/Expansion)**

**Description:** Launched in 2002 as the first mental health court in New York City, Brooklyn Mental Health Court (BMHC) is a specialized court that seeks to craft meaningful responses to the problems posed by defendants with mental illness in the criminal justice system. Addressing both the treatment needs of defendants with mental illness and the public safety concerns of the community, BMHC links defendants with serious and persistent mental illnesses (such as schizophrenia and bipolar disorder), who would ordinarily be jail- or prison-bound, with long-term treatment as an alternative to incarceration. BMHC performs psychosocial assessments and psychiatric evaluations, comes up with treatment plans, monitors clients' adherence to treatment plans, and refers clients to community-based services.

- **Brooklyn Mental Health Court #168934 - $150,000**

**Court-Involved Youth Mental Health (Renewal/Expansion)**

**Description:** The Court-Involved Youth Mental Health initiative of Brooklyn Mental Health Court provides specialized support to youth ages 18 to 24, who have unique social and cognitive needs and who represent a growing percentage of the cases we serve. Since 2017, more than 162 youth in this age range have been served by Brooklyn Mental Health Court. Thanks to City Council support, we hired a new dedicated Youth Engagement Social worker who leads youth programming and fosters close relationships with our participants. Renewed funding will enable us to continue and strengthen our youth-focused programs, provide meaningful activities and healthy meals and snacks to our participants, continue essential training for staff, and maintain our critical Youth Engagement Social Worker.

- **#167064 - Queens Community Justice Center: UPLIFT - $100,000**

**Court-Involved Youth Mental Health (Renewal);**
**Mental Health Services for Vulnerable Populations (Renewal);**
**Speakers Initiative (Renewal);**
Community Safety and Victims Services Initiative;

**Description:** To address the high levels of exposure to community violence and trauma among young men of color in Queens, the Queens Community Justice Center piloted UPLIFT in FY22, a program that provides trauma and healing services to justice-involved young men of color, ages 16-25. By offering client-driven individual therapeutic sessions and supportive group workshops, case management and victim services assistance, and advocacy and mentoring, participants are supported to recognize, process, and heal their own trauma, resulting in better life outcomes. Given the program's initial success, the Justice Center was able to fully implement and sustain the program, thanks to the ongoing support of City Council.

- **#169968 - Neighbors In Action: Youth Media Lab - $50,000**

**Digital Inclusion and Literacy (Renewal/Expansion)**

**Description:** This is a request for funding for Neighbors in Action (NIA) to expand its Youth Media Lab to include a youth-led social enterprise. The Youth Media Lab's social enterprise will aim to promote, encourage, and create social change by addressing socio-economic challenges. To do this, the Youth Media Lab provides financially sustainable pathways for youth through the digital arts. With the support of City Council, NIA's Youth Media Lab social enterprise will provide 70 youth, ages 15-24, with paid interest-based internships in digital media, technology, entrepreneurship, and youth organizing. An additional 1,000 youth will be engaged through media lab workshops, open hours, and community events. Youth will receive training in media, production, design, social justice, community organizing, and entrepreneurship while building marketable skills in growing creative sectors. Upon program completion, youth can continue engagement through the Media Lab and as peer leaders.

THE DISTRICT ATTORNEY
BRONX COUNTY

DARCEL D. CLARK

February 21, 2024

Speaker Adrienne
Adams New York City
Council City Hall
New York, NY 10007

Dear Speaker Adams and Members of City Council:

On behalf of the Bronx District Attorney's Office, I am writing to support the Center for Justice Innovation (CJI or the Center, formerly Center for Court Innovation) FY25 City Council Applications. Funding will sustain existing programs and continue to expand:

- Pre-arraignment early diversion options,
- Mental health supports,
- Restorative justice interventions,
- Human trafficking survivor leadership initiatives,

These programs will enable the Bronx to move towards our shared vision of reducing unnecessary and harmful involvement in the legal system and enhance public safety through sustainable community-driven solutions.

For the past several years, the City Council has supported the Bronx with **$710,000** to invest in early system diversion, which includes Project Reset, the Center's citywide pre-arraignment diversion model that re-directs New Yorkers with misdemeanor arrests from the court system. The Center also offers same-day at-arraignment diversion services for individuals who were referred to Project Reset Bronx or Bronx HOPE pre-arraignment diversion programming, but who were not contacted or did not complete programming. Any other individuals deemed eligible by court stakeholders also have the opportunity to participate in this at-arraignment diversion program. Upon successful completion of the session, participants' cases are dismissed the same day and they are not required to return to court. This has offered relief from the collateral consequences participants might otherwise experience if arraigned for a low-level crime. We support CJI continuing to partner with the Council to implement the next generation of early system diversions for the Bronx to continue to lead the City in upstream interventions.

The Bronx County District Attorney's Office partners with the **Bronx Child Trauma Support** program to support the provision of clinical assessment and treatment of child victims and witnesses to crimes in the Bronx. The continued support of the Council will baseline these direct services conducted through evidenced-based and trauma-informed intervention models designed to prevent or reduce post-traumatic stress symptoms, traumatization, and future victimization. Thanks to meaningful changes in the treatment of trafficking victims in the justice system, the Center's Bronx Human Trafficking Intervention Court (HTIC) referrals continue to decline. As a result, we support CJI's piloting of **Project Healing and Empowerment through Advocacy and Leadership** (Project HEAL), designed to be a survivor leadership and peer support initiative for human trafficking survivors. Additionally, we support the Center's RISE Project which is used in Family Court and provides community-based intimate partner violence prevention services in communities most impacted by gun violence.

To address the issue of street safety, we support the continuation and expansion of the **Driver Accountability Program.** The essence of this program is to provide a constructive and restorative response to dangerous driving and improve the risky driving behavior of people charged with driving-related offenses in criminal court.

Finally, we support continuation of the **Center's Innovative Core Funding** which addresses the immediate needs of all boroughs by piloting novel and effective approaches to anti-gun violence, victim services, and mental health integrations to diversions.

The Center has a long and documented history of conducting research and operating direct service programs in the Bronx. Their mission to promote equality, dignity, and respect in communities aligns with the Bronx District Attorney's vision and mission to pursue justice with integrity. Together we can reimagine a fairer and more holistic approach to justice by reducing incarceration and convictions as well as by building substantial and meaningful community-based support. I encourage the City Council to consider funding the Center's programs which will ultimately enhance fairness, accountability, and safety for all people in the Bronx.

Sincerely,

Darcel D. Clark

Darcel D. Clark

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ERIC GONZALEZ
DISTRICT ATTORNEY

February 28, 2024

Adrienne Adams
Speaker, New York City Council
City Hall
New York, NY 10007

Dear Speaker Adams and Members of City Council,

On behalf of the office of the Kings County District Attorney, I write in support of key Center for Justice Innovation FY25 City Council Applications to sustain critical investment in the following areas:

- alternatives to incarceration,
- mental health support,
- programming at the intersection of intimate partner violence and gun violence,
- and innovative pilot programs that address pressing needs in communities.

These programs will enable Brooklyn to continue to move towards our shared vision of reducing unnecessary and harmful involvement in the justice system wherever possible and building public safety through sustainable community-driven solutions.

The Center has submitted a proposal for continued support of its **Brooklyn Felony Diversion Programs**, which assist my office in expanding diversion opportunities for felony alternatives to incarceration (ATIs) across Brooklyn, while maintaining public safety and accountability. The Brooklyn Felony Alternatives to Incarceration Court, launched in January 2020 with Council support, offers clinical assessments, individualized community-based interventions, and judicial monitoring on felony cases. I urge the Council to continue funding this initiative to reduce unnecessary incarceration and strengthen diversion opportunities in Brooklyn. Also included in that application is a request for continued support of the Center's renowned **Brooklyn Mental Health Court.** For the past twenty plus years, Brooklyn Mental Health Court has served as a pioneering model that offers community-based mental health treatment, paired with rigorous judicial monitoring and case management for defendants diagnosed with serious mental illness and facing felony charges. If not for the intervention of this specialized court, these defendants would be facing long-term incarceration in our jails and prisons. Support for this program is an essential component of our effort to address the mental health crisis in our City.

I urge the Council to continue supporting the Center's **RISE Project** which provides community- based intimate partner violence prevention services in communities most impacted by gun violence. RISE works to reduce intimate partner violence by engaging individuals who are causing abuse in voluntary programming to stop violence and change behavior; changing community norms to reduce tolerance for violence, and training credible messengers to identify risk factors for intimate partner violence.

To address the issue of street safety, I support the continuation of the **Driver Accountability Program,** which seeks to change the risky driving behavior of people charged with driving-related offenses in criminal court, while simultaneously reducing reliance on fines or short-term incarceration for those offenses. The Driver Accountability Program is also addressing more serious cases through a second tier of programming, Circles for Safe Streets, which brings together drivers and their victims through a restorative justice process in cases of serious crashes that have resulted in serious injuries or fatalities.

Finally, the Council should continue and expand support for the Center's **Innovative Core Funding.** The Center uses this funding to respond to the immediate needs of Brooklyn residents by piloting novel and effective approaches to anti-gun violence, victim services, mental health integrations to diversion, and other pilots to test for scalable solutions.

The Center's long and documented history of conducting original research and operating direct service programs in Brooklyn to promote equality, dignity, and respect in communities align with my office's vision. Together we reimagine a fairer and more holistic approach to justice, aiming to reduce incarceration and conviction wherever possible and build substantial and meaningful community-based supports. I encourage investment in each of the Center's programs to enhance fairness, accountability, and safety for the people of Brooklyn.

Sincerely,

Eric Gonzalez

Eric Gonzalez
Brooklyn District Attorney

CLOSE RIKERS

DECARCERATE * DEFEND * DIVEST & REDISTRIBUTE

# FY2025 Budget Analysis & Priorities

**Mayor Adams' proposed budget is a recipe for keeping Rikers open** by maintaining DOC budget bloat while cutting funds for alternatives to incarceration (ATIs) and re-entry services, and failing to adequately fund supportive housing and community-based mental health treatment. The budget also proposes cuts to a wide range of social services and violence prevention initiatives.[1] In order to follow through on the legal and moral obligation to Close Rikers, City Council must secure a budget that will improve community safety and reduce our City's overreliance on incarceration.

## DOC's budget is still bloated:

- The Mayor has proposed spending $2.6 billion[2] on jail operations in FY2025, down just 3.3% from FY2024 forecasted spending.
- Most of DOC's costs are driven by overstaffing. Their ratio of uniformed staff to incarcerated people is more than 4 times higher than the national average.
- DOC anticipates cost savings from 1,451 uniformed vacancies in FY2025, but plans to budget for 7,060 uniformed officers through FY2028[3]. By that time, New York City is required to close Rikers Island and shift to a borough jails system with approximately 4,000 beds. Uniform headcount reductions are consistent with a lower jail population and closing Rikers - in fact, these reductions should have started years ago when the jail population started to decline.
- DOC's overtime costs have ballooned to $254M, 78% above FY2024. Consolidating operations, through closing empty jails like the Anna M. Kross Center, would help to control these costs.

*The administration seems to be planning either to continue overusing incarceration, or to employ almost twice as many correction officers as people in custody.* Either option makes no sense, morally or financially.

## Alternatives to incarceration/detention, and re-entry supports face big cuts:

- The administration is proposing $6.7M in cuts to alternatives to incarceration programs.[4] Opportunities to divert people from Rikers should be fully utilized, in collaboration with the Jail Population Review Initiative that the Council established last year through Local Law 75-2023. Expanding alternatives to incarceration was also a key commitment in the plan to close Rikers.
- The administration is proposing $13.1M in cuts to the supervised release program - for which the Council secured $36.8M in new funding just last year. The Mayor's Office of Criminal Justice

[1] Including large cuts to DSS, DCYD, and DOHMH, outlined here: GJNY Look inside the DOC FY25 Budget.pdf (vera-advocacy-and-partnerships.s3.amazonaws.com)
[2] Including expenses, associated fringe benefits, pensions, and debt service. "A Look Inside the FY 2025 DOC Budget." Vera Institute of Justice. February 2024.
[3] Financial Plan of the City of New York. Fiscal Years 2024 - 2028. Full time and full time equivalent staffing levels.
[4] "The City of New York Preliminary Budget Fiscal Year 2025. Program to Eliminate the Gap (PEG)". January 2024. P. 30 - 31.

testified in November 2023 that recent funding additions were needed to rightsize the program after their caseloads grew 440% since FY2019.

- The administration is proposing $8M in cuts to re-entry services, while a key commitment in the plan to Close Rikers was to "Enhance Reentry and Discharge Planning Services Available to Everyone Leaving City Jails," as evidence recommends.
- The above programs are funded under the Office of Criminal Justice (formerly MOCJ).

## Commitments in the Close Rikers plan are still inadequately funded:

- In the Points of Agreement on Closing Rikers, the administration agreed to establish 380 more units of Justice Involved Supportive Housing, a model that has been hugely successful in reducing jail, shelter, and hospital stays, and generating substantial cost savings. But funding rates proposed in the RFP issued were so low that qualified providers have not applied, and operators of the existing 120 units are struggling to keep them open.
- The Close Rikers Plan also promised "A new community-based mental health safety net." This administration has clearly fallen short of that goal - the number of people in Rikers diagnosed with a serious mental illness has increased 41% since January 2022 without sufficient investments in community-based interventions and care.

## Jail oversight cuts are proposed:

- DOC continues to violate minimum standards established by the Board of Correction, and strong oversight is crucial. BOC needs more staff to fulfill its mandate, but the Mayor proposes reducing their staff from 35 to 29 positions, and cutting BOC's budget by $672,000 (17.5%).

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## What should happen in this year's budget

### 1. Reduce DOC uniformed headcount to 5,110

a. **Eliminate vacancies for uniformed staff.** The Department of Correction currently employs about 6,150 uniformed staff (910 vacancies) and anticipates cost savings based on an average of 1,451 uniformed vacancies in Fiscal Year 2025, but they have not made a plan to rightsize this agency in alignment with closing Rikers.

b. **Hold staff accountable for chronic absenteeism.** The Nunez Federal Monitor reported in October 2022 that DOC had identified 1,029 officers as chronically absent,[5] and in November 2023, DOC could not report if these staff had returned to work or been held accountable.[6] If approximately 50% (500) of these officers are terminated and 50% return to work to avoid termination, we can reduce jail operations spending by $55.8M.[7]

2. **Reduce overtime spending** by consolidating operations and permanently closing jails on Rikers, starting with the vacant Anna M. Kross Center.[8]

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[5] Martin, Steve J et al. "Second Status Report on DOC's Action Plan by the Nunez Independent Monitor." October 28, 2022. p53.
[6] Martin, Steve J et al. "Status Report on DOC's Action Plan by the Nunez Independent Monitor." November 8, 2023. p. 99.
[7] Based on $111,660 per officer, as calculated by the Vera Institute, GJNY_Look inside the DOC FY25 Budget.pdf (vera-advocacy-and-partnerships.s3.amazonaws.com).
[8] In response to Council Member questions in the March 23, 2023 budget hearing.

3. **Restore $27.8M to the Office of Criminal Justice for ATIs, supervised release and re-entry programs** including $6.7M for alternatives to incarceration, $13.1M for supervised release, and $8M for re-entry services.
4. **Allocate an additional $21.3M to meet housing and mental health needs,** and fulfill commitments in the Close Rikers plan, including:
    a. Establish a separate line-item for JISH in the DOHMH budget, and allocate an additional $6.4M to increase service funding rates for new units and existing units. Existing, long time JISH providers are struggling at current rate levels.
    b. $2.9M more to enable 5 of the 22 newly funded state Assertive Community Treatment (ACT) teams to operate as Forensic ACT (FACT) teams ($575K per team).
    c. $6M more to fully implement Local Law 118-2023, supporting the establishment of four new crisis respite centers.
    d. $6M more to fully implement Local Law 119-2023, supporting the establishment of five new clubhouses.
5. **Increase Board of Correction headcount** in proportion to DOC's headcount. This type of linked budget exists for other oversight agencies like the CCRB. Increasing BOC headcount to 1% of DOC's would add 35 BOC staff positions, but would only add approximately $4M to the overall expense budget.[9]

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## Frequently Asked Questions

**Does the Department of Correction have a staff shortage?**

No. In fact, they are overstaffed. The Department of Correction's ratio of uniformed staff to incarcerated people is more than 4 times higher than the national average, and NYC's is the only jail system among the nation's 50 largest cities that has as many officers as people in custody. Reducing their headcount now is an important first step to rightsizing the department.

**If they are not understaffed, why is there a shortage of officers to cover posts and provide basic services?**

For three main reasons:

1. **A large number of officers don't come to work.** Uniformed DOC staff have unlimited sick leave, and an extraordinarily high number of officers call out sick on any given day. As of December 2023, DOC sick leave rates remained at nearly twice the pre-Covid rates within the department (8.49%), and more than double the rates of NYPD and FDNY - agencies that also offer unlimited sick leave.[10] Another 3.4% of officers are out on long term sick leave, which is often abused.
2. **There are too many officers assigned to non-jail posts.** There are hundreds of officers each day who work in non-jail posts either because they are prevented from working directly with incarcerated people due to an ongoing disciplinary case, they are being 'medically monitored,'

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[9] The FY2024 projected budget allocates $3.8M to BOC, for 35 staff; 68 staff would constitute 1% of a 6,822 person uniformed DOC workforce (1,722 civilian - as projected by the administration and 5,100 uniformed - as we recommend).
[10] "Preliminary Mayor's Management Report." January 2024.p 411.

or they have been assigned to a different job like working in the laundry room or as a secretary to a warden - tasks that are performed by civilians in other jail systems. These posts have been widely used in DOC as rewards to officers favored by supervisors, and officers who have these posts have strongly resisted being transferred to posts in the jails.

3. **Officers who are at work often don't do their jobs.** Investigations found that many officers who *are* at work are *not* at their assigned posts - including some found hanging out in locker rooms. A Board of Correction report on seven deaths in DOC custody in 2022 noted that in three instances (leading up to the deaths of Erick Tavira, Edgardo Meijias, and Gilberto Garcia) officers were present at work but failed to properly conduct their rounds, and in two instances (leading up to the deaths of Michael Nieves and Gilberto Garcia) failed to provide first aid. The *Nunez* federal monitor in their November 8 report, stating "Definitive measures to ensure that staff are available in sufficient numbers and that they stay on post are obviously necessary. It is equally critical that staff *actually do their jobs* [emphasis in original]... Too often, staff are present and yet fail to enact or enforce even the most basic security protocols."[11]

**Does DOC need to replace officers who are retiring?**

Reducing the uniform headcount would not prevent DOC from replacing officers who quit, retire, or are terminated. It would require DOC to more effectively supervise and manage their very large staff.

**How is the money being spent?**

The FY2025 budget projects that 88.3% of DOC expenses will be staff salaries,overtime and benefits.

**How does NYC's jail spending compare to other cities?**

In 2021, New York City spent 350% more per incarcerated person ($556,539[12] per year) than Los Angeles or Cook County, Illinois, and yet, people in DOC custody are subjected to some of the worst jail conditions in the nation. The *Nunez* federal monitor also reported in their October 2023 report "The Department's staffing complement is highly unusual and is one of the richest staffing ratios among the systems with which the Monitoring Team has had experience."

**What will we do about those jobs? Aren't a lot of correction officers people of color, and women?**

Many NYC correction officers *are* women and people of color. The choice to invest so much of New York City's budget in incarceration has meant that DOC has become a path to the middle class, including for many people of color.[13] New York City could and should make a different choice - to invest in and raise salaries, for example, for EMS workers, green jobs that can help us meet our goals for a vibrant and climate resilient city, and human services jobs that address community needs. Black and Brown workers deserve jobs with good wages and benefits that aren't dependent on the incarceration of their neighbors and families. We must invest in a just transition to expand and better compensate jobs outside of law enforcement - for example, human services, a sector in which more than 80% of workers are women of color, and which is subject to constant budget cuts that have resulted in lost jobs and depressed wages.

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[11] Martin, Steve el al. Status Report on DOC's Action Plan by the Nunez Independent Monitor. November 8, 2023. P 25.

[12] For FY2021. "NYC Department of Correction, FYs 2011-21 Operating Expenditures." *New York City Comptroller's Office, Budget Bureau.* December 2021

[13] New York City correction officers are paid $92,000/year after 5.5 years on the job, and receive generous benefits. https://www1.nyc.gov/site/jointheboldest/officer/salary-benefits.page

18% & GROWING CAMPAIGN CACF

Asian American Pacific Islanders for a Fair Budget

## New York City Council Fiscal Year 2025
## Preliminary Budget Hearings
## Committee on Finance, Mar 4, 2024

## The 18% and Growing Campaign to Fight For An Inclusive and Equitable Budget for the AAPI Diaspora

My name is Felicia Singh and I am the Director of Policy and Government Relations at CACF, the Coalition for Asian American Children and Families.

Since 1986, CACF is the nation's only pan-Asian children and families' advocacy organization that **leads the fight for transformative movements and policy, progressive systems change, and racial equity within government institutions to increasingly invest and equitably fund** community based organizations and city initiatives that directly impact and far reach the Asian American and Pacific Islander Diaspora, which include: East Asia, Southeast Asia, South Asia, West Asia, Southwest Asia, Central Asia, and Pacific Island regions.

I am testifying on behalf of the 18% and Growing Campaign, a critical and diverse city-wide campaign **uniting over 90 AAPI-led and serving organizations across New York City to fight for a fair and equitable budget that protects the needs of our most vulnerable community members**. We advocate as a collective in solidarity to hold New York City accountable in providing the necessary resources to serve and empower the diverse needs of all AAPI New Yorkers and other communities of color as *"We Are Building A Community Too Powerful To Ignore. "*

**We believe in a community where 1 in 5 AAPIs do *not* have to live in poverty; a community that provides culturally competent and linguistically accessible social services to the 78% of AAPIs who are foreign born, including the many who are undocumented and who have recently arrived, seeking asylum - safety and wellness - for their families.** We strive for a community where the number of Anti-Asian Hate Crimes that are reported, underreported, and unreported decline drastically; and a community that emphasizes safety as the presence of wellness in our society and empowers social safety nets and opportunities for communities of color to achieve their full potential in life.

Asian American Pacific Islanders for a Fair Budget

The AAPI Diaspora across New York City has historically been marginalized, siloed, and isolated, facing unique challenges that continue to prevent the manifestation of healing, wellness, and advancement within our communities.

- The Asian American and Pacific Islander Diaspora is the fastest growing ethnic diaspora in New York City, yet, it faces the highest rates of poverty, linguistic isolation, rising inequities, and widening gaps between social services. And many in the AAPI community are undocumented, including those who have recently arrived seeking asylum for themselves and their families.

- The Model Minority Myth has been a dangerous and harmful stereotype that has perpetuated the cycles of violence and inequity. This Myth has allowed our most marginalized to become some of the most vulnerable in society - isolating our communities from social services, opportunity, and progress.

- The lingering effects of the COVID-19 pandemic continue to be catalytic to the rises in Anti-Asian hate across New York City. As our communities face egregious levels of discrimination, we need expanded investments towards frontline organizations that work to be proactive against inequity and reactive against injustice.

We demand the creation of bridges that closes the gaps between equity and social safety nets within our community. Our society requires a shift in the greater moral imperative so that leaders and institutions in power can understand the historic inequities within our communities to be better informed to fight for principals and values that are reflected in a budget that invests in trauma-informed healing, holistic progress, and culturally competent services.

**CACF urges the New York City Council to uplift the collective priorities of the 18% and Growing Campaign which include expanding the AAPI Community Support Initiative to $7.5 million, Communities of Color Nonprofit Stabilization Fund to $7.5 million, and the Access Health Initiative to $4 million, among other key city-wide initiatives** to take further steps in not envisioning, but truly creating a more inclusive, safe, healthy, and sustainable society for our diverse diaspora. Establishing blueprints that lead to a more value driven, culturally representative, and human centered New York City.

Thank you very much for your time.

**E**ast
**H**arlem
**C**ommunity
**H**ealth
**C**ommittee, Inc.

March 4, 2024

Honorable Councilmember Justin Brennan
Chair, Committee on Finance
New York City Council
250 Broadway
New York, NY 10007

Re: Written Testimony on NYC Budget Process - Equity Lens for East Harlem

Dear Councilmember Brennan:

On behalf of the health and supportive services providers of East Harlem and the people whom we serve, we are writing to advocate for use of an *equity lens* in the NYC budget process particularly as it pertains to budget decisions that disproportionately negatively impact historically disadvantaged communities, like East Harlem, where crucially needed community-based services rely on government funding. While we commend the Administration's decision to rescind the anticipated next round of budget cuts, it is imperative to recognize the disparate needs among NYC neighborhoods and that many agencies have already endured severe cuts, exacerbating pre-existing inequities in funding. In addition, we strongly encourage the Finance Committee and entire City Council to advocate and collaborate with NYC Commissioners to ensure that they apply an equity framework to budget and related decisions at the agency level to minimize any additional disproportionate impact to historically underfunded communities like East Harlem.

Due to the historic disinvestment in East Harlem and the resulting disparities in need for health, education, housing, and social services, our community cannot experience the same level of budgetary cuts as most New York City neighborhoods. East Harlem continues to demonstrate among the worst health outcomes in obesity, diabetes, pediatric and adult asthma, and hypertension, and continues to rank in the top five communities for preventable overdose deaths (NYCDOHMH). Yet, with limited resources, local service providers often serve as the unsung vanguard on the front lines addressing these issues. As a result, the same amount of cuts to our agencies will have a disproportionate impact on the critical services available to address the needs of the most vulnerable members of our community.

Of particular concern are potential cuts to local community-based agencies including Older Adult Centers and cuts to direct services provided by the Department of Health and Mental Hygiene (DOHMH) and the Department of Education (DOE), as well as their community partners.

- The Healthy NYC initiative sets goals for a healthier NY by addressing the disparities and social influences of health disproportionately affecting East Harlem. The DOHMH's Harlem Bureau Action Center's effectively addresses these goals through its targeted programming and effective collaboration with local coalitions and service providers, (addressing COVID-19, heart disease & diabetes, cancer, overdoses, homicide, suicide, pregnancy associated death among Black people). Simply put, the City needs to "put its money where its mouth is…," and it is unacceptable to cut services which are known to be effective in saving lives and preventing mortality and morbidities (https://www.nyc.gov/site/doh/about/about-doh/healthynyc.page).
- Similarly, the DOE is threatened with massive cuts at the same time it is proactively serving more children particularly the intense needs of the "newest" NY children and their families (https://files.uft.org/2023-2024/budget/ccouncil-d8.pdf). These cuts are further compounded by threatened cuts to supportive services for children and families, including after and out of school programming at a time when our children are experiencing higher levels of anxiety and even suicidal ideation than ever before.

We are also disheartened that despite a better-than-expected fiscal outlook for the City, the Mayor has proposed deep cuts to the aging sector. Although spending for the aging sector comprises only 0.0002% of the overall budget, a projected cut of $2.3 million is slated for FY25. The divestment of funding is blamed on underutilization of funds; however, this does not mean the funds are not needed. In fact, the notion of underutilization of funds should not justify slashing budgets when the needs within the aging community remains dire as providers recognize the need to innovate and reinvent themselves to respond to the changing environment, needs, and interests of older adults and the intense isolation of seniors since the onset of the COVID-19 pandemic. The planned cuts to Older Adult Centers are particularly distressing as they threaten to undermine Centers' ability to renew themselves in this changing landscape and further erode essential services for our elderly population.

In conclusion, we urge the Finance Committee and the entire City Council to adopt an *equity framework*, as described above, as you analyze and work towards an equitable budget which considers financial constraints within the context of historic disinvestment and continuing disparities. We further ask that you encourage the Commissioners to adopt this lens as they plan for the distribution of resources within their agencies. Our community cannot afford further setbacks, especially when we are now aware that billions of dollars in additional revenue are available. It is imperative that the Council upholds a commitment to equity and ensure that all New York City residents have access to the resources and services they need to thrive.

Thank you for hearing our testimony.

Sincerely,

Erika Donovan Estades, MS, JD
Board of Directors Chairperson
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Joseph Dibenedetto, LMSW
Older Adult Subcommittee Chair & Board Member
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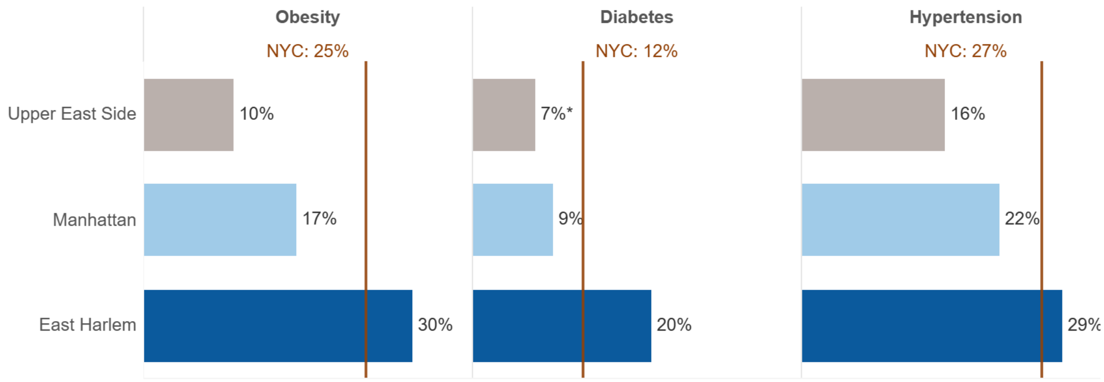
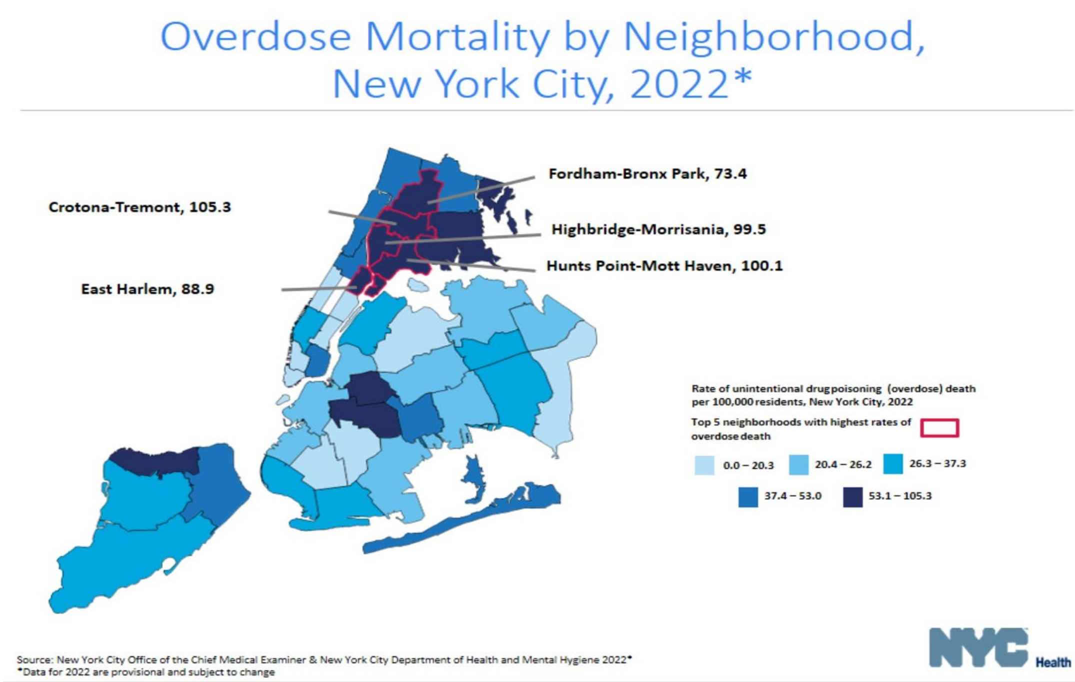
# HEALTH DISPARITIES
# EAST HARLEM

**Obesity, diabetes and hypertension** (percent of adults)




*Source: NYC DOHMH, Community Health Survey, 2019-2020*



**Testimony of FPWA**

**Presented to:**
**Finance Committee**
**Preliminary Budget Hearing**
**Chair Justin L. Brannan**
**March 4, 2024**


**Jennifer Jones Austin**
**Executive Director/CEO**

**Prepared By:**
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We are grateful to the Council Finance Committee for holding this hearing, and to Chair Justin L. Brannan for the opportunity to provide written testimony on behalf of FPWA (Federation of Protestant Welfare Agencies) regarding the Preliminary Budget.

FPWA is an anti-poverty policy and advocacy organization committed to advancing economic opportunity, justice, and upward mobility for New Yorkers with low incomes. Since 1922, FPWA has driven groundbreaking policy reforms to better serve those in need. We work to dismantle the systemic barriers that impede economic security and well-being, and we strengthen the capacity of human services agencies and faith organizations so New Yorkers with lower incomes can thrive and live with dignity.

FPWA also has a membership network of more than 170 faith and community-based organizations. We support our members by offering workshops and trainings on topics such as leadership development, organizational management, and trauma-informed approaches to service delivery.

As such, we are dedicated to ensuring our city's vital human services sector, is equitable, just, and appropriately resourced. We do this by monitoring the city's finances and advancing fiscal transparency, including through our newly launched, NYC Funds Tracker.

We call for the City and the Office of Management and Budget to join us in advancing this fiscal transparency goal, particularly in the light of the string of PEGs (Program to Eliminate the Gap) first announced in fall last year.

While we welcome the news that the City has since scaled this back, the damage has already been done. The rollercoaster of budget cuts and announcements has caused undue stress for the human services sector. Nonprofits have faced unnecessary, severe disruptions and distress while being asked to develop and implement plans with unacceptably limited information. And despite the Administration's messaging, services were cut and not restored.

To date, Mayor Adams:

- Announced in September that every agency would be required to reduce their budget by 15% during fiscal year 2024 and immediately implemented a hiring freeze, stressing the already understaffed and underfunded human services sector.
- In November, the administration made significant cuts to agencies that support nonprofit programs, including after school community programs ($10M); library services ($23.6M); cultural development and cultural institutions ($8.6M); the participatory budget program, racial equity initiatives, and civic engagement efforts ($643K), among other services. Major cuts to youth services are set to take place in fiscal year 2025 with steep cuts to COMPASS after-school programming and the Summer Rising program. The Department of Youth and Community Development, which funds many culturally specific, BIPOC-led organizations and major youth services, is facing cuts of close to $4 million in the current fiscal year and $32.5 million in the next fiscal year.
- Prior to the January Plan, the administration announced certain funding cuts would be restored.
- Despite the administration's messaging, January's plan included further cuts that affect non-profits funding. The administration has eliminated the Department of Probation's Impact program and reduced the budget for older adult centers by $18.8 million.
- Key areas of human service funding go unrestored, with the preliminary budget proposing a fiscal year budget several billion below the current fiscal year. Reduced budgets threaten service provision and quality. Critical services like 3K, CUNY, and libraries are being curtailed while

reductions in funding in fringe benefits and costs estimates that support service provision may reduce agency ability to deliver quality services.
- Furthermore, the Mayor's decision to only partially lift the hiring freeze put in place in September continues to worsen the position vacancy crisis in city government and hobble service delivery.

This crisis approach to budgetary management has not only eroded the City's relationship with the non-profit sector but has also undermined the possibility of collaborative and effective planning conversations for the forthcoming fiscal year.

Instead of committing to fully funding the human services sector, many of the proposed FY 2025 human service budgets in the Preliminary Budget are substantially lower than the current fiscal year, despite robust economic outlooks.

Latest economic forecasts completed by the IBO, which complete their analysis a month after OMB, project this Fiscal Year's budget surplus to be $2.8 billion higher than the Administrations forecasts. The IBO also estimates that the next fiscal year—2025—will end with a surplus of $3.3 billion, while City budget gaps in outyears are well within historical range.

Despite these strong forecasts, the Administration's preliminary budget proposes to shrink the Department of Social Services and Department of Youth and Community Development's by over 15% while the Department of Small Business Services (SBS) budget would be slashed by a whopping 47% - before even accounting for inflation. These cuts unfairly punish and target human services provision.

The table below compares the Preliminary Budget's proposed human service agency spending for FY24 to FY25.

| Agency | Proposed Change to Agency Funding from FY24 to FY25, January Plan |
|---|---|
| **Department of Small Business Services** | -47.4% |
| **Department of Health and Mental Hygiene** | -23.8% |
| **Administration for Children's Services** | -16.4% |
| **Department for the Aging** | -4.1% |
| **Housing Preservation and Development** | -1.3% |
| **Department of Social Services** | -15.9% |
| **Department of Youth and Community Development** | -15.4% |
| **Department of Homeless Services** | 4.7% |
| **Department of Education** | -3.4% |

These reductions are even steeper than proposed in the November plan and are contradictory to the improved economic forecasts and FY24 restorations. FPWA believes proposed reductions in agency are not a fair basis for FY25 budget negotiation and make outsized cuts to New York's social service sector.

The human services sector touches every vital aspect of daily life – from public education, to health, to food and shelter to cultural enrichment and language access. Only by adequately investing in the human services sector can New York City work towards addressing the root causes of poverty, and towards a more equitable and financially sustainable city. That's why FPWA joins over 300 organizations in the

#WHY15 campaign to ask for transparency and inclusion in the City's budget. We call on the City to partner with the nonprofit sector and work together toward creative solutions to promote the public safety, health, and cleanliness of New York City.

The budget cycle is not over – and it is not too late for the Administration, City Council and non-profit sector to come together. We now call on City Council to join us in advocating for:

- Full restoration of the November and January 10% cuts;
- Meaningful partnership with the nonprofit sector;
- Increased transparency in the budgeting process;
- Fixing the ongoing, years-long contract payment delays.

We thank the Council for this opportunity to testify. In hearing voices from the human services sector and recognizing that nonprofit organizations play a critical role in daily life, we can find collaborative solutions that safeguard communities and invest in equity. We look forward to continued collaboration to ensure the prosperity of our communities.

Solutions for Today
and Tomorrow
HSU

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**Homeless Services United's Written Testimony Submitted for The NYC Council Finance Committee on March 4, 2024
On the NYC FY25 Preliminary Budget**

Good afternoon - my name is Kristin Miller and I'm proud to serve as the Executive Director of Homeless Services United. Today, I'm here to represent the thousands of workers - your fellow New Yorkers - who, every day, provide critical, lifesaving services to some of our most vulnerable residents.

I'm here today to represent workers like Carla, an outreach worker at one of our nonprofit member organizations. Carla worked for 7 months with a woman living on 3rd Avenue to try to get her to accept a bed at their Safe Haven program. Her co-worker Michael worked with her for another 6 months to help her move into an apartment in permanent supportive housing. These dedicated staffers work for an organization that is owed tens of millions of dollars by the City of New York for contractual work completed but not paid for. The nonprofit they work for has had to take out loans to make sure that people like Carla and Michael receive their paychecks so that they can support their families. And they have paid $250,000 in interest for FY24 alone - money they will never recover - paying interest rates that have tripled since 2022.

I wish I could tell you that this is an isolated incident, but this nonpayment issue is widespread and has reached crisis levels. Far too many non-profit homeless support organizations across New York City are struggling because DHS has yet to approve their contracts and budgets, and process amendments for the FY23 and FY24 Workforce Enhancement Initiative (WEI) monies. There is an utter lack of transparency in the process. My member organizations have not been provided guidance on the amounts of WEI allocated to inform their staff of how much and when they will see this money in their paychecks. These non-profits, the dedicated and compassionate staff they employ and the vulnerable New Yorkers they serve, deserve so much better.

But that's not where it ends. The City's failure to pay these organizations means that they can't pay the vendors and contractors they depend on. Organizations like the small, local contracting business that has a long-standing relationship with our nonprofit to complete minor maintenance repairs on their shelter.

This contractor is owed tens of thousands of dollars for work completed because the nonprofit is owed almost $7m from DHS going back multiple fiscal years. This nonprofit has been operating for decades and has never been unable to pay their bills on time. Because of the reputation and mission of this non-profit, and the longstanding relationships they've maintained, the vendor has graciously agreed to continue to do limited work while awaiting payment. But this arrangement is not sustainable and it's patently unfair to the vendor and the non-profit.

While the administration maintains that lack of available housing is the limiting factor for CityFHEPS move-outs from shelter, far too often we hear about cases like Christina, a mother with two children languishing in shelter while her CityFHEPS application is being processed. Christina worked with her housing specialist Jerry to find a viable apartment. After passing preclearance and the walkthrough, Christina worked with Jerry to complete and submit her packet to DHS. 4 weeks later, HRA returned the packet with requests for additional information/documentation. Over the next 5 weeks, Jerry and

Christina go back-and-forth many times collecting new information, updating old information and re-submitting paperwork. Finally, over 3 months later, Christina is approved and able to move into her apartment.

While DHS and HRA staff are dedicated to helping households like Christina's, there's only so many hands to do the work. An analysis by the New York Housing Conference found that DHS' budgeted headcount dropped by 19% (-463 staff) from Nov 2019 to Jan 2024, and HRA by 17% (-2,451 staff) for the same time period. Yet, the DHS shelter system has doubled in size over the past two years. DSS City personnel have clearly not kept up with the demand resulting in payment lag times, delayed move-outs and frustration by all. More staff are needed to process paperwork to get the nonprofits and clients the resources they need.

These are just a couple of examples, but there are hundreds of similar situations in which dedicated nonprofits are performing critical services for the city and - plain and simple - are not being paid the money they are owed. Some of the outstanding invoices date back to almost four years. And while we're talking about non-profits, vendors and city agencies, it is so important not to lose sight of the fact that there are workers, business owners and families that are being profoundly damaged because DHS is unable to fulfill its obligation to people and organizations that have acted in good faith and performed services for which they were contracted. In fact, they continue to perform those services.

According to an analysis of contract data in Passport Public by SeaChange Capital Partners, from FY21 to FY24, for over 400 new Department of Homeless Services contracts (excluding amendments and discretionary items), over 80% of those contracts were registered late - an average of 152 days after the contract start date. HSU is following up with providers to verify the data because we are finding errors in the information in Passport which could impact the accuracy of estimates. That said, we constantly hear of delayed contract registration issues from our members.

According to an analysis from SeaChange Capital Partners, for FY24, 70% of new contracts for homeless services were registered late by an average of 71 days, but 54% of new FY24 contracts are still unregistered seven months into this fiscal year. While this might seem like an improvement from prior years, until all contracts are registered, the average days late will continue to increase. And the nonprofits are providing their contracted services while they wait for their contracts to be registered because these mission-driven organizations know people experiencing homelessness are in dire need of assistance. They know the people of NYC are depending on them to deliver the services.

The Administration must move with all due urgency to enable DHS, HRA and DSS to eliminate the backlog and promptly pay contracted providers, including fully staffing up DSS and DHS Budget and Finance positions to establish sustainable caseloads, and establishing corrective action plans to address backlogs of contract and amendment registrations, Form 65A subcontractor approvals, and invoice reimbursements. Solutions should include assembling rapid response teams to assist providers with invoicing backlogs, regulating the process for Form 65A subcontractor approvals to ensure timely throughput to approvals, and commiting to a payment floor of at least 80% of the contract value.

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Contracting and payment delays are effectively strangling cashflow for nonprofit providers. Lacking the ability to reliably predict when the City will register contracts and pay invoices, experienced non-profit providers are weighing whether to answer DHS' call to stand up new programs given the growing financial risk of doing business with the City.

These organizations play a critical role in the City's approach to addressing the challenges of its homeless residents. Yet, organizations can be owed up to $31m from the City, money they must find through lines of credit in order to pay for day-to-day operations. And they must pay interest on these lines of credit. Nonprofits are reporting ranges of $170,000 to $1million in annual interest alone.

The commissioner of the Department of Social Services, which includes the Department of Homeless Services, says in two years, the city's shelter system doubled to about 88,000 people.

According to the mayor's preliminary management report, from July through October of 2023, the number of people in the city's shelter system increased by 53%, compared to the same period in 2022.

An increase in people served requires an increase in people power, yet the Mayor and OMB have NOT come near increasing staff across DSS to meet the new demand and we are suffering for it.

The Administration must resolve these delays which are diminishing services for New Yorkers experiencing the trauma of homelessness, undervaluing the work of our dedicated and heroic staff, and short-changing the hard work performed by these agencies.

Minimally, and urgently, the City must deploy a Rapid Response Team to immediately address the current backlog and the Administration must pay these non-profit organizations what they are owed. The idea of agencies performing critical services on behalf of the City of New York, and not getting paid for up to four years, is unfathomable. The fact that these agencies are still functioning and providing service, is a credit to their leadership and the dedication of their respective staffs. We know that many of them have reached the point where they are seriously considering not accepting City contracts in favor of state and federal contracts that pay on time and at levels that reflect the importance of their work and the value of their services.

The City must also drastically reform its procurement system. Additional staff, updated technology, increased efficiency and transparency, and a procurement and payment system that streamlines the process, rather than add burdens and barriers.

We know these changes are possible. The Administration recently received permission from the Law Department and the Comptroller to fast-track contracts for DSS' new housing development initiative.

We applaud the effort to more quickly bring permanent housing online so that our members have more access to this precious resource for their clients. But, it shines a glaring light on the emergency need to pay DHS' contract providers so they can continue to provide quality services to the tens of thousands of New Yorkers experiencing homelessness today.

Despite these crisis-level challenges, our non-profit agencies and their dedicated staff continue to deliver quality services to the tens of thousands of homeless New Yorkers they serve every day. But it has come at a tremendous cost that isn't just measured financially. Agency leaders report exhaustion, mental anguish and increased turnover among their employees. Their dedication and commitment is amazing…but it doesn't pay their bills or support their families.

We need action now!

Thank you for the opportunity to submit written testimony. If you have any questions, please contact me at KMiller@hsunited.org .

**Testimony of Housing Works**
Before
**The New York City Council Committee on Finance**
Regarding
**Oversight: Mayor's Preliminary Budget**
March 4, 2024

Thank you, Chairperson Brannan, and Members of the Committee on Finance, for the opportunity to provide testimony on behalf of Housing Works, a healing community founded in 1990 with a mission to end the dual crises of homelessness and AIDS. We currently provide a range of integrated medical, behavioral health, housing, and support services for over 15,000 low-income New Yorkers annually, with a focus on the most marginalized and underserved—those facing the challenges of homelessness, HIV, mental health issues, substance use disorder, other chronic conditions, and incarceration. and, most recently, migrants displaced from their homes due to violence or other crises who seek safety and a better life in the United States.

Housing Works is also a founding member of the *End AIDS NY Community Coalition* (EtE Coalition), a group of over ninety healthcare centers, hospitals, and community-based organizations that are fully committed to ending AIDS as an epidemic in all New York communities and populations. Working closely with DOHMH, our EtE efforts enabled us to "bend the curve" of the epidemic by the end of 2019, decreasing HIV prevalence for the first time since the epidemic began, we have much left to do as stark and unacceptable disparities persist in HIV's impact on Black, Indigenous and people of color (BIPOC) communities.

Housing Works and the EtE Community Coalition, on behalf of the marginalized New Yorkers we serve and represent, implore the City Council to fully restore the Mayor's devastating and regressive cuts over the past year to the essential services that sustain and support our most vulnerable citizens and the non-profit agencies that work on the front lines of poverty and homelessness to meet critical needs. While we are relieved by the mayor's announced cancellation of the further cuts to the current year budget planned for April, the reality is that tremendous damage has already been done, with critical agencies left without the staff and resources needed to meet the most basic needs of New Yorkers. Libraries, housing, CUNY, pre-K, food programs, sanitation, healthcare, and other areas already slashed by the Mayor's unnecessary cuts form the crucial community safety infrastructure that helps keep New Yorkers healthy and safe and must be reversed. In reviewing the Preliminary Budget, we call on the Council to adjust the budget based on actual needs and provide a transparent analysis for the public to fully understand the impact of previous hiring freezes and budget cuts.

Considering the small percentage increases in FY22 and FY23 of state and federal funding to the human service sector, it is not enough to reverse the longer-term trends of city and state cuts and increasing needs in New York City. We need the council's support to demonstrate to the mayor that the human sector continues to receive less than its fair share for critical services delivered to marginalized communities. Mayor Adams's Administration must restore trust through greater transparency in its budget analysis and assessments. The City Council, Independent Budget Office, and New York City Comptroller all have pointed out flaws in the mayor's fiscal forecast and analysis—the numbers just do not add up. The Mayor's Preliminary Budget surely does not address the need for a comprehensive solution to contract payment challenges faced by non-profit social services/community-based organizations.

Specifically, we implore the City Council and the Administration to exempt the Department of Social Services, the Department of Homeless Services, DOHMH, and the community-based providers they fund, from any further Program to Eliminate the Gap (PEG) or other cost cutting plans, and to fully restore the funding and staff lines required to serve our most vulnerable neighbors. Given the serious and overlapping humanitarian and public health crises facing New Yorkers, agencies responsible for managing these emergencies must be restored to full functioning and made exempt from any future citywide program of systemic funding cuts. We are seeing firsthand the devastating impact on client services and health outcomes resulting from understaffing and lack of resources needed to meet basic needs.

Staffing shortages across NYC agencies have severely disrupted City services, and essential agencies simply cannot sustain further erosion. The NYC Department of Social Services (DSS) administers essential benefits and services for vulnerable New Yorkers, including the lifesaving housing assistance and benefits provided through its HIV/AIDS Services Administration (HASA). The Department of Homeless Services (DHS) is responsible for providing basic survival services for the growing number of New Yorkers experiencing homelessness. HASA is chronically understaffed and under-resourced, and both DSS and DHS face new challenges posed by the increasing number of New Yorkers experiencing homelessness, primarily from low-income Black, Indigenous, and People of Color (BIPOC) communities. The Department of Health and Mental Hygiene (DOHMH) is charged with protecting the public health, including managing ongoing epidemics of communicable diseases that include COVID-19, HIV, viral hepatitis, TB, STIs, and most recently, Mpox. To maintain essential services, DSS, DHS, and DOHMH must be adequately funded and going forward exempted from any citywide savings plans.

At the very least, it is critical to restore funding for City-contracted nonprofit agencies providing housing, homelessness prevention, homeless services, and other essential assistance, and protect them from further budget cuts and hiring freezes so as not to worsen existing staffing shortages and increase already untenable caseloads.

As just one example, organizations funded through the *NYC Council Ending the Epidemic Initiative* provide community-based, culturally competent HIV prevention and care services that are critical to ensure continued and equitable progress towards the City's ETE goals. Any cuts to DOHMH administered contracts threaten to undermine this vital Council initiative and our efforts to equitably end AIDS.

Mayor Adams's PEGs have been a blatant attack on Black, brown, and low-income families. The Mayor scapegoating of asylum seekers to justify his administration's mismanagement is shameful and untrue, with independent government watchdog groups asserting that the administration has overstated migrant costs and given the Administration's reliance on expensive emergency contracts with for-profit companies that cost the City billions of dollars rather non-profit organizations with more expertise and commitment to the long-term public interest of the city. These are individuals who are seeking safety and deserve a right to shelter.

It is even more shameful when we know that the city spends more than $500,000 per year to detain one person at Rikers, which is only getting worse under this Mayor, and the jail population has skyrocketed by nearly a thousand since he took office, costing the city hundreds of millions.

Meanwhile, despite claims to the contrary, NYPD and DOC have escaped the brunt of the Mayor's cuts.

To address the NYPD overspending every year by more than $5 billion without consequential commitments, we must:

- Require the NYPD to cut its bloated budget by at least 7% so those funds can be used to protect and invest in housing, mental health, education, and other critical non-police safety solutions.
- Remove police from social services, including end NYPD involvement in mental health issues and dismantle NYPD Mental Health Co-Response Teams; cut the growing "homeless police" in the Dept of Homeless Services; and remove police from youth services & youth engagement and redirect that money to community-led, youth-serving and youth organizing programs. This includes getting police out of New York City schools, dismantling "Youth Coordination Officers" and related youth programs that should not be run by police.
- Cut funding and shut down notoriously abusive NYPD units that make us less safe, like: Strategic Response Group (SRG) and VICE.
- Cut at least $45.8 million from the NYPD budget as a way of holding the NYPD accountable for failing to fire officers that kill, brutalize and/or sexually assault New Yorkers.
- Cut the budget of the NYPD's outsized 36-person public relation has been only a mechanism for regularly spreading disinformation.

Finally, we are dismayed that the Administration continues to ignore calls to address real or imagined budget shortfalls by increasing revenues. The City Comptroller has proposed modest changes to taxation for the wealthiest New Yorkers that, taken together, could provide more than $1 billion dollars a year in additional revenue to invest in programs that help all New Yorkers thrive.

We certainly agree support the Mayor's call for Albany and Washington to do more to mitigate the impact of the current humanitarian crisis on the city's coffers. But we have weathered crises in the past without painful spending cuts borne by New Yorkers least able to shoulder the burden. These are shortsighted and fiscally irresponsible measures that will compound the already dire circumstances of many New Yorkers in the short term, and undermine the ability of all residents of our City to thrive for years to come.

Thank you for your time.

Anthony Feliciano
Vice President of Community Mobilization
Housing Works, Inc.
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NONPROFIT NEW YORK | A relentless, collective force for good.

Good evening, my name is Thara Duclosel, and I am the Policy & Advocacy Coordinator at Nonprofit New York. Nonprofit New York represents 1,100 nonprofit member organizations across New York City working to strengthen and unite New York's nonprofits. We champion nonprofits through capacity building and advocacy to cultivate a unified, just, and powerful sector.

As a part of the #WHY15 campaign - we continue to ask, Why 15? We now know the 15% across-the-board cut was an overstatement of the city's financial situation.

The rollercoaster of budget cuts and announcements has been an unwarranted ride for nonprofits. We have faced unnecessary, severe disruptions and distress while being asked to develop and implement plans with unacceptably limited information. The administration made significant immediate cuts to nonprofit programs in November, including: language access and legal services ($600,000); after-school community programs ($10M); the participatory-budget program, racial equity initiatives, and civic engagement efforts ($643,000), among other services.

And despite the administration's messaging, services were cut and not restored. January included further cuts to nonprofits, including funding for arts and cultural institutions by an additional $11.6 million this fiscal year, following the $8.4 million cut in November; the elimination of the Department of Probation's Impact program; and a reduced budget for older adult centers by $18.8 million. Major cuts to youth services are still set to take place in fiscal year 2025.

Nonprofit organizations touch every vital aspect of daily life - from public education, health and human services, cultural enrichment to language access. That's why Nonprofit New York joins over 300 organizations in the #WHY15 campaign to ask for transparency and inclusion in the City's budget. We call on the City to partner with the nonprofit sector and work toward creative solutions - not hinder us further - to promote the public safety, health, and cleanliness of New York City.

The budget cycle is not over. We now call on City Council to join us in advocating for:

- restoration of the November and January 10% cuts
- meaningful partnership from the city with the nonprofit sector
- increased transparency in the budgeting process
- and finally fixing the years-long contract delays.

Thank you,
Thara Duclosel

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safehorizon
moving victims of violence from crisis to confidence

Testimony of
Jimmy Meagher, Policy Director
Safe Horizon

On the Fiscal Year 2025 Preliminary Budget

Committee on Finance
Hon. Justin Brannan, Chair

New York City Council

3.4.2024

Thank you for the opportunity to submit testimony. My name is Jimmy Meagher, and I am Policy Director at Safe Horizon, the nation's largest non-profit victim services organization. Safe Horizon offers a client-centered, trauma-informed response to 250,000 New Yorkers each year who have experienced violence or abuse. We are increasingly using a lens of racial equity and justice to guide our work with clients, with each other, and in developing the positions we hold.

Whether we are called on to provide expert testimony at an oversight hearing or to assist a constituent in crisis and in need of emergency services, we are proud to partner with the City Council in a collective effort to make our city safer for all. We look forward to helping you and your staff learn how best to support survivors and connect them to the resources available in your borough and community.

Over many years, the City Council has been a key supporter of our programs helping adult, adolescent, and child victims of violence and abuse. City Council funding fills in gaps where no other financial support exists and allows us to draw down critical dollars from other sources. Moreover, this funding demonstrates the value that you and your colleagues place in helping survivors of all ages access desperately-needed shelter, support services, legal assistance, and counseling.

The City Council has also championed the human services nonprofit sector. Our sector desperately needs your help to ensure that human services workers across our sector receive the compensation and support we need. To be frank – our sector is in crisis. Nonprofit human services organizations are shuttering as a result of delayed contracts and payments. And nonprofits across the sector are struggling to hire and retain staff as a result of an unjust wage structure largely determined by government contracts.

The City of New York contracts with nonprofits to deliver the essential services so many New Yorkers rely on – for food, for safety, for shelter, etc. However, the City too often asks our community of nonprofits to do more with less and to accept the bare minimum. This means that many - too many - nonprofit human services workers, the majority of whom are women and people of color, are barely surviving on the wages paid by underfunded City contracts. Because many survivors come into victim services work to help other survivors, City funding for the nonprofit victim services sector is an economic justice issue for survivors. To live up to our shared values of equity, equality, and supporting communities, our City must commit to fully funding a Cost-of-Living Adjustment (COLA) and other fair and just investments to our sector, to fully funding city contracts at appropriate levels to allow non-profits to offer competitive living wage salaries, and to paying organizations on time for the work we have already done. Pay equity is a racial justice issue, a gender justice issue, and an economic justice issue.

My testimony today focuses on the needs of the nonprofit human services sector, with specific focus on the core asks of the #JustPay campaign. I also write about a $3M MOCJ PEG we are deeply concerned about. I will highlight the City Council discretionary and initiative funding that Safe Horizon relies on to provide essential services to survivors of violence and abuse across the five boroughs. Lastly, Safe Horizon is a proud member of both the Family Homelessness Coalition (FHC) and Coalition for Homeless Youth (CHY), and we wholeheartedly endorse their budget recommendations.

**#JustPay - Invest in a 5% COLA for Human Services Workers**

Safe Horizon is a proud member of the #JustPay campaign, which is a racial equity and gender justice campaign committed to ending the government exploitation of human services workers. The #JustPay campaign is demanding that sector employees under contract with New York City and State be paid fair wages for their labor.

Each year you hear from providers who are struggling due to the crisis of compounding underfunding of the human services sector as City budgets are balanced on the backs of low-income neighborhoods and BIPOC communities. This practice has resulted in poverty-level wages for human services workers, who are predominantly women (66%) and people of color (68%).

We join with the Human Services Council (HSC) in thanking the City Council for the $100M workforce investment for the last two years and the $50M investment next year, which is a step in fairly compensating frontline workers. However, this workforce investment is not a true cost-of-living adjustment (COLA) with a guaranteed percentage increase for all contracted human services workers. Also, the Workforce Enhancement Initiative is based on City tax levy funds and not the entire landscape of funding available to the City, including State and federal funds. This is not a fair investment. Human services workers deserve full wage increases for the critical services they provide to New Yorkers – services that were applauded as "essential" during the height of the pandemic. A COLA is a significant step to address the historic underfunding and lack of investment in the human services sector as these workers do some of the most important and demanding jobs in our communities yet are underpaid and undervalued. As government is the predominant funder of human services through government contracts, this has resulted in nearly 25% of all human services workers qualifying for food stamps in 2016-2018. Low wages also have a sweeping effect on workplace conditions and the outcome of programs, with high staff turnover and vacancy rates resulting in heavy and unsustainable workloads. High turnover impacts the healing of the survivors, children, and families who come to our programs for help. When staff leave for better paying jobs, even though they <u>want</u> to do <u>this</u> work, clients must start over with new case managers, counselors, or attorneys and build trust again.

According to a fiscal brief by the IBO, if the City provided a COLA matching the DC 37 agreement, the human services sector would need a 16% COLA. However, this does not include the one-time bonus, $18 minimum wage, or retroactive pay that DC 37 received or the preexisting wage gaps between human services workers and City employees who do comparable work. Poverty-level wages for City-contracted human services workers not only harm workers but put communities at risk by contributing to staff turnover and program closures. **Therefore, we ask that the City includes a 5% COLA ($150 million, with $50 million already allocated from the Workforce Enhancement Initiative) in the FY25 budget and 3% COLAs for the next two years each year on the personal services line of all human services contracts.** This is what we collectively require to ensure this vital, essential workforce does not slip further into poverty.

**<u>Restore $3 million MOCJ PEG for "Crime Victim Services Re-estimate."</u>**

The Mayor's FY25 Preliminary Budget inexplicably slashes services for crime victims by $3 million, even as concerns about the impact of violence and abuse continue to be on the minds of many New Yorkers. The Mayor's Office of Criminal Justice (MOCJ) explains that the PEG is tied to underspending by contracted providers, when in reality the City either imposed a hiring freeze or was so delinquent in processing contracts that providers were unable to hire staff. Safe Horizon strongly urges the City Council to advocate with the Mayor to restore this PEG in the forthcoming FY25 Executive Budget.

**<u>Initiative and Discretionary Funding</u>**

City Council Initiative and Discretionary funding supports the following Safe Horizon programs:

**<u>Domestic Violence and Empowerment (DoVE) Initiative</u>**

Since 2006, the New York City Council's DOVE Initiative has provided critical resources to communities impacted by domestic violence. Recognizing that survivors of domestic and intimate partner violence have varied needs and may not always access the criminal justice system, the City Council partnered with Safe Horizon to create the DOVE Initiative to provide a neighborhood-based response to survivors and their families. The DOVE Initiative was funded at $12,010,000 in FY24, with Council Members then allocating funding to local providers in their district.

Currently, over 150 organizations across NYC use DOVE funding to address domestic violence in the community by providing legal services, crisis intervention, case management, counseling, support groups, outreach, education, and training. **Safe Horizon oversees and administers this entire project and ensures program compliance.** We provide in-depth training on program development and evaluation to help organizations stay competitive in future funding environments, as well as networking opportunities to help DOVE-funded organizations learn from each other and coordinate services. DOVE has always been important, but it has literally been a lifesaver for New Yorkers in every neighborhood and every community who continue to navigate these uncertain times. As we advocate for options for victims and survivors both inside and outside traditional criminal justice responses, DOVE is pivotal. DOVE directs funds to the organizations rooted in community that provide necessary and life-saving supports to survivors.

We are very grateful to the City Council for supporting the DOVE Initiative for many years. We are seeking a restoration of **$12,010,000** so our network of CBOs can continue to reach survivors in every neighborhood and every district across New York City.

**<u>Child Advocacy Centers (CACs)</u>**

Child abuse cases grab at the heartstrings of every New Yorker. We recoil at the very thought of someone knowingly harming a child, and we entrust a number of different agencies - the police, prosecutors, child welfare specialists, doctors - to investigate and respond to these cases and help ensure the safety of children placed in harm's way. For many years, these agencies worked almost entirely in silos, focusing on their specific roles in uncovering what took place, or responding to the child, or holding the offender accountable. Such a disconnected approach required that children disclose repeatedly the painful details of the harm they endured in a variety of settings not commonly thought of as “child-friendly” – police precincts, district attorneys’ office, and hospital emergency rooms. Over and over, children would be asked to talk about the violence they suffered, only to have to repeat their story yet again every time a new investigator stepped into the picture. Each time, the child wondered how many more times they would have to relive this pain so that another adult could write down some notes and ask yet another round of probing, deeply personal questions. Many child victims were left feeling as if no one believed them and felt to blame for causing disruption to their families. This method of investigating incidents of abuse was traumatizing, stigmatizing, and unjust.

For many years now, child victims in New York City who experience severe physical or sexual abuse are brought to Safe Horizon's Child Advocacy Centers (CACs), which are at the forefront of the city's response to child abuse. At our CACs, child victims of sexual and/or severe physical abuse receive the help they need quickly and in one location. The police, prosecutors, medical professionals, victim advocates, clinicians, and child protective caseworkers are all under one roof in a child-friendly environment that minimizes trauma and facilitates healing. This allows us to facilitate a swift, comprehensive, coordinated investigation and multi-disciplinary team response that significantly reduces the number of times children must disclose details of their abuse. This coordinated, trauma-informed response to abuse helps to prevent the re-traumatization of the child during each re-telling of the violence that took place. In FY23, our CACs provided services to over 9,200 children and over 3,500 caregivers throughout the five boroughs. The City Council supports our CACs through the **Initiative to Combat Sexual Assault.**

We are requesting **a restoration and an enhancement to $1,250,000** in FY25 to sustain general operations in our CACs across the five boroughs so we can continue to provide healing and support to child victims. Additionally, we are seeking for this core funding to be baselined to ensure the City's continued investment in the CAC model.

**Streetwork Project**

Safe Horizon's Streetwork Project provides shelter, showers, hot meals, therapy, service linkage, safer sex supports, case management, and so much more, in a therapeutic harm reduction community serving homeless youth ages 13 to 25. We work with homeless and street-involved young people to help them find safety and stability. Many homeless young people face a day-to-day struggle to survive, which can lead to physical and emotional harm. Homeless youth may have experienced family abuse, violence, rejection, and instability that led to their homelessness. We welcome these young people, help them navigate complex systems, and provide essential resources at our Drop-In Centers, at our overnight shelter, and through our street outreach teams. This work can be incredibly challenging but also rewarding. Our work at Streetwork did not pause during this pandemic. Rather, our dedicated team continued to respond to homeless and at-risk young people in need of shelter, services, and understanding. Streetwork has been doing this community-based work since 1984, and we will continue to do so for as long as our services are needed. Over the past several months, Streetwork has experienced a dramatic increase in the number of migrant young people seeking help and having nowhere else to go.

In FY23, our Streetwork Project provided services to 999 clients across our drop-in centers and overnight shelter, while our overnight street outreach team engaged in nearly 13,000 contacts with homeless and at-risk young people. The City Council supports Streetwork Project's work through the **Supports for Persons Involved in the Sex Trade Initiative** and the **Viral Hepatitis Prevention Initiative**.

The **Support for Persons Involved in the Sex Trade Initiative** bolsters Streetwork's ability to provide services and access to housing to young people engaged in the sex trade. With this funding, we have been able to increase our engagement and response to the number of young people both in the Drop-In Center and on the streets who are in crisis and involved in the sex trade and to connect them to supportive counseling, access to benefits and housing, and primary and mental healthcare. Safe Horizon is seeking **a restoration of $456,697** to continue to bolster our response and offer critical services to this vulnerable population navigating homelessness, violence, racism, and so many other traumas.

The **Viral Hepatitis Prevention Initiative** helps Safe Horizon's Streetwork Project increase our capacity to connect potentially Hepatitis C-affected clients to testing, medical care, treatment, and infection control services. We are seeking **a restoration of $44,560** - so we can link runaway and homeless youth to the medical supports they need and deserve.

**Immigration Law Project**

Safe Horizon’s Immigration Violence Law Project (ILP) provides expert legal advice and representation to victims of crime, violence, abuse, trafficking, and torture. ILP staff help guide their clients through complex immigration proceedings and assist them in VAWA self-petitions, petitions for U nonimmigrant status and Special Immigrant Juvenile Status (SIJS), applications for asylum, adjustment of status and citizenship, as well as in removal defense. ILP receives referrals internally from Safe Horizon's other programs, such as our domestic violence shelters and our Crime Victim Assistance Program, as well as externally from the immigration courts, law enforcement agencies, other community-based organizations, legislators, and from former and current clients. ILP strives to provide the highest quality services to a very vulnerable population. Clients live in all five boroughs and experience a multitude of victimization including domestic violence, sexual assault, and other crimes. As a result of the steady transfer of recent arrivals at the southern border to New York City, Safe Horizon's ILP has seen a dramatic increase of survivors seeking our immediate assistance. In addition, the overwhelmed systems have left countless in tenuous circumstances—food and housing insecure and desperate for work—making them even more vulnerable to abuse, exploitation, and trafficking and in need of our support and services. The City has prioritized assisting migrants with completing asylum applications, but nonprofit civil legal providers with expertise in complex immigration cases have not seen equitable investments in our services, namely more comprehensive legal screenings and longterm representation and assistance. Without additional resources, we are simply unable to serve everyone who seeks our help.

In FY23, ILP provided full representation, advice, and consults to over 800 clients and also provided over 5,800 telephonic information and referral services. The City Council supports ILP through the **Immigrant Opportunities Initiative (IOI),** and the **Young Women's Initiative (YWI)**.

Safe Horizon's Immigration Law Project utilizes funding through the City Council's **Immigrant Opportunities Initiative (IOI)** to provide expert legal advice and representation to undocumented victims of crime, violence, abuse, trafficking, and torture. To help ensure that our Immigration Law Project has the capacity to respond to pressing legal cases for immigrant and undocumented survivors, including those who submitted an asylum application but now need representation and/or screening for additional immigration options beyond asylum, we are seeking **an enhancement to $100,000** to Safe Horizon through IOI in FY25.

The City Council's **Immigrant Survivors of Domestic Violence Initiative** – part of the **Young Women's Initiative (YWI)** – allows Safe Horizon's Immigration Law Project to provide full representation to immigrant victims of domestic violence. The majority of these cases include clients or families where there is a survivor of domestic or sexual violence and where the victim is between the ages of 16 and 24. To help ensure that we have the capacity to respond to pressing legal cases for immigrants, we are seeking **an enhancement to $100,000** to Safe Horizon through the YWI - Immigrant Survivors of Domestic Violence Initiative in FY25.

**Domestic Violence Law Project**

Safe Horizon's Domestic Violence Law Project (DVLP) provides expert legal services and guidance to at-risk New Yorkers seeking relief on family and matrimonial law matters. Our team of attorneys and paralegals help their clients access orders of protection, custody, visitation, child support, and divorces. In FY23, DVLP provided services to over 2,000 clients and offered telephonic helpline services to over 3,000 callers seeking assistance. The City Council supports DVLP through the **Safe Alternatives to Violent Encounters (SAVE) Initiative**.

Safe Horizon's Domestic Violence Law Project utilizes funding through the **Supportive Alternatives to Violent Encounters (SAVE) Initiative** to provide direct legal services to indigent victims of domestic violence in Family, Supreme, and Integrated DV Courts throughout the city. Our dedicated legal staff assist with orders of protection, child support, custody, visitation, and divorce proceedings. We also operate a legal helpline that provides information, referrals, and assistance to domestic violence survivors. In the months and years ahead, our legal services, and the services provided by our legal partners across NYC, will be critical for the many, many survivors who are waiting for the courts to address the immense backlog of cases that worsened during the pandemic. We are seeking **a restoration of $275,000** so our Domestic Violence Law Project can continue to serve survivors with the legal services they require to find safety and healing.

**Counseling Center**

Safe Horizon's Counseling Center has provided mental health treatment to adult and child victims of violence and abuse since 1988. We provide ongoing support and counseling services during victims' recovery and healing journey. We offer supportive counseling without judgment, and we work with survivors to develop coping strategies. Our Counseling Center is one of the only New

York State-licensed mental health clinics focused solely on treating trauma reactions that many victims of crime and abuse experience. Our Counseling Center provided over 6,000 therapy sessions to over 350 clients in FY23. The City Council supports our Counseling Center's work through the **Court-Involved Youth Mental Health Initiative** and **Children Under Five Mental Health Initiative**.

The City Council's **Court-Involved Youth Mental Health Initiative** allows us to address the impact of traumatic experiences that are so often at the root of behaviors that precipitate involvement in family court of children and youth aged 7 to 17. There is growing recognition of the many types of trauma (interpersonal violence, community violence, historical racism, systemic violence, and daily experiences of racism and other forms of oppression) that impact young people. Our project involves the enhancement of trauma-informed care for youth by creating training, providing training, and cultivating trainers for a short-term trauma-focused intervention. Staff learn how to implement this intervention with youth and caregivers that helps survivors identify specific trauma reactions and to practice coping strategies for managing them. In addition, staff are supported to provide training to additional staff in this intervention. We are seeking **a restoration of $140,000** so we can continue to do this work in a meaningful way.

The City Council's **Children Under Five Mental Health Initiative** supports our work with infants and toddlers who are survivors of crime, as well as their families, through training of clinicians and staff in evidence-based treatment for this population. The Counseling Center continues to adapt training, co-facilitate training, and recruit trainers for a curriculum on how exposure to domestic violence, the dynamics of domestic violence (DV), and the systems of oppression families experiencing DV often encounter all come together in ways that can disrupt the bond between infants and their caregivers. The training uses real (but de-identified) case vignettes to bring those ruptures into view and to explore how attachment-based intervention facilitates healing in those relationships. This training is also structured to provide a practical introduction to the impact of DV on very young children and the healing power of attachment relationships as well as specific interventions to promote attachment. A unique element of this training initiative is that it holds space for training participants to reflect on the fact that, as shelter staff, they are also caregivers, and they, too, are impacted by trauma in this environment and in their lives. By training a greater number of individuals who come into contact with these children to recognize signs of trauma, we can prevent lifelong developmental consequences while providing healing and relief. We are seeking **a restoration of $115,385** in FY25 to continue supporting young children who have been victims of or witnesses to crime.

**Community Programs and SafeChat**

Safe Horizon offers a continuum of service for all victims of crime through telephonic, live chat, and/or in-person supports. With sites that serve all five boroughs, our compassionate Community Program staff provide safety planning, advocacy, case management, information and referrals, supportive counseling, and support groups. Clients are connected to our continuum of services by calling our citywide Helpline (1-855-234-1042). Safe Horizon's SafeChat is a live chat platform that allows victims of all forms of crime and abuse to access Safe Horizon services digitally. Crime victims utilize their computer, phone, or tablet to safely and confidentially engage in a one-on-one chat with trained Safe Horizon Live Chat Specialists by visiting safehorizon.org. Live Chat

Specialists utilize a best practice, client-centered approach to engage with victims by providing information and referrals across NYC, supporting victims in fully assessing their safety, and collaborating with victims to develop comprehensive safety plans. Live Chat Specialists conduct safety assessment, safety planning, crisis counseling, supportive counseling, psychoeducation, information about and referrals to supporting resources. In FY23, our Community Programs provided services to 1,152 clients, the Helpline provided telephonic services to clients at 4,381 unique telephone numbers, and SafeChat responded to over 1,000 chats from survivors.

The City Council supports our Community Programs and SafeChat through the **Mental Health Services for Vulnerable Populations Initiative** and a **Speaker's Initiative**.

The work of the **Mental Health Services for Vulnerable Populations Initiative** aligns with Safe Horizon's commitment to working with young Black and brown men who have experienced harm and violence. One of SafeChat's main goals is to increase accessibility to needed services for young men of color through a specific microsite geared directly to young men of color. Research shows that young men of color are more likely to experience harm, yet Safe Horizon recognizes that boys and young men of color are not accessing our services at comparable rates. This funding increases our capacity to connect community members who have experienced harm, with a particular focus on young men of color, to our continuum of services, including counseling and mental health supports. Our Helpline and SafeChat serve as a first point of contact, linking to Community Programs for ongoing coordination within Safe Horizon and beyond. Our services are offered telephonically, remotely, and in-person at our Community Program offices, ensuring that folks have options. We are seeking **a restoration of $150,000** in FY25 to support this essential healing work.

In FY22, Safe Horizon was awarded **Speaker's Initiative** funding to launch a SafeChat microsite intentionally directed towards young men of color. The site provides educational materials related to trauma and provides access to our live chat platform. We again received Speaker's Initiative funding in FY23 and FY24 to support the salary of a SafeChat Live Chat Specialist and enhance our ability to respond in particular to young men of color seeking help. This year, we are seeking **a restoration to our FY23 funding of $150,000** in Speaker's Initiative funding to continue to support SafeChat's operations and the salary of a SafeChat Live Chat Specialist. This support allows us to respond in particular to young men of color seeking help and intentionally build avenues for young men of color to access supportive services and healing.

## Conclusion

As the City Council and the Administration sets the budget for the next fiscal year, it's imperative that our city expand, perfect, create, and invest in programming that provides healing and support to people who have experienced harm, violence, and trauma. When we invest in the safety, healing, and well-being of individual New Yorkers, we invest in the safety, healing, and well-being of New York City as a whole.

And it is essential that the City invest in the nonprofit human services workforce that we collectively rely on to support our safety net. We urge you and your colleagues to listen to providers and our dedicated workforce. Thank you again for the opportunity to submit testimony.

# Safe Horizon
# FY25 Expense Funding Requests

safehorizon
*moving victims of violence from crisis to confidence*

**Speaker's Initiative – Restoration to FY23 level of $150,000 for SafeChat (#173080)**
Safe Horizon's SafeChat is a live chat platform that allows victims of all forms of crime and abuse to access Safe Horizon services digitally. Crime victims utilize their computer, phone, or tablet to safely and confidentially engage in a one-on-one chat with trained Safe Horizon Live Chat Specialists through the Safe Horizon website (www.safehorizon.org). Specialists utilize a best practice, client-centered approach to engage with victims by providing information and referrals across NYC, supporting victims in fully assessing their safety, and collaborating with victims to develop comprehensive safety plans. One of our goals is to increase accessibility to needed services for young men of color. Research shows that young men of color are more likely to experience harm, yet Safe Horizon has found that young men of color are not accessing our services at a corresponding rate. This funding supports the salary of a SafeChat Live Chat Specialist and increases our ability to respond in particular to young men of color seeking help.

**DOVE Initiative – Restoration of $12,010,000 gross ($859,000 to Safe Horizon) (#171946)**
Since 2006, Safe Horizon has successfully administered the City Council's Domestic Violence and Empowerment (DOVE) Initiative. Currently, more than 150 organizations across NYC use DOVE funding to address domestic violence in the community by providing legal services, crisis intervention, case management, outreach, education, and training. Safe Horizon oversees this entire project and ensures fiscal and programmatic compliance. We provide in-depth training on program development and evaluation to help organizations stay competitive in future funding environments, as well as networking opportunities to help DOVE-funded organizations learn from each other and coordinate services. DOVE has been a lifesaver for New Yorkers in every neighborhood and every community who are navigating these uncertain times. As we advocate for options for victims and survivors both inside and outside traditional criminal justice responses, DOVE is pivotal. DOVE directs funds to the organizations rooted in community that provide necessary and lifesaving supports to survivors.

**Initiative to Combat Sexual Assault – Restoration and Enhancement to $1,250,000 (#172004)**
Safe Horizon's Child Advocacy Centers (CACs) are at the forefront of the city's response to child abuse. At Safe Horizon's CACs, child victims of sexual and/or severe physical abuse receive the help they need quickly and in one location. The police, prosecutors, medical professionals, victim advocates, clinicians, and child protective caseworkers are all under one roof in a child-friendly environment that minimizes trauma and facilitates healing. This allows us to facilitate a swift, comprehensive, coordinated investigation and multi-disciplinary team response to abuse. During the pandemic, our CACs remained open as essential programming and continued to provide critical supports to survivors of child abuse and their families. We are now serving more children than before the pandemic. We are requesting an enhancement to $1,250,000 to sustain general operations in our CACs across the five boroughs.

**Supports for Persons Involved in the Sex Trade – Restoration of $456,697 (#173030)**
Safe Horizon's Streetwork Project provides shelter, showers, hot meals, therapy, service linkage, safer sex supports, case management, and more, in a therapeutic harm reduction community serving homeless youth ages 16 to 25. This funding allows our team to respond more robustly to young people both in our drop-in centers and on the streets who are in crisis and involved in the sex trades. We connect them to supportive counseling, access to benefits and housing, and primary and mental healthcare as they navigate homelessness, violence, and other traumas.

**Supportive Alternatives to Violent Encounters (SAVE) Initiative – Restoration of $275,000 (#172938)**
Safe Horizon's Domestic Violence Law Project (DVLP) utilizes funding through the Supportive Alternatives to Violent Encounters (SAVE) Initiative to provide direct legal services to indigent victims of domestic violence in Family, Supreme, and Integrated DV Courts throughout the city. We assist with orders of protection, child support, custody, visitation, and uncontested divorce proceedings. We also run a legal helpline that provides information, referrals, and assistance to domestic violence survivors.

**Mental Health Services for Vulnerable Populations – Restoration of $150,000 (#173053)**
The work of the Mental Health Services for Vulnerable Populations Initiative aligns with Safe Horizon's commitment to working with young Black and brown men who have experienced harm and violence. This funding increases our capacity to connect community members who have experienced harm, with a particular focus on young men of color, to our continuum of services, including counseling and mental health supports. Our Helpline and SafeChat serve as a first point of contact, linking to our Community Programs for ongoing coordination within Safe Horizon and beyond.

**Court-Involved Youth Mental Health Initiative – Restoration of $140,000 (#172959)**
The Court-Involved Youth Mental Health Initiative allows us to address the impact of traumatic experiences that are so often at the root of behaviors that precipitate involvement in family court of children and youth. There is growing recognition of the many types of traumas (interpersonal violence, community violence, historical racism, systemic violence, and daily experiences of racism and other forms of oppression) that impact young people. Our project enhances trauma-informed care for youth by creating and providing training for a short-term trauma-focused intervention that helps survivors identify trauma reactions and practice coping strategies for managing them.

**Children Under Five Mental Health Initiative – Restoration of $115,385 (#172970)**
The Children Under Five Mental Health Initiative supports our work with infants and toddlers who are survivors of crime, as well as their families, through training of clinicians and staff in an attachment-based intervention that facilitates healing and supports healthy development. Our Counseling Center uses a curriculum on how exposure to domestic violence, the dynamics of domestic violence, and the systems of oppression families experiencing DV often encounter all come together in ways that can disrupt the bond between infants and their caregivers. By training a greater number of individuals who come into contact with these children, we can prevent lifelong developmental consequences while providing healing and relief.

**Initiative for Immigrant Survivors of Domestic Violence – Restoration and Enhancement to $100,000 (#172108)**
The Immigrant Survivors of Domestic Violence Initiative – part of the Young Women's Initiative (YWI) – allows Safe Horizon's Immigration Law Project (ILP) to provide full representation and consultations to young immigrant victims of domestic violence from across NYC. The majority of these cases include clients or families where there is a survivor of domestic or sexual violence and where the victim is between the ages of 16 and 24. As a result of the steady transfer of recent arrivals at the southern border to New York City, Safe Horizon's ILP has seen an increase of survivors seeking our immediate assistance. In addition, the overwhelmed systems have left countless in tenuous circumstances—food and housing insecure and desperate for work—making them even more vulnerable to abuse and exploitation and in need of our support and services. Without additional resources, we are unable to serve everyone who seeks our help.

**Immigrant Opportunities Initiative (IOI) – Restoration and Enhancement to $100,000 (#172917)**
Safe Horizon's Immigration Law Project (ILP) utilizes funding through the Immigrant Opportunities Initiative (IOI) to provide expert legal advice and representation to undocumented victims of crime, violence, abuse, trafficking, and torture. ILP staff help guide their clients through complex immigration proceedings and assist

them with applications for U-Visas, T-Visas, VAWA self-petitions, asylum, adjustment of status and citizenship, as well as in removal defense. ILP has experienced a significant increase in demand for legal assistance over the past several years. The steady flow of new arrivals to New York from border states, coupled with the fact that many New York-area immigration legal service providers are not accepting new intakes, drives many individuals and families desperate for immigration legal help to our office, which has remained open and serving clients even during the height of the pandemic. This funding allows ILP to serve more immigrant survivors. Without additional resources, we are unable to serve everyone who seeks our help.

**Viral Hepatitis Prevention Initiative – Restoration of $44,560 (#173001)**
The Viral Hepatitis Prevention Initiative helps Safe Horizon's Streetwork Project increase our capacity to connect potentially Hepatitis C-affected clients to testing, medical care, treatment, and infection control services.

**Community Safety and Victim Services Initiative – Individual Member Awards (#173099)**
These awards support Safe Horizon's client-centered trauma-informed response to victims and survivors in individual districts. Awards in FY24 supported our Court Programs, Counseling Center, and Community Programs. We are seeking additional support for our Immigration Law Project (ILP) and Anti-Trafficking Program (ATP), given the dramatic increase of requests for our legal services and supports.

*For more information, please contact Michael Polenberg at michael.polenberg@safehorizon.org or 212-577-7735*

Testimony of George V. Sweeting, Senior Fellow, Center for New York City Affairs
Before the New York City Council Finance Committee Hearing on the 2025 Preliminary Budget
March 4, 2024

Thank you, Chair Brannan and members of the committee for the opportunity to present this testimony. I am George Sweeting, a senior fellow at The New School's Center for New York City Affairs.

I last testified before this committee on December 11th. The backdrop for this hearing is decidedly different from the backdrop then. While the budget picture has brightened, you and the Adams Administration still face significant challenges in the months ahead.

The $7.1 billion gap for Fiscal Year 2025 the mayor and his budget office projected in November has now been closed in the Preliminary Budget. The projected budget gaps in 2026 and 2027 also have shrunk by about 20 percent in the Preliminary Budget and now amount to around six percent of City funds revenues each of those years. These out-year gaps are similar in percentage terms to ones the City has dealt with in the past.

This turnaround is thanks to several factors: tax revenues exceeding the Office of Management and Budget's (OMB's) forecasts; savings from a budget-cutting plan that was partially implemented; slower than anticipated growth in the cost of providing shelter and services to asylum-seeking migrants; and the promise of additional assistance from Albany to help the City with those costs.

The revised outlook for tax revenues is due to better economic news than OMB had expected in November, when it used an economic forecast dating from last spring that anticipated slow or negative growth in calendar years 2023 and 2024 as the basis for its revenue projection.

Fears that the Federal Reserve's use of monetary policy to tame inflation would result in a recession have proved incorrect. Even with strong consumer demand, stronger than expected labor markets, and rising wages, inflation has slowed substantially while GDP growth has continued, particularly in the second half of 2023. The surprisingly strong GDP growth in the last two quarters of calendar year 2023 raised the annual GDP estimate for all of 2023 to 2.5 percent.

New York City's job growth in calendar year 2023 (measured fourth-quarter to fourth-quarter) was stronger than anticipated at 77,100 (1.7 percent), although significantly smaller than the nearly quarter-million jobs added in 2022. OMB is now forecasting a gain of 90,000 jobs in calendar 2024. Wage rates, personal income, and corporate profits are all also expected to bounce back from slow growth in 2023 to more moderate growth in calendar 2024. Tourism has been a particularly bright spot in the local economy and is expected to continue so, although geopolitical tension is a potential headwind.

These improvements in the city's economic condition come despite continuing evidence that many city residents have seen little of the benefits of the post-Covid recovery in overall employment and incomes. Unemployment in the city was 5.4 percent in December compared with 3.7 percent for the nation.

While the gap between Black and White unemployment rates in the city has shrunk somewhat in recent months, Black unemployment was three times higher than it was for whites at the end of December, and the Hispanic employment rate remains below the pre-pandemic level. While employment in some sectors has fully recovered pre-Covid levels, others, including many with low average wages such as retail and particularly leisure and hospitality, have yet to do so. The latter is actually continuing to shrink. Health care is one sector that has shown strong growth but must of the increase has been in the very low-paying home health care sector.

As emergency Covid relief programs have expired, poverty rates have increased dramatically. According to recent estimates from the Columbia University Center on Poverty and Social Policy, 23 percent of all New Yorkers and 25 percent of children lived in poverty at the end of 2022.

In short, we have a mixed bag of economic trends that are both hopeful and troubling. The same is true on the fiscal front.

OMB is now relying on an updated economic forecast that incorporates data from the second half of calendar 2023. The administration's current tax revenue projection is now essentially flat for Fiscal Year 2024 rather than the decline OMB forecast in November. Looking ahead, OMB is now forecasting 2.6 percent growth in revenues in Fiscal Year 2025, led by the personal and business income taxes.

On the other hand, high interest rates and a lagging housing supply are drags on the residential housing market. Meanwhile, high vacancy rates continue to plague commercial properties. As a result, the outlook for real estate transaction taxes has once again been reduced. OMB also expects property tax revenue to grow by only 1.6 percent, much slower than in the decade before the pandemic.

Recent forecasts from the city's Independent Budget Office and the Council's Finance Division project stronger revenue growth than OMB, with differences over 2024 and 2025 of $2.9 billion and $3.4 billion. respectively. Given the continued strength in key economic indicators and current collections, these estimates seem more likely than what OMB is forecasting.

Given this changed and mixed economic and fiscal outlook, what should you and the mayor be doing?

The mayor has responded by pulling back from much of the three-round budget-gap closing program he planned for in November. Only one of those rounds of cuts has now been fully implemented – and some of those cuts were reversed. Some but not all cuts once anticipated in the second round were canceled; $3 billion in cuts for Fiscal 2024 and 2025 remain part of the preliminary budget. The third round of cuts was canceled last month, save for reductions in migrant services spending.

As you contemplate your responses to these revised budget proposals, let me urge you to also keep in mind these two factors:

The first concerns the so-called "fiscal cliff" resulting from the expiration of federal Covid relief funds. the Preliminary Budget includes commitments of City funds to replace some, but far from all, of these funds, which have been used in, for example, early childhood education programs.

The second concerns the large and still-unaddressed costs of meeting new policies and mandates. The clock continues to tick down on a State mandate to reduce class sizes which will likely require hiring thousands of teachers. These costs will almost certainly start showing up in Fiscal Year 2026 – about 16 months from now. The preliminary budget does not reflect these costs.

City Council legislation also has expanded the eligibility for rental assistance from the City. The January budget added $442 million in new rental assistance spending for Fiscal Year 2024, but added nothing for 2025 through 2028. How this issue is resolved is, needless to say, of enormous importance to City taxpayers, and also to low-income tenants caught in the tightest residential housing market in modern memory.

Sustaining programs previously funded with Covid aid and meeting these mandates will require new budget resources, either by re-arranging budget priorities or securing more recurring revenues. And given the still uneven recovery from Covid, it is critical that resolving these issues while closing future budget gaps not be addressed with across-the-board cuts. Instead, the city will need a mix of carefully targeted cuts, smarter spending, and if necessary, tax increases starting with the ranks of individuals and institutions whose income and wealth have increased the most in recent years.

The Center for New York City Affairs has estimated that the personal income tax could be made more progressive while raising approximately $1 billion in new revenue by adding two new brackets at $1 million and $5 million, with rates of 4.2 percent and 4.4 percent, respectively. The City Comptroller offered a similar proposal last year. Under the State Constitution, colleges, universities, and hospitals are exempt from the City's property tax, although they rely on some City services. If it were necessary to raise revenue, the City could seek to amend the Constitution, or alternatively negotiate agreements with the institutions to have them pay a portion of what they would owe if not exempt. Such arrangements are common in other cities with large numbers of tax-exempt institutions. Preliminary results from analysis by the Center indicate that agreements similar to those Boston has with its non-profits could yield about $235 million annually for the city.

Thank you.

**New York City Council Finance Committee Budget Hearing**
Written Testimony of Jullian Harris-Calvin
Director, Greater Justice New York
Vera Institute of Justice

March 4, 2024

My name is Jullian Harris-Calvin, and I am director of the Greater Justice New York program at the Vera Institute of Justice, which works to end mass incarceration, protect immigrants' rights, ensure dignity for people behind bars, and build safe, thriving communities. Thank you for the opportunity to submit testimony.

We spend more than $14 billion on jails and police in New York City every year, yet many New Yorkers still do not feel safe.[1] Continuing to overstaff and overfund our jails will not make us safer. Yet once again, the mayor's preliminary budget for Fiscal Year (FY) 2025 shows continued overspending on incarceration instead of adequate investment in community-based safety solutions. It is past time to listen to the evidence and take a different approach.[2] We urge the city council to pass a budget that invests in community-based support to prevent crime before it happens instead of just reacting to it afterwards.

The FY 2025 preliminary budget maintains astronomical funding for the Department of Correction (DOC), despite the city's commitment to decarcerate, close, and replace Rikers Island with a smaller borough-based jail system.[3] DOC's budget is set to decrease by just 3.3 percent compared to estimated FY 2024 spending, remaining above $2.6 billion.[4]

Meanwhile, despite growing concerns about New York City's inability to care for people experiencing mental illness, substance use disorder, and homelessness, funding for the departments serving these populations is set to shrink in FY 2025.[5] The preliminary budget significantly decreases funding for the Department of Youth and Community Development (25.4 percent), the Department of Health and Mental Hygiene (20.4 percent), and the Department of Social Services (14.9 percent) compared to their estimated FY 2024 expenditures.[6]

According to the New York City Comptroller's office, in 2023, DOC employed approximately 400 more correction officers than people in detention.[7] In contrast, in 2022, the typical American jail had a uniformed workforce roughly one-quarter the size of its jail population.[8] The overstaffing on Rikers inevitably results in overspending: personnel costs represent 88 percent of the department's bloated $2.6 billion budget.[9]

Although the decarceration and construction plans are behind schedule, New York City has a legal obligation to close Rikers Island by 2027.[10] To do so, New York City must revamp DOC with staffing proportionate to the smaller capacity of the borough-based jail system and begin reducing budgeted officer positions now. Current government projections indicate that DOC intends for budget for 7,060 uniformed officers through the end of FY 2028, suggesting plans to offset attrition with significant hiring despite the decreasing need for officers.[11] Eliminating these uniformed vacancies to bring budgeted headcount in line with actual headcount would save a total of $162 million next fiscal year alone.[12]

In addition to eliminating vacancies, DOC must rein in overtime spending, which at $157.9 million this year already exceeds the agency's FY 2024 adopted budget of $125.6 million for the whole year. DOC's preliminary FY 2025 overtime budget is $127.8 million, roughly half of the $253.7 million it is on track to spend this year.[13] Such an enormous decrease seems unlikely to materialize.

The mayor and city council must stop funding DOC's mismanagement. Allocating millions for overstaffing and additional overtime is a byproduct of DOC's dysfunction rather than operational need. That DOC purportedly requires both a uniformed workforce significantly larger than the average jail *and* significant overtime is unacceptable.

DOC must eliminate vacancies and rein in overtime, using those savings to reverse budget cuts for for community-based interventions backed by extensive research, including $6.7 million for alternatives to incarceration, $13 million for supervised release, $8 million for reentry services, $6.1 million for summer youth employment, and $66 million for the Office of Neighborhood Safety. In addition, the city should allocate at least an additional $6 million to fund five new clubhouses and an additional $6 million to fund four new crisis respite centers by 2025, as mandated by 2023 legislation, and increase funding for Justice Involved Supportive Housing by $6.4 million, which will add 380 beds and ensure adequate funding for the existing 120.[14] Eliminating vacancies and holding DOC to its overtime budget would more than cover all of these investments.

Longer-term, DOC must rightsize its uniformed workforce to match the smaller footprint of the borough-based jails. Natural attrition is neither fast nor targeted enough to do so, and mass layoffs are not a viable option. The city must enable DOC staff to begin transitioning to agencies and sectors that provide the same economic opportunity and job security without the trauma of working on Rikers Island.[15]

New York City's jails are dangerous and deadly: 30 people have died in DOC custody since the start of 2022.[16] Thousands more have faced abhorrent conditions.[17] With the community-based, evidence-backed investments outlined here, we can spare New Yorkers this awful fate and keep our communities safe and thriving.

Thank you for the opportunity to provide testimony. Please do not hesitate to contact me if the Vera Institute of Justice may provide further support.

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[1] Fiscal Year (FY) 2024 January modified budget numbers from the Independent Budget Office (IBO), shared via email with Vera Institute of Justice (Vera) on January 16, 2024. Vera used data from IBO for the FY 2024 budget to have the most up-to-date numbers; for more information, contact Benjamin Heller at bheller@vera.org. FY 2025 preliminary budget numbers from New York City Mayor's Office of Management and Budget (OMB), *The City of New York Preliminary Budget Fiscal Year 2025: Expense Revenue Contract* (New York: OMB, 2024), 39E and 29-30E, https://perma.cc/R4J2-UYN4. The total FY 2024 and FY 2025 numbers presented in this testimony include fringe benefits, pension contributions, and debt service.

[2] Research shows that just 23 hours in jail increases the likelihood that someone will be rearrested. See Core Correctional Solutions, *The Hidden Costs of Pretrial Detention Revisited* (Houston, TX: Arnold Ventures, 2022), https://perma.cc/4UQV-4S4Q.

[3] New York City Council, Local Laws of The City Of New York for the Year 2021, No. 16, http://perma.cc/37EU-AQ8H. For recent comments by the mayor, see Elizabeth Kim and Jessy Edwards, "NYC Mayor Adams Pledges to Close Rikers Island but Wavers Again over 2027 Deadline," *Gothamist*, December 17, 2023, https://gothamist.com/news/nyc-mayor-adams-pledges-to-close-rikers-island-but-wavers-again-over-2027-deadline.

[4] FY 2024 January modified budget numbers from IBO, January 16, 2024. FY 2025 preliminary budget numbers from OMB, *The City of New York Preliminary Budget Fiscal Year 2025*, 39E.

[5] See, for example, Emma G. Fitzsimmons and Jeffery C. Mays, "Is New York City Back? Not for Everyone," *New York Times*, March 5, 2024, https://www.nytimes.com/2024/03/05/nyregion/nyc-economy-comeback.html; Amy Julia Harris and Jan Ransom, "Behind 94 Acts of Shocking Violence, Years of Glaring Mistakes," *New York Times* November 22, 2023, https://www.nytimes.com/2023/11/20/nyregion/nyc-mental-illness-breakdowns.html; and Kiara Alfonseca, "Overdose Crisis Reaches Historic Levels in New York City," ABC, September 25, 2023, https://abcnews.go.com/Health/overdose-crisis-reaches-historic-levels-new-york-city/story?id=103470582.

[6] FY 2024 January modified budget numbers from IBO, January 16, 2024. FY 2025 preliminary budget numbers from OMB, Budget Fiscal Year 2025, 2024, 135E-136E (Health and Mental Hygiene), 68E (Youth and Community Development), 36E-37E (Social Services), 38E (Homeless Services).

[7] New York City Comptroller Brad Lander, "DOC Uniformed Headcount and Jail Population," in "Department of Correction (DOC)," dashboard, accessed 26 February, 2024, https://comptroller.nyc.gov/services/for-the-public/department-of-correction-doc/dashboard/.

[8] Zhen Zeng, *Jail Inmates in 2022 – Statistical Tables* (Washington, D.C.: Bureau of Justice Statistics, 2022), 16, https://bjs.ojp.gov/document/ji22st.pdf.

[9] FY 2024 January modified budget numbers from IBO, January 16, 2024. FY 2025 preliminary budget numbers from OMB, *The City of New York Preliminary Budget Fiscal Year 2025: Expense Revenue Contract*, 39E. To calculate percentage spent on staff, researchers added personal services, fringe benefits, and pension contributions, and then compared that sum to the total DOC budget. Uniform (6,177) and civilian (1,583) staffing figures from IBO and current as of January 22, 2024. For more information, see Vera, *A Look Inside the FY 2025 DOC Budget: Mayor Adams Continues to Invest in Incarceration over Communities* (New York: Vera, 2024), https://vera-advocacy-and-partnerships.s3.amazonaws.com/GJNY_Look%20inside%20the%20DOC%20FY25%20Budget.pdf.

[10] New York City Council, Local Laws of The City Of New York for the Year 2021, No. 16.

[11] OMB, *The Financial Plan of the City of New York: Fiscal Years 2024-2028; Full-Time and Full-Time Equivalent Staffing Levels* (New York: OMB, 2024), 35, https://www.nyc.gov/assets/omb/downloads/pdf/adopt23-stafflevels.pdf.

[12] The department currently employs approximately 6,150 uniformed officers and forecasts 1,451 uniformed vacancies in FY 2025. Data on current headcount from IBO. For FY 2025 vacancies, see IBO, Taking New York City Down a PEG: IBO Estimate of the Impact of The Mayor's Program to Eliminate the Gap (PEG) on New Yorkers (New York: IBO, 2023) 6, https://perma.cc/VKQ7-9FKN. To calculate this number, researchers calculated a full employment cost multiplier (2.3) by comparing personal services spending to the sum of personal services, fringe benefits, and pension contributions. Researchers then multiplied the starting salary for a correction officer ($47,857) as listed on the DOC website by 2.3 for the full employment cost to DOC per new correction officer. Multiplying that number ($111,660) by the total number of vacancies (1,451) equals just over $162 million, which is $73.8 million higher than the $88.2 million savings indicated in OMB, *Program to Eliminate the Gap*, 2024, 25. For more information, see Vera, *A Look Inside the FY 2025 DOC Budget*.

[13] Overtime figures from the Independent Budget Office (IBO), shared via email with Vera on February 26, 2024. For more information, contact Benjamin Heller at bheller@vera.org; FY 2024 expected overtime budget from New York City Independent Budget Office, *Giving Some Back, Leaving Others Out: IBO's Analysis of the Administration's Second Consecutive Program to Eliminate the Gap This Fiscal Year* (New York: Independent Budget Office, 2024), 7, https://ibo.nyc.ny.us/iboreports/giving-some-back-leaving-others-out-ibos-analysis-

of-the-administrations-second-consecutive-program-to-eliminate-the-gap-this-fiscal-year-february-2024.pdf.

[14] For evidence of the effectiveness of supervised release, see Melanie Skemer, Cindy Redcross, and Howard Bloom, *Pursuing Pretrial Justice Through an Alternative to Bail: Findings from an Evaluation of New York City's Supervised Release Program* (New York: MDRC, 2020), https://perma.cc/9WAR-TQ3Y; for evidence of the effectiveness of reentry services see Emilee Green, "An Overview of Evidence-Based Practices and Programs in Prison Reentry," Illinois Criminal Justice Information Authority, December 19, 2022, https://perma.cc/68C6-G9A3; and for evidence of the effectiveness of summer youth employment see Judd B. Kessler, Sarah Tahamont, and Alexander Gelber, et al., *The Effects of Youth Employment on Crime: Evidence from New York City Lotteries* (Cambridge, MA: National Bureau of Economic Research, 2021), https://www.nber.org/system/files/working_papers/w28373/w28373.pdf. For the city's requirement to build new clubhouses and crisis respite centers, see New York City Council Int. 1021-2023, https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=6179132&GUID=CE077354-6AB1-404E-A55C-6189B6299603&Options=&Search=; and New York City Council Int. 1022-2023, https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=6179131&GUID=1A0BCFE1-49E1-4083-8371-BD61D5AE1166&Options=ID|Text|&Search=. For more on these budget recommendations, see Vera, *A Look Inside the FY 2025 DOC Budget*, 2024.

[15] Benjamin Heller, *Why New York City Needs a Blueprint to Rightsize the Department of Correction* (New York: Vera Institute of Justice, 2022), https://www.vera.org/publications/rightsize-nyc-department-of-correction.

[16] Sam McCann and Erica Bryant, "Second Death on Rikers Island in 2024 Brings New York City Jail Death Toll to 30 Under Mayor Adams," Vera, January 22, 2024, https://www.vera.org/news/second-death-on-rikers-island-in-2024-brings-new-york-city-jail-death-toll-to-30-under-mayor-adams.

[17] Erica Bryant, *It's a Torture Chamber: Stories from Rikers Island* (New York: Vera, 2022), https://www.vera.org/its-a-torture-chamber.

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______
☐ in favor ☐ in opposition

Date: ______

(PLEASE PRINT)

Name: LISA RIVERA
Address: ______
I represent: NYLAG
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☐ in favor ☐ in opposition

Date: ______

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Name: Hailey Nolasco
Address: 520 8th Avenue
I represent: Center for Justice Innovation
Address: ______

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Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______
☐ in favor ☐ in opposition

Date: 3/4/2024

(PLEASE PRINT)

Name: Ana Champeny
Address: ______
I represent: Citizens Budget Commission
Address: 240 W. 35th St

Please complete this card and return to the Sergeant-at-Arms

THE COUNCIL
THE CITY OF NEW YORK

**Appearance Card**

I intend to appear and speak on Int. No. ________ Res. No. ________
☐ in favor ☐ in opposition

*Date:* ________

(PLEASE PRINT)

Name: Assistant Commissioner ~~Pickle~~ Snyder

Address: of DOF

I represent: ________

Address: ________

THE COUNCIL
THE CITY OF NEW YORK

**Appearance Card**

I intend to appear and speak on Int. No. ________ Res. No. ________
☐ in favor ☐ in opposition

*Date:* ________

(PLEASE PRINT)

Name: Commissioner N. black of DOF

Address: ________

I represent: ________

Address: ________

THE COUNCIL
THE CITY OF NEW YORK

**Appearance Card**

I intend to appear and speak on Int. No. ________ Res. No. ________
☐ in favor ☐ in opposition

*Date:* 3/4/2024

(PLEASE PRINT)

Name: Sarah Parker

Address: 110 William Street 14th Fl. NY NY 10038

I represent: New York City Independent Budget Office

Address: ________

*Please complete this card and return to the Sergeant-at-Arms*

## THE COUNCIL
## THE CITY OF NEW YORK

*Appearance Card*

I intend to appear and speak on Int. No. ________ Res. No. ________

☐ in favor ☐ in opposition

*Date:* 3/4/2024

**(PLEASE PRINT)**

Name: Louisa Chafee

Address: 110 William Street 14th Floor NY NY 10038

I represent: New York City Independent Budget Office

Address: ________


## THE COUNCIL
## THE CITY OF NEW YORK

*Appearance Card*

I intend to appear and speak on Int. No. ________ Res. No. ________

☐ in favor ☐ in opposition


*Date:* 3/4/2024


**(PLEASE PRINT)**


Name: Sarita Subramanian

Address: 110 William St 14th Fl. NY NY 10038

I represent: New York City Independent Budget Office


Address: ________

## THE COUNCIL
## THE CITY OF NEW YORK

*Appearance Card*

I intend to appear and speak on Int. No. ________ Res. No. ________


☒ in favor ☐ in opposition

*Date:* ________


**(PLEASE PRINT)**


Name: Matthew D. Robinson

Address: 14 Livingston St Brooklyn

I represent: Truly Patriots of America

Address: ________

*Please complete this card and return to the Sergeant-at-Arms*

THE COUNCIL
THE CITY OF NEW YORK

**Appearance Card**

I intend to appear and speak on Int. No. ______ Res. No. ______
☐ in favor ☐ in opposition

*Date:* 3/4/2024

(PLEASE PRINT)

Name: Sarita Daftary

Address: 40 Rector Street

I represent: Freedom Agenda

Address:

THE COUNCIL
THE CITY OF NEW YORK

**Appearance Card**

I intend to appear and speak on Int. No. ______ Res. No. ______
☐ in favor ☐ in opposition

*Date:*

(PLEASE PRINT)

Name: Matthew Robinson

Address:

I represent: True Patriots of America

Address:

THE COUNCIL
THE CITY OF NEW YORK

**Appearance Card**

I intend to appear and speak on Int. No. ______ Res. No. ______
☐ in favor ☐ in opposition

*Date:*

(PLEASE PRINT)

Name: Jaques Jiha, PHD

Address:

I represent: OMB

Address:

*Please complete this card and return to the Sergeant-at-Arms*

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ________ Res. No. ________
☐ in favor ☐ in opposition

Date: ________

(PLEASE PRINT)

Name: Latonia McKinney

Address: ________

I represent: OMB

Address: ________

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ________ Res. No. ________
☐ in favor ☐ in opposition

Date: ________

(PLEASE PRINT)

Name: Ken Godiner

Address: ________

I represent: OMB

Address: ________

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ________ Res. No. ________
☐ in favor ☐ in opposition

Date: 4 Mar 24

(PLEASE PRINT)

Name: Caroline Conroy

Address: 131 W. 33rd St #610, New York NY 10001

I represent: New York Immigration Coalition

Address: ________

*Please complete this card and return to the Sergeant-at-Arms*

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______
☐ in favor ☐ in opposition

Date: 3/4/2024

(PLEASE PRINT)

Name: Maria Policarpo
Address: 125 Barclay Street NY NY 10007
I represent: President, Local 1757, DC37
Address: (City Tax Assessors)

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______
☐ in favor ☐ in opposition

Date: 3/4/2024

(PLEASE PRINT)

Name: Henry Garrido
Address: 125 Barclay Street NY NY 10007
I represent: Executive Director, DC37
Address: ______

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______
☐ in favor ☐ in opposition

Date: ______

(PLEASE PRINT)

Name: Brad Lander, Comptroller
Address: 1 Centre St
I represent: Comptroller Office
Address: 1 Centre St

*Please complete this card and return to the Sergeant-at-Arms*

## THE COUNCIL
## THE CITY OF NEW YORK

**Appearance Card**

I intend to appear and speak on Int. No. ________ Res. No. ________

☐ in favor ☐ in opposition

*Date:* ________________

**(PLEASE PRINT)**

Name: Krista K Olson

Address: [redacted] NY 11238

I represent: Comptroller Brad Lander

Address: 1 Centre St.

*Please complete this card and return to the Sergeant-at-Arms*

## THE COUNCIL
## THE CITY OF NEW YORK

**Appearance Card**

I intend to appear and speak on Int. No. ________ Res. No. ________

☐ in favor ☐ in opposition

*Date:* ________________

**(PLEASE PRINT)**

Name: FRANCESCO BRINDISI

Address: 1 CENTER ST. NY NY 10007

I represent: NYC Comptroller

Address: 1 Center St. NY NY 10007

*Please complete this card and return to the Sergeant-at-Arms*