

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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May 22, 2024
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HELD AT: Council Chambers - City Hall

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

COUNCIL MEMBERS:

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

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

Brad Lander
New York City Comptroller

Francesco Brindisi
Executive Deputy Comptroller

Krista Olson
Deputy Comptroller for Budget

Louisa Chafee
Independent Budget Office

Sarah Parker
Senior Research Strategy Officer at IBO

Sarita Subramanian
Senior Research Strategy Office at IBO

Preston Niblack
NYC Department of Finance Commissioner

Jeffrey Shear
Department of Finance First Deputy Commissioner

Jacqueline James
Chief Financial Officer, Deputy Commissioner of
Administration and Planning

Jacques Jiha
Office of Management and Budget Director

Latonia McKinney
Office of Management and Budget Deputy Director

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

Tara Boirard
Office of Management and Budget Deputy Director

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2 SERGEANT AT ARMS: Good morning and
3 welcome to today's New York City Council Executive
4 Budget hearing on Finance. At this time, we ask you
5 to silence all cell phones and electronic devices to
6 minimize disruption throughout the hearing. If you
7 have testimony you wish to submit for the record, you
8 may do so via email at testimony@council.nyc.gov.
9 Once again that is testimony@council.nyc.gov. At any
10 time throughout the hearing, please do not approach
11 the dais. We thank you for your kind cooperation.
12 Chair, we are ready to begin.

13 CHAIRPERSON BRANNAN: Thank you,
14 Sergeant. I'm being told it's Wednesday. I do not
15 believe it. Okay. [gavel] Good morning and welcome
16 to the 12th and final day of hearings on the FY 24
17 Executive Budget. I'm being told I'm Council Member
18 Justin Brannan and I chair the Committee on Finance.
19 We're joined this morning by Council Members Avilés,
20 Hudson, Carr, and Moya on Zoom. Welcome Comptroller
21 Brad Lander and your team. Thank you for joining us
22 today to answer our questions. My questions this
23 morning will largely focus on the City's debt limit,
24 pensions and the Comptroller's Office Market Report.
25 Before we start, I have to recognize this is our 12th

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2 and final day of hearings, and the Council's Finance
3 Division really makes magic happen behind the scenes.
4 Both the staff have joined us every day in the
5 Chamber and the small army that we have across the
6 street at 250 Broadway for all their efforts in
7 preparing and making these weeks and weeks of
8 hearings happen, including our CFO Deputy Chief of
9 Staff Tanisha Edwards, the Senior Staff Finance
10 Director Richard Lee, Managing Director Jonathan
11 Rosenberg, Deputy Directors Eisha Wright, Chima
12 Obichere, Emre Edev, and Paul Simone, Chief Economist
13 and Assistant Director Dilara Dimnaku, Assistant
14 Director Elizabeth Hoffman, the Supervising Economist
15 Paul Sturm, Andrew Wilber, and William Kyeremateng,
16 Unit Heads Aliya Ali, Jack Storey, Julie Haramis,
17 Florentine Kabore, and James Reyes, and my Committee
18 Counsel, Mike Twomey, who's been here with me for
19 all 700 hours, and all the Finance Analysts who work
20 really hard behind the scenes. I'll also read all
21 this stuff later. Okay, I'm now going to turn to our
22 Committee Counsel to swear in the Comptroller, and
23 let's get moving.
24
25

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2 COMMITTEE COUNSEL: Good morning. Do you
3 affirm to tell the truth, the whole truth and nothing
4 but the truth before this committee and to respond
5 honestly to Council Member questions, Brad Lander?

6 COMPTROLLER LANDER: Yes, I do.

7 COMMITTEE COUNSEL: Francesco Brindisi?

8 EXECUTIVE DEPUTY COMPTROLLER BRINDISI: I
9 do.

10 COMMITTEE COUNSEL: Krista Olson?

11 DEPUTY COMPTROLLER OLSON: I do.

12 COMMITTEE COUNSEL: Thank you. You may
13 begin.

14 COMPTROLLER LANDER: Good morning Chair
15 Brannan, Council Members Avilés, Hudson, Carr and
16 Moya. Congrats on making it to day 12. You've
17 missed a beautiful week of weather in New York City.
18 We tried to show it to you on the cover of our budget
19 report, but thank you to you and your staff for all
20 you're doing here. With me is Francesco Brindisi,
21 Executive Deputy Comptroller, and Krista Olson,
22 Deputy Comptroller for Budget. The \$111.6 billion FY
23 2025 Executive Budget, as you well know, reflects a
24 modestly stronger fiscal position for the City than
25 the Preliminary Budget. It includes a combined \$2.3

1 billion increase in projected tax revenues for this
2 year and next, and the FY 25 gap is manageable even
3 with the cancellation of the third round of PEGs that
4 the Mayor had announced last fall, and with the
5 restoration of funding for some of the cuts to the
6 Department of Education and the NYPD. While these
7 positive indicators are heartening, my Office
8 continues to project substantial outyear gaps which
9 will take careful planning, honest budgeting, and
10 strong fiscal management to close. Starting with the
11 economic picture, New York City's economy has been
12 reasonably strong and is expected to continue growing
13 at a moderate pace. The number of private sector jobs
14 in New York is now higher than before the pandemic--
15 thank you-- office using jobs at an all-time high,
16 and the proportion of New Yorkers that are employed
17 is higher than it has ever been before. I'll
18 actually add this morning, just the pension funds are
19 doing quite well. Fiscal year-to-date, 8.5 percent
20 returns, they are also at-- the pension funds are at
21 historic highs, both in dollar amount and in percent
22 of funding while we continue to implement a strong
23 responsible investing program that attends to
24 environmental and social and governance goals, as
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1 well. So there's a lot of good news. However, you
2 know, some plenty of things to keep an eye on. The
3 new jobs added in the past year have continued to be
4 in relatively few and relatively lower wage
5 industries, healthcare, social services, food
6 services, education. Job growth has stagnated in
7 some of the higher wage service industries that are
8 key to the City's economy, finance, technology,
9 business, and professional services, and that lack of
10 momentum combined with anticipated cooling off
11 economic growth nationally suggests that the City's
12 economic activity will grow at a slower pace over the
13 next few years. As members of this council well
14 know, residential rents continue to be at near record
15 highs at an average of \$3,500 a month, a sign of
16 continued attractiveness to the City, which is good,
17 but far too high for families in our neighborhoods
18 and all across our City and a deterrent to new
19 business start-up and job growth. The slumping
20 commercial real estate market caused by the shift to
21 remote and hybrid work continues to be a serious
22 challenge, but this far, the "doom's day" scenario
23 that many worried about has not materialized, and
24 while we see continued hard times, especially for
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2 Class B and C portfolios we don't see that doom's day
3 scenario on the horizon. As you know, that stronger
4 economy enabled OMB to restore some of the cuts that
5 had previously been announced to cultural
6 institutions, schools, libraries, the NYPD, and to
7 put some down payments on chronically under budgeted
8 costs and fiscal cliffs, but those funds, including
9 additional support from the state, only partially
10 cover the needs that we know, the expenses we know
11 are going to materialize in the coming year.

12 Important education programs funded with expiring
13 federal stimulus dollars have been maintained, but in
14 some cases, only funded for one year. While more
15 realistic funding was provided for the CityFHEPS
16 program as currently implemented, we estimate that
17 still an additional \$500 million will actually be
18 spent on CityFHEPS in each year of the plan, and of
19 course, while the April Financial Plan did not
20 further reduce essential city services, cuts to
21 critical services and institutions from the prior
22 PEGs remain. The Administration reported gaps of
23 \$5.5 billion in FY 2026, rising to \$5.7 billion in FY
24 28, but when you add in those areas of under
25 budgeting and fiscal cliffs to correct, my office

1 sees revised gaps of \$2.6 billion in FY 25, the year
2 that must be balanced, which 2.3 percent of total
3 revenues growing to approximately \$8.5 billion in FY
4 26 and the outyears. That's about 7.5 percent.
5 Beyond those more predictable areas like CityFHEPS,
6 Carter cases. Where we've got trends so we can
7 understand what we know is very likely to be spent,
8 there are three big areas of just greater
9 uncertainty, the cost of providing services to
10 asylum-seekers, the cost of implementing the state's
11 class size mandate, and the cost of expansion of
12 rental assistance. My office expects that the cost
13 associated with asylum-seekers will be lower than
14 budgeted in FY 25 by \$1.3 billion, mainly due to
15 lower projections of household and shelter, extending
16 the trend which is now relatively stable over the
17 last few months, but the projection is subject to an
18 unusual degree of uncertainty due to many, so many
19 things we don't know-- the unknown trajectory of
20 border-crossings and arrivals, especially given the
21 uncertainty of the federal election, as well as
22 changes in city policies including the haphazard
23 implementation of shelter time limits which lacks the
24 case management services or even just the simple
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2 outcomes tracking that are really necessary for us to
3 have a clear handle on what's actually going on, and
4 expenses continue to be unnecessarily high because of
5 the overuse of emergency procurement without adequate
6 cost controls and staffing in many of our emergency
7 contracts as my office has repeatedly documented on
8 slow pivot to competitive procurement. We were
9 pleased with the cancellation, the ending of the
10 DocGo contract and a commitment to move to real RFPs
11 with cost competition, but we have not yet seen that.
12 In FY 26 and 27, though, the City is budgeting for \$1
13 billion of annual state aid that is not in the state
14 budget, so that is a fiscal risk, and in FY 28 the
15 Financial Plan does not include any expenses for
16 asylum-seekers while it's quite likely to continue,
17 although that is three years out. Implementation of
18 the class size mandate is not fully funded in the
19 current budget, and we estimate that fully funding it
20 would cost an additional \$467 million in FY 26, \$933
21 million in FY 27, and \$1.4 billion in FY 28, and we
22 have factored that into our re-estimate, and we don't
23 in our re-estimate include any projections of
24 expanding rental assistance, CityFHEPS, beyond its
25 current levels, but of course, the Council passed

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2 legislation and is in litigation that would extend it
3 substantially more. With those two adjustments we do
4 make, my office projects a surplus of \$341 million in
5 the current fiscal year, a gap of \$1.27 billion in FY
6 25, growing to \$9 billion in 26, over \$10 billion in
7 27, and \$13 billion in FY 28. Despite the threat of
8 substantial gaps in future fiscal years, the
9 Executive Budget did make some positive moves to
10 restore core services, which I am enthusiastic about,
11 but there are areas where additional investment is
12 still required. The Department of Education, you
13 know, first and foremost, given the expiration of
14 federal COVID-19 aid, a good reprieve on \$500 million
15 dollars combing local and state funding, including
16 coordinators for students in temporary housing,
17 mental health support, Pre-K, community schools, but
18 other critical programs like arts education, Summer
19 Rising, and Learning to Work are only funded for the
20 current year. And of course, on 3K, the fiscal cliff
21 remains in the outyears, and the restoration that was
22 made doesn't not address cuts of \$170 million that
23 were made to Early Childhood education including 3K
24 and Pre-K, and the City does have an obligation to
25 make good on its prior commitments to pay Early Child

1 education workers and community-based organizations
2 on parity with their public school peers. I support
3 the Council's request to provide ongoing funding for
4 Promise NYC which I think has been one of the most,
5 just encouraging and promising programs of recent
6 years really showing what it looks like when kids get
7 a real opportunity when parents have the chance to
8 work. So, I support the Council's request to fund
9 that at \$25 million, as well as-- there's a good
10 conversation underway about making our schools
11 accessible for students and families with
12 disabilities. That, fortunately, is a capital
13 commitment, and I'll come back to this, but there is
14 some room in the capital budget thanks to the debt
15 limit increase, and the City should increase the
16 capital commitment by \$450 million over the next five
17 years. Right now, fewer than a third of New York
18 City schools are fully accessible to students or
19 their family members with physical disabilities. One
20 area I've really been focused on, and I hope you will
21 too, is CUNY, the City's best driver of economic
22 mobility, but it has faced successive rounds of cuts
23 totaling \$95 million now by this year in this
24 Administration. In addition to restoring baseline
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2 PEGs, the City should expand critical programs like
3 ASAP and Reconnect. I've been visiting CUNY campuses
4 all across the City. I was just talking to Council
5 Member Carr about my visit to College of Staten
6 Island, going to Hostos, and Lehman, and EMCC,
7 talking with the interim president of Kingsborough.
8 It's extraordinary what's happening on those
9 campuses, the next generation of New York's workers
10 and entrepreneurs, but we cannot starve them of
11 resources. While providing only small fiscal relief,
12 cuts to libraries and cultural programs still leave
13 an outsized impact on the students, immigrants, and
14 many others that they serve. You guys have had a lot
15 about that, so it's in my written testimony, but I
16 won't go through it here, but I really do urge you to
17 make restorations to the culturals and libraries.
18 Let me-- oh, one thing though on the culturals that I
19 learned in conversation with them that I thought you
20 guys should know is the cultural inst-- the City has
21 not increased funding in the cultural or library
22 budgets for COLAs for staff, despite the fact that
23 obviously now all city workers, other than a few of
24 us, and human service workers have seen cost of
25 living adjustments. Those workers did not get any

1 adjustments in their-- the contracts from the City.
2 Okay. The Executive Budget, appropriately switching
3 to the Capital Budget now. The Executive Budget
4 appropriately included an update to the City's
5 Capital Commitment Plan with increases to the School
6 Construction Authority, the borough-based jails, and
7 some other critical areas. Once the state adopted
8 legislation that raised the City's capacity to incur
9 debt by \$14 billion over two years. The City now
10 needs to increase capital funding in a couple of
11 other areas, especially critical housing development
12 programs called for in the Council's budget response
13 and also cuts identified in the recent work by New
14 York Housing Conference. An additional capital
15 investment of \$2.5 billion over the next five years
16 would fund the construction and preservation of
17 affordable community-controlled homes, both ownership
18 and rental, providing stability and wealth-building
19 opportunities for low-income and working-class New
20 Yorkers. We need to put that money in the budget.
21 We need to make sure HPD gets it out in communities.
22 That is the most critical issue facing so many New
23 Yorkers and our economy. This council has focused on
24 the fact that as part of the Executive Budget, OMB
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2 also extended the restoration of the Water
3 Authority's rental payments to the City for fiscal
4 years 26 to 28. So it's now in all five fiscal
5 years, totaling \$1.4 billion to the general fund.
6 While these resources are, of course, covering some
7 essential services in the City budget, the proposed
8 rate structure is regressive, falling on the backs of
9 low-income homeowners and renters. The water rate
10 structure should be reformed to provide relief for
11 low-income New Yorkers and sound enforcement
12 mechanisms. And of course, in the face of the
13 climate crisis, as highlighted in my office's recent
14 investigation of flash flood preparedness, we are
15 woefully under-prepared for extreme rainfall events.
16 We need to use resources that are supposed to be
17 dedicated for water to address our urgent storm water
18 management and sewer maintenance needs, and also
19 consider instituting a storm water fee to ensure that
20 those costs are more equally shared. As I come to
21 conclude, I want to just talk a minute about a
22 stronger fiscal framework for the City. I was
23 intrigued to see that yesterday the Mayor announced a
24 Charter Revision Commission and said that it would
25 focus in part on updating the City's fiscal

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2 responsibilities. I saw some reporting that raised
3 questions about the motivations of the Charter
4 Revision Commission, but I will say it is a good time
5 to focus on stronger fiscal responsibility. And so
6 I'm going to mention a couple here, and in the coming
7 weeks, we'll actually lay out some ideas, because if
8 people are serious about modernizing the City's
9 fiscal framework which was essentially adopted at the
10 fiscal crisis 50 years ago, this would be a great
11 time to do it. So, while we should be ambitious in
12 our capital program to make the infrastructure
13 investments that are necessary for our long-term
14 thriving, we've got to manage that debt responsibly.
15 The expanded debt capacity Albany passed should be
16 accompanied by new policies that make sure the
17 longstanding threshold of 15 percent of tax revenues
18 for debt service is actually a real threshold and not
19 just something sort of an idea in our debt service
20 policy, and we really need a comprehensive accurate
21 assessment of infrastructure needs to better inform
22 that spending. My office did an audit recently of
23 the annual AIMS [sic] report which is supposed to
24 tell us the state of repair of our infrastructure.
25 It does not tell us the state of good repair of our

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2 infrastructure, and it would be-- it's irresponsible
3 not to have it. The City's budget should also
4 accurately reflect the City's expenses. As you know,
5 the areas of under budgeting that are perpetually in
6 the budget, make the budget just not a real true, you
7 know, document articulating what we'll be spending.
8 That's something that should be improved. Strategic
9 investments in areas like Special Education services
10 may cost money in the short-run, but then would
11 address those issues of growing Carter cases which
12 are now over a billion dollars every year, and
13 instead of cutting core services, the City's fiscal
14 health and lives of New Yorkers would be better
15 served by planning and implementing long-term
16 efficiency measures as a regular process in each
17 financial plan and not just a kind of PEG randomly
18 announced at the whim of the Mayor or Budget Director
19 with a two-week response, but at every budget plan,
20 and with a focus on those things that will achieve
21 long-term efficiencies without detracting from
22 services. Finally, and perhaps predictively, I
23 continue to advocate for a formula-based approach to
24 contributing to our long-term reserves which are
25 still far from sufficient to see us through the

1 length of an average recession. My office under the
2 leadership of Executive Deputy Comptroller Brindisi
3 has offered a thoughtful approach for such a formula,
4 and I urge the Council and the Administration to
5 adopt it, or something similar. Stronger fiscal
6 management is not contrary to deeper investments in
7 the programs that create opportunities and address
8 severe affordability challenges facing working-class
9 New Yorkers. Quite the opposite. Stronger fiscal
10 management helps us to target and preserve resources
11 to where they are most needed so that New York City
12 can remain a place of opportunity for New Yorkers at
13 all income levels and so that our city can grow and
14 flourish in the years ahead. Thank you very much,
15 and I look forward to your questions.

17 CHAIRPERSON BRANNAN: Thank you,
18 Comptroller. We've also been joined by Council
19 Member Williams. I want to jump into talk about the
20 debt limit. December of 23, prior to the release of
21 the January Plan, your office reported that by the
22 end of FY 24, without assuming any increases in the
23 TFA bond cap, that the City would have \$33.5 billion
24 of remaining debt-incurring power which is 24.6
25 percent of the total. By the end of FY 26, your

1 office estimated that the City would still have \$27.7
2 billion of remaining debt-incurring power. With the
3 additional TFA increase that we saw included in the
4 state budget, what does your office estimate is the
5 City's current debt limit for GO and TFA debt
6 combined for FY 25?
7

8 COMPTROLLER LANDER: Thank you for this
9 question. I really want to praise my team here,
10 because we did a deep-dive on debt affordability, and
11 we actually commissioned-- in addition to the
12 internal work we do, we commissioned a consultant to
13 dive a little deeper. So if you are interested in
14 the questions of debt affordability and the debt
15 limit, they're on our website. We can get them to
16 you. We estimate that the general debt limit will
17 total in FY 25 \$136.5 billion, and that the City's
18 indebtedness applicable to that debt will be \$108.9
19 billion. So that leaves a remaining debt margin of
20 \$27.5 billion which is 20.2 percent of the debt limit
21 remaining by the end of fiscal year 25, and by the
22 end of 26, we estimate the remaining debt margin to
23 be \$25.5 billion, so \$2 billion lower with 18.3
24 percent of debt limit remaining.
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2 CHAIRPERSON BRANNAN: Do you feel that
3 those are appropriate amounts of remaining debt-
4 incurring power?

5 COMPROLLER LANDER: We do. We feel that
6 the \$14 billion increase was appropriate and
7 responsible, that it gives the City room for its 10-
8 year Capital Commitment Plan even with the
9 adjustments that the Administration brought forward.
10 We will say-- I'll say two things here. We do
11 believe that a stronger approach to ensuring that we
12 stay below the 15 percent annual threshold is
13 critical. We're well below now. We're at about 10
14 percent, but it is going to grow in the coming years.
15 That really is what we want to measure for, because
16 the way the debt limit is calculated is really not
17 related to what we're actually can afford in terms of
18 debt service or even to the value of its properties.
19 So we do think the \$14 billion increase was
20 appropriate, that it should cover us in the coming
21 years of the Financial Plan, that we can afford that
22 debt. But some new tools are needed to keep an eye
23 for the long-run.

24 CHAIRPERSON BRANNAN: So, the calculation
25 of the City's GO debt limit uses a five-year average

1 value of the full valuation of the City's taxable
2 real estate. And one reason we've seen decline debt
3 limit is because during COVID FY 21 there was a
4 significant decline in that number, nearly 8.5
5 percent from FY 20. It wasn't until FY 23 that the
6 City's full valuation of taxable real estate exceeded
7 the pre-COVID value. So, if the City's real estate
8 values keep increasing at this modest pace as COVID
9 years drop out of the formula, we assume the debt
10 limit will greatly increase. Do you agree with that
11 assessment?
12

13 COMPROLLER LANDER: I'm actually going
14 to let-- I think that Francesco may be the only
15 person who actually understands the special
16 equalization ratios that inform this debt limit, and
17 he has persuaded me that on the one hand it's not a
18 very good formula, and on the other hand, you know,
19 given the framework that we have, we're in a
20 reasonable spot. But let me have him respond to the
21 question.

22 EXECUTIVE DEPUTY COMPROLLER BRINDISI: I
23 actually think my colleagues at Council Finance know
24 about the special equalization--
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2 COMPROLLER LANDER: [interposing] I
3 apologize, I'm sure they do, as well. The only-- you
4 know, the only person I've talked to.

5 EXECUTIVE DEPUTY COMPROLLER BRINDISI:
6 Anyway, the formula itself, the methodology that for
7 the calculation of the debt limit is based on
8 something that is done at the state level by the
9 State Department of Taxation and Finance, and you
10 know, we went into a lot of detail about how that
11 happens, but the short version of the growth rate
12 going forward of the debt limit is that what we've
13 seen-- what we've seen in the FY 25 assessment role
14 from Department of Finance is a growth rate of market
15 value of zero percent for FY 25. That's going to be
16 picked up in 2026 by the formulas for the debt limit
17 which means that although the year, the COVID year FY
18 21, is going to roll out, the growth rate is going to
19 remain very moderate going forward. So, it--

20 CHAIRPERSON BRANNAN: [interposing] So,
21 would the debt ceiling start increasing once all the
22 COVID years are no longer?

23 EXECUTIVE DEPUTY COMPROLLER BRINDISI:
24 The debt limit will keep increasing because--
25 throughout from 24 to 33 it's going to continue to

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2 increase, but it's going to increase at the moderate
3 pace, and it's going to, you know, be held down by
4 the fact that market values have not grown so much in
5 25.

6 CHAIRPERSON BRANNAN: Thank you. What do
7 you think the City's main priority should be with its
8 now increased capital capacity?

9 COMPTROLLER LANDER: Housing, housing,
10 housing. I mean, there are other important issues.
11 I, you know-- I mentioned the accessibility in our
12 schools, \$450 million would go a long way to making
13 our schools more accessible. Climate resilience is
14 critical. The Department of Environmental Protection
15 was asking only for \$22.5 million to modernize some
16 of the critical catch basins that clog during extreme
17 rainfall, but they've got a much more ambitious
18 program that is necessary to protect us from those
19 extreme rainfall storms that we've seen, as well as
20 from coastal storms. So, I think, you know, whatever
21 the schools and accessibility is important. Climate
22 resilience is important, and I continue to support
23 the plan to build the borough-based jails and close
24 Rikers Island, but the number one need from my point
25 of view and kind of capital and infrastructure is

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2 affordable housing. It is housing affordability that
3 most threatens the City's growth. If it can't be a
4 place where families can live and stay, you know--
5 and so, the Council's \$2.5 billion over five-year
6 request I think is a good one. We do need, you know,
7 to enable the private sector to build more housing,
8 but realistically if a chunk of that housing is going
9 to be affordable for working and middle-class
10 families and to help us end homelessness, it is going
11 to and have to involve city capital subsidy. So I'm
12 a big supporter of that investment.

13 CHAIRPERSON BRANNAN: Do you think the
14 Administration has the staffing and administrative
15 capacity to deliver on that new capital capacity?

16 COMPTROLLER LANDER: We did a report
17 recently on HPD's capacity questions, and one
18 interesting thing we found, we went in thinking that
19 staff vacancies were really the issue, but the report
20 concluded that they had actually done a pretty good
21 job of filling staff vacancies after the pandemic,
22 but we found a bunch of other pain points in the
23 development process. There was some significant
24 knowledge experience loss, because the folks that
25 left during the pandemic had been there a long time.

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2 So there's is some critical training issues. They
3 need new technology, and we've recommended some
4 really modest increases that would go a long way in
5 HPD's technology. And some development pain points
6 as well-- it didn't used to be the case, for example,
7 that the City's Office of Management and Budget
8 essentially review-- re-underwrote [sic] every
9 affordable housing deal that kind of gave program
10 parameters. So, we've got a set of recommendations
11 for what HPD could do to move faster to get the money
12 out the door. But we can't let it be that, you know,
13 they didn't get the-- you know, the staff capacity is
14 limited, so the money didn't get out the door. So
15 next year we project less in capital. We have to go
16 ambitiously in the other direction.

17 CHAIRPERSON BRANNAN: Talk about the
18 pensions. You mentioned in your testimony the City's
19 retirement funds are at a return of-- is it 8.5
20 across all five pension funds?

21 COMPTROLLER LANDER: Fiscal year to date,
22 and obviously what really matters is where we are at
23 June 30th, and that's, I don't know, 38 days from
24 now. But yes, right now, performance across the five
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2 systems is 8.5 percent. I have the number for each
3 system if you want--

4 CHAIRPERSON BRANNAN: [interposing] And
5 that's--

6 COMPTROLLER LANDER: [interposing] They
7 hover around 8.5.

8 CHAIRPERSON BRANNAN: The actual target
9 is seven percent, right?

10 COMPTROLLER LANDER: That's right.

11 CHAIRPERSON BRANNAN: That's great.

12 COMPTROLLER LANDER: It is great, yes.
13 And you know, one nice-- you know, that'll-- but we
14 have a very wise, slow-rolling system. So if we were
15 to end the year at 8.5 percent-- I think each half
16 percent is worth like \$500 million. Let me-- you
17 know. But it gets rolled into the budget over a
18 five-year smoothing period which is really helpful
19 when we have a year in which we under-perform, but
20 yes, it's a strong sign of our Bureau of Asset
21 Management and the Pension Funds Team. Returns have
22 been good. We just adopted a new strategic asset
23 allocation across all five funds that takes advantage
24 of the legislation we got passed in Albany last year,
25 giving us a little more room to invest in private

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2 markets investments. Yesterday, we made this wonder-
3 - we announced this wonderful investment that NYSUS
4 [sic] is making along with Community Preservation
5 Corporation and Related in the preservation of 35,000
6 rental units that were put at risk by the Signature
7 Bank collapse. So, you know, yes, the returns are
8 strong and the broader responsible investing program
9 is strong as well.

10 CHAIRPERSON BRANNAN: I want to ask you a
11 little bit about that announcement, but could you
12 tell us what are some of the drivers of the pension
13 system returns?

14 COMPTROLLER LANDER: So, the biggest
15 driver this year has been that public equities have
16 been performing very well, and you know, basically of
17 the pension portfolio roughly half of it is in public
18 equities. Roughly, a little less than a quarter, is
19 in fixed income, and a little more than a quarter and
20 growing is in private markets, private equity,
21 infrastructure, real estate, etcetera. Fixed income
22 has not been doing that well, but public equities,
23 the stock market broadly, both in the US and XUS have
24 been performing strongly, and that has been driving
25 our pension fund growth.

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2 CHAIRPERSON BRANNAN: Talk a bit about
3 how you're working to implement the strategic asset
4 allocations for each system?

5 COMPROLLER LANDER: Yeah, so we do that-
6 - every strategic asset allocation you do every three
7 to five years, and we work each of the funds. The
8 five funds have a general consultant, and so our
9 economics team at Bureau of Asset Management works
10 closely with them, and you know, you look at the risk
11 and return expectations based on projections of where
12 the economy will be and adjust a little more in
13 infrastructure, a little less in fixed income. The
14 main thing that happened this year was-- in my first
15 year in 2022, my office led the effort in Albany to
16 remove some of the restrictions on public pension
17 funds in New York that limited so that you could only
18 invest essentially up to 25 percent in all of the
19 private markets and alternatives investments basket,
20 and that lagged far behind what most of our peers
21 were doing. So, the legislation increased the limit
22 to 35 percent. We're not going all the way from 25
23 to 35, but the strategic asset allocation that each
24 plan adopted increased private market's investments
25 modestly, but a little bit across each plan and now

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2 we're working hard to implement that plan. The great
3 staff we have are, you know, slowly-- you do it kind
4 of step by step by step, moving money into the places
5 that that asset allocation identified.

6 CHAIRPERSON BRANNAN: So, yesterday, you
7 announced along with the Mayor and the Public
8 Advocate that NYCERS will invest up to \$60 million
9 from the pension access to preserve 35,000 rent
10 stabilized housing units that were impacted by the
11 collapse of Signature Bank last year. Could you talk
12 about why that decision was made to utilize the funds
13 to preserve those housing units?

14 COMPTROLLER LANDER: Absolutely. This is
15 such a great-- I mean, this could have been such a
16 disaster, and I feel proud not just of NYCERS and our
17 office, but of the whole housing community that came
18 together, which is why we really had such a good
19 group there yesterday. So, a year ago when Signature
20 Bank collapsed, there was a lot of attention on the
21 deposits, as of course there should be, and it was
22 quickly made clear that they were ensured, and New
23 York Community Bank part of Flagstar took over their
24 deposits and liabilities, but they did not want to
25 take their rental housing loan portfolio, and that

1 raised a lot of questions, because people knew that
2 Signature had been reputed to-- essentially to sloppy
3 lending, and there was real concern about what that
4 would mean. So the FDIC took over receivership for
5 all of Signature's loan portfolio, real estate loan
6 portfolio, and you know, announced a process of
7 putting it in 14 different pools and bidding it out.
8 We immediately all got to work, those of us that care
9 a lot about housing investment, to talk about how
10 that could go, because you can't have those things
11 just grabbed by vulture investors who might look to
12 maximize returns, but at the expense of the tenants
13 or the buildings or the conditions of people living
14 in them. Fortunately, the FDIC, their mission
15 includes attending to housing preservation, and so a
16 great collaboration came together led by Community
17 Preservation Corporation, led by Rafael Sistero
18 [sp?], involving Related funds management, and
19 Neighborhood Restore, and they put a partnership
20 together that bid on the six of the 14 pools that
21 have the rent stabilized and at-risk housing stock.
22 And I have been talking to them for some months
23 making clear if an investment from the City pension
24 funds could meet our return thresholds, but also help
25

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2 them meet the capital requirements to do it. We
3 would be thrilled do. They've got diligenced [sic]
4 by our real estate team. It's got investment
5 returns. I think the anticipated IRR net of fees
6 there is 11 percent, so you know, well above the
7 threshold that we talked about, and it is
8 contributing to preserving 35,000 units of rent-- 80
9 percent of which is rent stabilized. that really
10 could have been a-- this is like a real one of those
11 win/win examples where you can do something that
12 secures the retirement security of teachers and cops
13 and fire fighters and school crossing guards, and at
14 the same time invest in a way that ensures the
15 stability of New York City's housing.

16 CHAIRPERSON BRANNAN: Your office
17 recently released its annual claims report. It
18 showed that the City paid out over \$1.5 billion in
19 claims in FY 23 for 13,227 claims and lawsuits
20 against the City. This is \$110.9 million less than
21 what was paid out in FY 22, but it's still well above
22 the recent average annual payment. Could you talk
23 about what's driving the increase in claims and
24 lawsuit costs against the City over the last two
25 years?

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2 COMPTROLLER LANDER: Yeah. So, yeah,
3 both of those figures for the last two years, you
4 know-- you know, \$1.45 and \$1.56 billion, that's a
5 lot of money to be spending on claims against the
6 City. There are some unique things, you know, big
7 spike each of the last two years is this 25-year-old
8 class action lawsuit called Belino [sp?] in which the
9 City at the requirement of the state used tests for
10 teachers that were found in court to be
11 discriminatory. So, Black and Latino teachers sued
12 the City for using those assessments, again, which
13 were state-mandated. So, I still don't understand
14 why the state is not paying this money. But the
15 courts found the City liable and that has been--
16 that's hundreds of millions of dollars in payouts.
17 Now, there are areas that are more predictable. So,
18 we did this report on crash claims every year. one
19 of the biggest areas of claims last year, I think
20 \$174 million was crashed caused by city vehicles, you
21 know, whatever, Sanitation trucks and police cars and
22 DOT, Parks vehicles, and there is not real
23 accountability to the agencies or the drivers of
24 those vehicles. Like, they get in a crash, somebody
25 brings a claim. It's settled. They payout goes, and

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2 that driver is still driving. That agency-- so it's
3 a lot of things that we could--

4 CHAIRPERSON BRANNAN: [interposing] Is
5 that higher-- higher than it's been?

6 COMPTROLLER LANDER: Oh, yeah, it doubled
7 I think from-- yeah. In 2014 it was \$89 million and
8 in 2023 it was \$174 million. So it has grown quite a
9 bit, and there just is not a structure in place. My
10 office has recommended putting the cost of claims
11 settlements on the agency that incurs them, like
12 putting that in the budget and saying to a
13 Commissioner, look, if you, you know, impose a system
14 that gets your drivers to drive more responsibly or
15 you put in, you know, for the appropriate vehicle
16 speed delimiters, and you reduce this claims payout.
17 You could keep half the savings and invest that in
18 new programs you want to start, but right now we
19 don't have any claims accountability at the agency
20 level or in this case, the driver level.

21 CHAIRPERSON BRANNAN: How much has the
22 City paid out just overall claims? How much have we
23 paid out in the current year so far? Are we on track
24 to go higher than last year?

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2 COMPTRROLLER LANDER: So, through the end
3 of April we've paid out \$1 billion, so tracking
4 pretty close to where we are. I mean, we don't know
5 exactly because the claims are kind of lumpy, but
6 yeah, I think probably on the same order of magnitude
7 of roughly \$1.5, \$1.4 billion for the year.

8 CHAIRPERSON BRANNAN: Okay. Talk about
9 nonprofit contract payments. City continues to
10 struggle to pay its contracted nonprofit providers in
11 a timely manner. Back in January your office
12 published a report stating that two-thirds contracts
13 were submitted late for registration. Report
14 disclosed that this is a worsening trend, and delays
15 in registration as we all know can have serious
16 ramifications for nonprofits. We heard that a lot
17 over the past couple of weeks in public testimony.
18 What are the factors that have led to nearly 80
19 percent of late contract registrations in the first
20 half of 2024?

21 COMPTRROLLER LANDER: Yeah, this remains,
22 as you know, a real passion of mine as somebody who
23 worked in the nonprofit sector for a long time and
24 who is close to people who continue, and this has
25 just gotten gradually worse in recent years, and that

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2 80 percent in the first half of the year, yeah, is
3 worse than each of the three preceding years. We
4 have taken some good steps. So the Council agreed
5 last year for the first time to make its
6 discretionary awards multi-year. That doesn't mean
7 that you committed to the dollar amount. So, you
8 know, if gave somebody a \$10,000 award last year, you
9 may or may not give them an award this year, but they
10 got a three-year contract. So if you do, the money
11 can be added to that contract without having to go
12 through the whole registration process again. So,
13 that didn't show up for you last year, because it was
14 the first year of that, but it is going to show up
15 for you this year. So many of your discretionary
16 grantees are not going to have to go through contract
17 registration process again on Council discretionary
18 awards. So that's an example of like a really good
19 step that we've taken that next year should get some
20 of these. Well, it's interesting. It won't even get
21 the percentage of registrations down, because they
22 won't go through registration, but you'll have happy
23 nonprofits, so that was good. We made a change in
24 our office where you can go up to a 25 percent
25 amendment of the contract. So, if there is a COLA

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2 increase that the City gives, you also don't have to
3 go through registration again. So that is really
4 helping, but other things are just not getting where
5 they need to be. And even emergency contracts which
6 are supposed to be much faster still have wound up
7 overwhelmingly come to our office because until they
8 get to our office, they aren't set up in the
9 financial system for payment; 85 percent of them come
10 long after the start of the contract. So, we
11 continue to make a bunch of recommendations to City
12 Hall about what could be done to fix this, a visible
13 ContractStat system where the public could really see
14 what is going on. There's some legislation that's
15 been proposed to put timelines on the agencies that
16 do the processing. We're currently the only agency
17 with timelines on the processing. We have only 30
18 days to register the contracts once they reach our
19 office. We get over 10,000 a year. We have met the
20 30-day deadline on every single contract that has
21 reached our office this term. Our average is 17
22 deadlines. No one loves a deadline, but they are
23 really good for compelling performance, and I think
24 that legislation has some things to recommend.

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2 CHAIRPERSON BRANNAN: Okay. I'm going to
3 turn to some of my colleagues for questions. We've
4 also been joined by Council Members Brooks-Powers on
5 Zoom and Council Member Farías. I'm going to start
6 with questions from Council Member Carr and we'll
7 come back.

8 COUNCIL MEMBER CARR: Thank you so much,
9 Chair. Comptroller, it's great to see you, and thank
10 you for your recent visit to CSI. It's truly a gem
11 of the CUNY system. I'd like to talk a little bit
12 about some of the financial structure reforms you
13 were alluding to that perhaps may become part of a
14 charter revision consideration. You know, I think
15 that the-- the structure we have from the recovery
16 from the bankruptcy of the City, or near bankruptcy
17 of the City in the 70s has been incredibly helpful to
18 keeping this city fiscally solvent. And so I just
19 want to know your thoughts on some of the key aspects
20 of the system you have, namely the balance budget
21 requirements, budget deadlines, the oversight of the
22 Fiscal Control Board. Are these still things that
23 you think are relevant today and are important in
24 including in whatever structure may emerge moving
25 forward?

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2 COMPTROLLER LANDER: Yeah, it's a great
3 question and I really agree with it. you know, 50
4 years ago the City faced a fiscal crisis and out of
5 that developed some of the best standards for fiscal
6 responsibility of any city anywhere, not just
7 balanced budget requirement, but by GAAP, generally
8 accepted accounting principles. We're one of the few
9 cities to do that. You know, a four-year plan with
10 quarterly updates, so yes, that set-- the core set of
11 reforms that were adopted in the Financial Emergency
12 Act broadly should be continued. Some of them though
13 are continued currently only through bond covenants,
14 because the Financial Emergency Act expired. So, one
15 example, we've got this really good feature where
16 property tax collections go immediately into what's
17 called the general debt service reserve that's held
18 by the State Comptroller and is used to pay our debt
19 before it comes back to the City to pay everything
20 else. So, of course, that makes our-- you know, it's
21 good for our ratings and our fiscal discipline, but
22 that is not in state law. That's in the bond
23 covenants. That should be updated, and we've got a
24 few other suggestions like that, to make an
25 efficiencies program regular part of the budgeting

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2 cycle, and to give you more incentives for things
3 that actually produce long-term savings instead of
4 just kind of one-time vacancy hits. I mentioned the
5 claims update, and we'll have some more.

6 COUNCIL MEMBER CARR: Absolutely, so I'm
7 glad to hear that. I think we're on the same page.
8 Another question I'd like to ask about-- some of my
9 colleagues and I were talking to the Parks
10 Commissioner on Monday about tree and sidewalk
11 program and claims that come to your office for folks
12 who have the money to do the repairs up front even
13 when the City has accepted responsibility for damage
14 done to sidewalk by street trees. And in the past,
15 when I worked for my predecessor Minority Leader
16 Matteo, what we found is the Comptroller's Office was
17 denying claims because the impact of the street trees
18 was cumulative over time, as opposed to a single
19 incident where the 90-day clock clearly started for a
20 claim to be made with your office. And this is a
21 problem that long predates your tenure. And so I was
22 just wondering your thoughts on that. why can't we
23 have a clock that begins when the City accepts
24 responsibility for the damage, as opposed to this
25 sort of nebulous, well, the tree got-- damaged the

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2 sidewalk maybe a few years ago, and then it drip,
3 drip, drip over time created an unsafe condition?
4 And this would actually entitle so many New Yorkers
5 to receive a reimbursement at least in part for work
6 that the City should be doing.

7 COMPTROLLER LANDER: That's a good
8 question that I'll have to get back to you on the
9 answer. We don't have our claims experts here with
10 us today, but I promise that we'll look into this,
11 figure out why someone in the past had said that
12 couldn't be done and take another look at it and see
13 if it's something that would be appropriate. I
14 certainly remember from my days as a Council Member
15 representing a district with a lot of street trees,
16 what a significant issue this can be. Actually, I--
17 you know, I remember, you know, you go door-knocking
18 and you ask people what's the big issue, and you
19 know, they're looking past you at their tree, and
20 they're like, oh, I remember the time when-- so, yes,
21 it's a real issue. Let me get back to you on the
22 answer.

23 COUNCIL MEMBER CARR: Thank you,
24 Comptroller. Thank you, Chair.

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2 CHAIRPERSON BRANNAN: Questions from
3 Council Member Williams, and we've been joined by
4 Council Member Sanchez and Powers.

5 COUNCIL MEMBER WILLIAMS: Hello. You
6 released a report I think a few months ago about MWBE
7 utilization, and outside of the report, is there
8 anything else that you think your office or
9 respective offices in the Mayor's Administration
10 could be doing differently to address the low
11 percentage rates?

12 COMPTROLLER LANDER: Yes, you know, so we
13 put out-- actually we do two different reports each
14 year. One is on MWBE and city purchasing, and that
15 one, you know, has found that-- you know, found this
16 year that while under Michael Gardner's leadership a
17 lot of effort is under way. The numbers have just
18 not moved that much. Still roughly five percent of
19 overall city procurement to MWBEs and less than 15
20 percent even of the procurement that's subject to the
21 Local Law that covers it. The other report looks at
22 our pension investments, because we want to make sure
23 that on what we control we're doing better, and there
24 I'm pleased to say we grew from, you know, still too
25 low, but 11.68 percent to 12.86 percent. that was

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2 \$2.7 billion more in the hands of Black and Brown and
3 women asset managers, and we've got plans we
4 anticipate will get us to 15 percent next year, and
5 hopefully 20 percent by 2029. We laid out a bunch of
6 ideas in that report, and I'll give you just a couple
7 of them, and you and I have talked about some of
8 these. The Local Law exempts nonprofits because--
9 and therefore most of human services, because they're
10 nonprofits, they don't have owners. But much of what
11 those folks are doing with city contracts is
12 subcontracted to for-profits for cleaning and food
13 and transportation, security. So there might be some
14 ways to change that so that business would be covered
15 by MWBE requirements. Subcontracting in general is a
16 big area of opportunity, but our systems for just
17 seeing who the subcontractors are pretty woeful. So
18 there is a lot. It's a big complex system. But then
19 of course, if you're a MWBE and you just want--
20 where's the portal where I can find an opportunity?
21 Even that doesn't exist.

22 COUNCIL MEMBER WILLIAMS: Does your
23 office have the ability to encourage agencies to de-
24 bundle contracts? Because sometimes they have like
25 these really large contracts that make it really hard

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2 for a smaller or MWBE business to go out of them and
3 compete?

4 COMPTROLLER LANDER: So, two things I'll
5 say here. It's not exactly-- so there's some new and
6 good incentives. The growth of what's called the
7 non-competitive small procurement threshold for MWBEs
8 to \$1.5 billion, we started tracking that
9 specifically in the report to say our agency is using
10 this new tool, and some are better than others, and
11 hopefully they want to do better on the list next
12 year. We're also working with the Administration in
13 Albany on alternative delivery methods on capital
14 process reform legislation for construction, and some
15 of the alternative delivery methods, CM-- CM Build,
16 especially, makes more opportunities for
17 subcontracting rather than sort of the one big prime
18 contractor. And we're talking a lot with DDC, and I
19 know Commissioner Foley, that's something that he
20 cares a lot about.

21 COUNCIL MEMBER WILLIAMS: And I know you
22 mentioned pensions, and I know you and I spoke about
23 this, but also just wondering any efforts-- and I
24 know some of this predates you around like
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2 diversifying the boards of the private companies that
3 we are investing in through the pension fund.

4 COMPTROLLER LANDER: Absolutely, yeah,
5 and we actually have some shareholder resolutions
6 this year. This is an area where, you know, some
7 meaningful progress has been made. In term-- you
8 know, there's two things we do. We ask companies to
9 disclose a board diversity matrix so you can see
10 board diversity, and also make public their EEO1
11 statements. That's really about their staff
12 diversity. And both of those things have gone from
13 less than 20 percent of sort of Fortune 500 companies
14 to much higher percentages of folks doing them
15 because of the shareholder resolutions that we and
16 others are bringing in. We'll keep going on that. I
17 can get you more detailed information.

18 COUNCIL MEMBER WILLIAMS: Okay, thank
19 you.

20 CHAIRPERSON BRANNAN: I wanted to ask
21 just in your opinion for expiring federal stimulus
22 funds, the Council has really maintained that is our
23 biggest challenge right now, not that migrant crisis
24 or the cost related to the migrant influx, but
25 grappling with the expiration of temporary dollars

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2 that were used in large part to prop up a bunch of
3 permanent programs that people have now come to rely
4 on. A number of initiatives, particularly in
5 education that were funded with this money are
6 concerning. Could you give us in your idea, in your
7 estimation what programs would you prioritize for the
8 City to provide funding to?

9 COMPTROLLER LANDER: Sure. I think one
10 thing that does bear saying here is there ought to be
11 a broader national effort to get the Federal
12 Government to keep providing funding for programs
13 that we learned in the pandemic are good, but are not
14 just about the pandemic. Some pandemic funding was
15 for vaccines and testing, but those folks who used it
16 for summer school and expanding 3K and student mental
17 health, none of those needs are gone now that the
18 pandemic is over, and yet, we've all kind of
19 accepted, oh, that's the end of the federal aid. I
20 guess we can't-- you know, we won't have federal
21 funding for Summer Rising, 3K and student mental
22 health. So, that's-- I know not that none of us
23 control that, but I-- you know, that's how we're in
24 this problem. We realized how valuable those
25 programs are because we provided them, and of course,

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2 no one wants to go back once you have those things,
3 but the feds are stopping to provide the money. I
4 guess, number one for me is 3K and Pre-K, just the
5 data that shows that those are strong investments is
6 really compelling. I want to see more outcomes about
7 what we're doing, what DOE is doing with the student
8 mental health money. We know we have mental health
9 crisis in our-- with our young people and in our
10 schools, and we need to be spending wisely on that. I
11 don't think we yet have really good data on what's
12 working there, because that's an area we need to
13 spend on, but we need to do it on programs that are
14 working. I was really glad to see the social workers
15 restored, so I'm glad that that was done.

16 CHAIRPERSON BRANNAN: I want to close
17 with just two questions on housing. What do you make
18 of the state's housing package? Do you think the
19 state's legislation would be sufficient to create an
20 appropriate amount of affordable housing in this
21 city?

22 COMPTROLLER LANDER: On its own, no. It
23 is-- you know, we'll have to see the-- awful lot of
24 what is going to happen now is based on the deadline
25 extension on 421A. So, people, I think are still

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2 going to use the old guidelines in a lot of cases
3 that got extended til 2031, because people filed so
4 many permits before the expiration. You know, things
5 are still shaking out on the new program. I've been
6 really encouraged in Gowanus which this council, you
7 know, did the Gowanus rezoning on just to see how
8 much new mixed income housing and affordable housing
9 is going up there, but no, even if it works well, it
10 is not going to come close to creating the overall
11 total housing that's needed and certainly not the
12 affordable housing that's needed. Probably the
13 biggest thing that I was upset that they didn't
14 include where the housing access voucher program that
15 Senator Kavanagh had been championing and that
16 everyone agreed should be part of the package. You
17 know, we want stronger tenant protections, yes. We
18 want more housing, especially more affordable
19 housing, but we need vouchers. The feds have some
20 vouchers. This City is now paying some vouchers.
21 The state is not funding any vouchers, and so no
22 person can get out of shelter even into many of the
23 units that are being created without some housing
24 subsidy. We could end street homelessness for
25 mentally-ill and other street homeless folks if we

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2 had the vouchers that could help them off the street
3 into permanent housing units with appropriate social
4 supports. So that's one just kind of big area that's
5 missing. And then, you know, I do think-- and I said
6 this before, but I think it was before Housing Chair
7 Sanchez was here, the Council's call and its response
8 for the \$2.5 billion over five years targeted
9 especially to affordable home ownership and
10 affordable nonprofit and community controlled rental.
11 There's nothing in the state budget for any of that,
12 and we think that is critical. On this, finally I'll
13 just mention, I was pleased to put forward an idea
14 with Micah Lasher [sp?], in the Daily News this
15 weekend that we're really excited about, modeled on a
16 program some universities do. This would use pension
17 fund dollars rather than subsidy dollars to invest
18 alongside city workers to make it possible for folks
19 to buy homes because it is now so hard for a teacher
20 or an H+H nurse or-- to afford to buy a home in this
21 city, and we need a new round of Mitchell-Lama-like
22 development. That is part of what the Council's
23 proposal in the budget response is for, but even
24 faster than that, this program would say, okay, if
25 you're a teacher who could afford to buy a home for

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2 350, but the home that you're looking at is seven,
3 you would buy half, and the pension funds would
4 essentially buy the other half. You could live there
5 when you sold it. You would split the proceeds 50/50
6 so the pension funds would still see a nice return,
7 but it could create a home ownership opportunity for
8 a new generation of the workers who serve our city.
9 we need a lot more housing creativity, a lot more
10 development, lot more vouchers, private sector and
11 public sector collaboration, and that I do really
12 think should be priority one for all of us.

13 CHAIRPERSON BRANNAN: Okay. I'm going to
14 let our Housing Chair Sanchez ask some questions.

15 COUNCIL MEMBER SANCHEZ: Thank you so
16 much, Chair Brannan. I just wanted to piggyback on
17 your question on the state budget. Comptroller, you
18 know, one of the most significant, I think, pieces of
19 feedback or pushback that the Council gets when we
20 have these conversations and we make pushes to
21 increase the capital budget in order to meet the
22 housing crisis and build more and preserve more, is
23 that the City can't dig our way out on our own. And
24 I don't disagree with that statement. I don't think
25 any of us disagrees with that statement, but I do

1 think that we can do more, and so my question to you
2 as our fiscal-- our chief fiscal officer in the City
3 of New York is how do you view how much-- will the
4 role of the City's capital budget in the fight
5 against the housing crisis, how much, you know,
6 should we-- can we be putting in versus our state and
7 federal counterparts?
8

9 COMPTROLLER LANDER: Yeah. It's a great
10 question, and I'm going to connect it to Council
11 Member Carr's question, because I don't think we
12 appreciate, you know, coming out of the fiscal
13 crisis. in addition to all those fiscal controls,
14 how much the city's pioneering effort to put capital
15 dollars into stopping housing abandonment and housing
16 preservation was a critical part of what brought the
17 City back from the crisis. No other city did
18 anything like it at the time. This city hadn't used
19 capital dollars on housing before. That had always
20 been something the federal government did, but in its
21 moment of need, the City-- you know, Mayor Koch
22 realized it and created the 10-year capital plan, and
23 that is a big part of what helped save our
24 neighborhoods and bring them back, and build the
25 platform of which we were able to do that signature

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2 deal. So spending more capital dollars on-- it's not
3 only out of compassion for families, it's the City's
4 economic future that's at stake if we can make this a
5 city that's affordable for the full range of people
6 that occupy it, and we need to do, you know, the work
7 as well as just live in the neighborhood. So, I
8 mean, of course, we need more help from the feds and
9 the state and we have to demand and push and
10 organize, but it would be very short-sided to say
11 because we aren't getting what we need from the feds
12 or the state, we can't step up either. There are
13 limits to what we can do on the capital side and the
14 operating side, but what-- I believe what's in the
15 Council's budget response, \$2.5 million over five
16 years, is fiscally prudent, fits within the debt
17 limit, and is wise not just from a family's housing
18 affordability for families, but a city's future
19 economic and fiscal thriving point of view.

20 COUNCIL MEMBER SANCHEZ: Thank you.

21 Thank you, so much, Comptroller. Thank you, Chair.

22 CHAIRPERSON BRANNAN: One last question.

23 The Office to Housing Conversion is something that's
24 important to this council and it was spurred by a
25 bill that this council passed. I wanted to get your

1
2 input on what you think is the appropriate level of
3 subsidy for these projects with regard to the M Core
4 [sic] program and the votes on 175 water and 853rd
5 Avenue.

6 COMPTROLLER LANDER: Thank you. So, I
7 would-- I'll point people to the newsletter. We do
8 an economic monthly newsletter, and in the most
9 recent one, the spotlight is on this question of
10 commercial office vacancies, and there's a great box-
11 - and I'm going to turn it over to Francesco again
12 because we go through why we voted yet on 850 and no
13 on 175 water, really taking an analysis of when
14 subsidy is needed. The MCOR program is not for a
15 conversion to housing. MCOR is to upgrade it to be,
16 you know, an upgraded office buildings, and I know,
17 could just go up through the decisions you--
18 Francesco is our representative on the IDA board, and
19 led those folks.

20 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:
21 Our view of the MCOR program which is, you know,--
22 there is already as-of-right benefits, tax benefits,
23 for renovation of commercial space. There's the MCOR
24 adds to that. And you know, we looked at the office
25 market and we've seen no real shortage of high-

1
2 quality office space. There is a lot that has been
3 built, but it's a lot on the market, you know, and
4 there are certainly some areas of the city, some sub-
5 markets and some buildings that for which we could
6 accelerate their upgrading, let's put it that way.
7 So we thought that, you know, that the point of the
8 program is to accelerate and absorb some of this
9 excess supply rather than necessarily having a
10 permitting [inaudible] on the city's economy, right?
11 So there were two projects that were presented so
12 far. One is on Third Avenue. It was bought out of
13 potentially bankruptcy. The lender bought the
14 building. There was, you know-- there was a
15 plausible scenario such that the existence of an
16 extra subsidy, you know, really trigger the
17 renovation. On the other hand, you know, we looked
18 at the details on the renovation of 175 Water Street.
19 That's, you know, in an area which is prime for
20 conversion to residential, s that's one policy issue.
21 It's-- the building itself was built after the
22 deadline that would allow the conversion, but
23 surrounding it, it's all conversion to residential.
24 So that's one issue. The other is that it was bought
25 by a company that specializes in that type of

1
2 renovations for creative-- for the creative economy
3 and firms. It was bought before the creation of the
4 MCOR program, and they announced that we're doing a
5 transformation of, you know, renovation of the
6 building. So, in our view, that investment would
7 have happened anyway, even without necessarily the
8 MCOR program, or with as-of-right benefits that were
9 available and therefore, we wouldn't know. It's a
10 great building. It's a great idea. It's just that
11 in our view it didn't need the extra money.

12 CHAIRPERSON BRANNAN: We have questions
13 from Council Member Powers. We've been joined by
14 Council Member Brewer.

15 COUNCIL MEMBER POWERS: Thank you. Nice
16 to see you. I want to follow up on that question,
17 that topic. I have a number of eligible buildings in
18 my district, 850 is one of them that are I think
19 eager to take advantage of the MCOR program,
20 understanding it, and trying to make sense of it.
21 Can you just talk more about your thoughts on the
22 entire program, whether it is deemed-- will be
23 effective? And similarly, as you're talking about
24 what buildings in the future-- I presume there'll be
25 another round or other rounds of that as well if

1
2 there's still money available for that. So what are
3 they? I think you've talked through a little bit
4 what are the sort of criteria that one might be
5 looking for if they want to be successful at it,
6 rehabilitation versus maybe a project that could be
7 for other things, but just about what is maybe the
8 right model for that program as we look forward to
9 other projects that might be looking to be-- take
10 advantage of it. I certainly know of some.

11 EXECUTIVE DEPUTY COMPTROLLER BRINDISI:

12 Right. So, there was one solicitation, and what
13 we've seen in the submission, there were some that
14 were just not, you know, not plausible. They were
15 owner-occupied buildings, and that's not-- the
16 program is not meant for those. There are a number
17 of those where, you know, the renovation was already
18 being planned, and I think that's something-- or
19 that's something that we care a lot about, because
20 you know, we would like to have the tax money that
21 would be associated with it instead of giving a
22 subsidy. I think, you know, you want to look at the
23 specific of the project, of course. We don't know.
24 The second solicitation went out. The responses are
25 in. We haven't been able to see them. What the EDC

1
2 did was to lower the threshold for responding to it
3 form 250,000 square feet per building to 100,000.
4 So, you know, they're casting a wider net. I think
5 you want to, you know, have-- I think there are two
6 good things that the MCOR can do. One is to
7 accelerate the upgrading, right? The second thing
8 that it can do is to sort of revitalize the street
9 life, right? And so that's something that is not
10 often done with the EDC, right, and IDA [sic]
11 subsidies, and that's because, you know, IDA doesn't
12 do retail particularly in Manhattan, right? But you
13 know, it's a good, you know, component of the program
14 to be able to create street life, right? Because the
15 point is to try to create mixed use neighborhoods.
16 And so to the extent that you see a building that
17 would not otherwise have made the investment that can
18 be upgraded, can-- you know, get-- and soak up this
19 extra supply, and at the same time create the
20 opportunities for, you know, street life and retail
21 and childcare. Those are the things that we look
22 for.

23 COUNCIL MEMBER POWERS: Got it. Thank
24 you.

25

1
2 CHAIRPERSON BRANNAN: Okay. Comptroller,
3 your team, thank you very much. We look forward to
4 working with you. Appreciate your analysis.

5 COMPTROLLER LANDER: Congrats on getting
6 to the end of your testimony here, and thank you for
7 your time, and thanks to the staff and the other
8 members.

9 CHAIRPERSON BRANNAN: Thanks, guys.
10 Alright, we'll take a little break, and then we're
11 going to hear from IBO at around 11 o'clock.

12 [break]

13 CHAIRPERSON BRANNAN: Okay. It is still
14 the morning. It is. Good morning. Welcome to the
15 second portion of today's final day of budget
16 hearings, day 12. I'm Council Member Justin Brannan,
17 I Chair the Committee on Finance. Welcome, Director
18 Chafee and your team. Thank you all for joining us
19 to answer our questions. We'll be hearing obviously
20 today from IBO. My questions will largely focus on
21 IBO's analysis of asylum-seeker cost and general
22 questions on their financial plan. I know turn it
23 over to Committee Counsel Mike Toome to swear in the
24 witnesses, and we'll get moving. But before that, I
25

1
2 want to note we've been joined by Council Member
3 Ossé.

4 COMMITTEE COUNSEL: Good morning. Do you
5 affirm to tell the truth, the whole truth and nothing
6 but the truth before this committee and to respond
7 honestly to Council Member questions? Louisa Chafee?
8 Sarah Parker? Sarita Subramanian? Thank you, you
9 may begin.

10 CHAIRPERSON BRANNAN: Just turn your mic
11 on.

12 DIRECTOR CHAFEE: Thank you.

13 CHAIRPERSON BRANNAN: I can't hear you.

14 DIRECTOR CHAFEE: Can you hear me now?

15 CHAIRPERSON BRANNAN: Yeah, it's a little
16 low.

17 DIRECTOR CHAFEE: Better?

18 CHAIRPERSON BRANNAN: Yeah, can we turn
19 it up overall?

20 DIRECTOR CHAFEE: Is it me?

21 CHAIRPERSON BRANNAN: No, it's all good.
22 We're turn up the boom box a little.

23 DIRECTOR CHAFEE: Good morning, Chair
24 Brannan and members of the Finance Committee. I am
25 Louisa Chafee, Director of the Independent Budget

1 Office, the IBO, and I'm here today with my
2 colleagues, Sarah Parker and Sarita Subramanian,
3 IBO's Senior Research and Strategy Officers. We
4 appreciate the opportunity to testify this morning.
5 Recently, IBO has published three reports on the
6 budget: the Analysis of the 2025 Executive Budget and
7 Financial Plan; IBO's Asylum-Seeker Cost Projections;
8 and Details on IBO's Economic and Revenue Forecasts.
9 And we brought copies of each of those for you today.
10 We'd like to go through some critical highlights.
11 IBO forecasts a \$5.1 billion surplus in the current
12 year with \$1.1 billion higher than the
13 Administration's expected surplus of \$3.9 billion.
14 The Administration anticipates this year's budget to
15 be \$116.8 billion. IBO projects that 2025 will also
16 end with a surplus, estimated at \$1.1 billion. The
17 Administration anticipates next year's budget to be
18 \$113.6 billion. Starting in 2026, IBO projects
19 larger budget gaps than the Administration: \$2.6
20 billion in 2026, \$7.9 billion in 2027, and \$6.0
21 billion in 2028. IBO's higher gap estimate in 2027 is
22 in part due to the Administration's budgeting of \$1
23 billion in State funding for asylum-seekers that the
24 State has yet to commit to. IBO's estimates reflect a
25

1 more cautious assumption that such costs many need to
2 be covered by City funds. IBO anticipates out-year
3 gaps can be addressed over the course of the coming
4 years, as a \$6.2 billion gap for 2026 represents 5.5
5 percent of IBO's projected total revenues. The
6 Administration has closed gaps of similar magnitude
7 in the recent past. In the past five years, the
8 Administration's stated out-year gaps at the
9 Executive Budget peaked at 5.3 percent of revenues,
10 still well below the challenging times of the early-
11 to mid-2000s, when the Administration's out-year gaps
12 peaked at about 9.1 percent of revenues. Both the
13 Administration and IBO present a surplus in the
14 current year but differ on the size of the projected
15 surplus. The Council now has the opportunity to
16 consider these findings in relationship to the fiscal
17 and policy choices being proposed by the
18 Administration in the Executive Budget. I'm going to
19 go through some restorations and additions. For
20 2025, \$64 million was added to reinstate two New York
21 Police Department classes that had previously been
22 eliminated, with additional funds through the plan
23 period. The Administration added \$514 million in
24 2025 to fund Department of Education programs
25

1
2 previously funded by Federal Covid-19 aid. This
3 addition, of both State and City funding, will plug
4 some, though not all, of the existing gap.

5 Similarly, the Administration is proposing to add
6 \$741 million in new funding intended to increase
7 wages for the employees of human service

8 organizations under contract with the City. After
9 the Executive Budget was published, the

10 Administration announced the addition of \$50 million

11 for childcare as part of the Childcare Quality and

12 Innovation Initiative for New York City. Previous

13 financial plans funding across early childhood

14 programs. In the Executive Budget-- I'm sorry, they

15 cut funding. I missed that word-- across early child

16 programs. In the Executive Budget, the

17 Administration added \$92 million to the 3-K budget in

18 25 to close the Federal stimulus gap, although the

19 gap remains in the out-years. To bring funding for 3-

20 K and pre-K expansion up to previously budgeted

21 levels, an additional \$351 million in 2025 would be

22 needed. Similarly, the gap for the subsidized

23 childcare budget is \$136 million. Now, let's talk

24 about the Program to Eliminate the Gap, the PEGs.

25 After two rounds of five percent agency cuts through

1
2 PEGs, the Administration cancelled the final five
3 percent PEG that had been announced last fall. While
4 some PEGs recognize administrative efficiencies,
5 other PEGs cut programs that provide services to New
6 Yorkers. Certain restorations of previous PEG
7 reductions have occurred while others remain, and new
8 funding cuts were added. To be specific, libraries
9 are projected to be cut by \$24 million in 2024 and
10 \$22 million in every year thereafter. Older adult
11 centers are targeted for cuts totaling \$19 million in
12 24 and \$2 million in 2025. Despite partial
13 restoration for cultural organizations, some
14 significant cuts remain: \$13 million for the Cultural
15 Development Fund and Cultural Institutions Group for
16 2024, and \$8 million for 2025. Similarly, despite
17 some restorations for programs serving justice-
18 involved individuals, cuts of \$32 million in 2025 and
19 \$18 million in 2026 also remain. The Department of
20 Sanitation's delayed expansion of the City's
21 composting program currently accounts for planned
22 PEGs of \$2.4 million annually for 24 and 25, delaying
23 curbside organics collection in the Bronx and Staten
24 Island from April 24 to October 24. The information
25 technology (IT) system and related staffing that

1
2 currently supports such essential parts of the City's
3 procurement process such as the procurement
4 issuances, RFPs processing and invoice payments, is
5 set to be cut by \$3.9 million in 24 and \$2.5 million
6 every year thereafter. This IT system is critical to
7 vendors that deal with the City, including nonprofit
8 service providers, minority and/or women-owned
9 businesses and other small businesses. So, if we
10 total up these PEGs, including the cuts to early
11 childhood from previous plans, the Administration
12 still-planned PEG cuts include \$232 million in 2024
13 and \$238.9 million in 25. Those are programmatic
14 cuts. That's far smaller than the surplus amounts
15 that the Administration and IBO have estimated for
16 the current year. Budgeting practices: As the
17 Council considers its next steps, IBO notices there
18 are areas of the budget that are notably
19 characterized by a lack of transparency. First of
20 all, over-budgeting: areas where budget amounts are
21 larger than current spending trends indicate are
22 necessary, yielding savings. The Administration has
23 a \$55 billion for 2024 citywide staffing costs in the
24 Executive Budget. Looking at payroll data, spending
25 on citywide personal services costs has been far

1 lower than budgeted. Annual personnel service known
2 as PS spending, especially towards the end of the
3 fiscal year, is relatively predictable area of the
4 budget. You know who's on payroll, and you know when
5 the paychecks happen. IBO estimates that City
6 staffing costs are currently over-budgeted by \$1.2
7 billion, \$789 in City funds, an area of substantial
8 savings. Since May 2023, IBO has estimated lower
9 costs for asylum-seeker cost compared with the
10 Administration. In the latest update issued last
11 week, IBO estimates \$3 billion less in City spending
12 on asylum-seekers across 25 and 26. And we'll speak
13 much more about asylum-seekers later. Under-
14 budgeting: these are areas where there's a trend of
15 adding funds over the course of a year to pay for
16 programs expected to continue. Uniformed agency
17 overtime for Police, Fire, Sanitation, and
18 Correction: IBO estimates an additional \$605 million
19 in 2025 for personnel services for Police,
20 Sanitation, and Correction. Fire got it right.
21 Those are largely for uniformed overtime. Another
22 example, Carter Cases. Carter Cases, which are
23 legal-- it's an acronym referring to families of
24 students with disabilities enrolling in private
25

1 schools and seeking tuition payment from the City, if
2 the City can demonstrate that the schools cannot
3 meet-- if the families demonstrate the schools cannot
4 meet their need. IBO estimates an additional \$424
5 million is needed for 2025 for Carter cases, and
6 major changes to the City Fighting Homelessness and
7 Eviction Prevention Supplement program known as
8 CityFHEPS. For the first time since it was created
9 in 2019, the Administration has included at least
10 \$578 million for the program annually. But that is
11 still not enough. IBO estimates additional needs of
12 at least \$32 million in 2024 and \$144 million in 25
13 to fund current spending levels, and this does not
14 include funds for expansions as per recent council
15 legislation. IBO recognizes that expenditures
16 sometimes come in higher or lower than can be
17 practically foreseen, and therefore mid-year
18 adjustments to the Expense Budget are necessary.
19 However, other areas which reflect long-standing,
20 well-known programs that are expected to continue,
21 are more foreseeable. Therefore, such expenses
22 should be more accurately projected at the onset of
23 the fiscal year. IBO strongly recommends the Council
24 consider pressing the Administration to produce more
25

1
2 accurate fiscal estimates, especially for
3 longstanding and well-understood programs and costs.
4 Let's talk about the fiscal outlook in the economy.
5 As expected-- sorry. As expected, the
6 Administration's tax forecast for 2024 and 25 have
7 increased substantially over the course of the past
8 three financial plans to meet the levels that IBO has
9 consistently projected all year. IBO estimates that
10 the City tax revenue will grow by an annual average
11 of three percent, growing from \$73.6 billion in 24 to
12 \$85.2 billion in 2028. This growth is expected to be
13 driven by property, personal income, and business
14 income taxes. IBO's tax revenue forecast is based on
15 an economic forecast marked by continued, but slower,
16 growth. IBO's May 2024 forecast projects that the
17 economy is still on the path to a soft landing, where
18 inflation approaches the Federal Reserve's target
19 level without causing a recession, although on a more
20 delayed timeframe than previously expected. However,
21 despite a generally positive macroeconomic outlook,
22 the City's economy is at risk of becoming constrained
23 by the size of the labor force. IBO forecasts the
24 City will add over 91,000 jobs in 2024 before
25 gradually moderating in future years as the labor

1
2 market tightens. Job gains in the leisure and
3 hospitality, professional services, and health care
4 and human services sectors will continue to spur the
5 local economy. So, in sum, IBO's findings indicate
6 that there are areas where budget savings may enable
7 the Council to achieve a balanced budget without
8 fundamentally compromising critical City services.
9 We're happy to answer any questions and provide
10 further details as needed, and thank you for the
11 opportunity to testify today.

12 CHAIRPERSON BRANNAN: Thank you very
13 much. Appreciate all that IBO does, and we
14 appreciate you being here today. I want to dig in a
15 bit on the asylum-seeker cost. As you mentioned,
16 last week, IBO released a revised analysis and
17 estimates of the asylum-seeker response spending.
18 The analysis included three different cost scenarios
19 and compared them to the Administration cost. All
20 three of IBO scenario project costs for FY 25 and 26
21 are considerably lower than what is budgeted for in
22 the Executive Plan. So could you detail a bit what
23 are IBO's estimates for the costs for the provision
24 of services related to asylum-seekers in the plan

1
2 period? And how much lower than the Administration's
3 estimates are your estimate?

4 DIRECTOR CHAFEE: I'm going to ask Sarita
5 to take this, please.

6 CHAIRPERSON BRANNAN: Thank you.

7 SARITA SUBRAMANIAN: Yes, I can walk you
8 through our assumptions and how they compare with the
9 Administration's.

10 CHAIRPERSON BRANNAN: Great.

11 SARITA SUBRAMANIAN: So, first for IBO's
12 higher cost scenario, similar to the Administration
13 we project growth in the population for 2025 and a
14 constant population in 2026. The difference is that
15 our growth rate is based on the past six months that
16 reflects lower census population. So, one key driver
17 of the difference is that the Administration is
18 projecting a summer surge similar to what was seen
19 last summer. We've been speaking with providers on
20 the ground that indicated that that surge last year
21 began by the end of the spring, so by this point
22 already, and they have not seen such a surge
23 beginning. So that is the basis for our lower
24 projection of the growth in 2025. For the middle
25 cost scenario which is what we use in our gap

1
2 estimate, that additionally factors in a decline in
3 the adult population due to the exit policies that
4 have been put in place. And then our lower cost
5 scenario additionally-- in addition to the adult
6 population declining projects a smaller decline in
7 the family population due to the exit policies.

8 CHAIRPERSON BRANNAN: So, could you tell
9 us which of the assumptions that the Administration
10 is currently making regarding cost related to the
11 asylum-seekers that IBO takes the most issue with?

12 SARITA SUBRAMANIAN: So, for this
13 particular exercise, we focused on the population
14 projections as opposed to varying the per diem or,
15 you know, the house-- per household daily rate. We
16 opted to focus on the population because saw that the
17 Administration through the PEGs have reflected lower
18 per-diem rates, and so that's what we focused on in
19 particular. So, I think it hinges on whether or not
20 we'll see an increase over the summer.

21 CHAIRPERSON BRANNAN: IBO's estimate also
22 assessed the negative consequences of the
23 Administration's exit policies. Could you walk us
24 through these and their projected fiscal and any
25 other impacts?

SARITA SUBRAMANIAN: Yeah, thank you.

So, the reason why IBO included these negative consequences was more for an illustrative exercise. Since the Administration has put forth the exit policies as pure cost-savers, you know, speaking with providers on the ground, we wanted to acknowledge the fact that there are some potential negative consequences. And so we provided some estimates up to, you know, roughly \$2 billion, but these are not cost in the same way as our other cost projections. As some reflect, for example, opportunity costs. We projected the opportunity cost of missed work authorizations. The Comptroller's report on the 60-day notices documents very clearly and we've also heard from providers on the ground that receiving mail is very challenging given the exit requirements. And so we used Department of Labor data. the Department of Labor surveyed businesses to ask how many positions could be filled by asylum-seekers, and so we use New York City, specifically Department of Labor data and focused on sectors that were, you know, largely minimum wage sectors, and we detailed that also in our methodology. Another area we looked at was the healthcare impacts associated with street

1
2 homelessness. and so this-- you know, we did a lot of
3 research on existing studies recognizing that there
4 really aren't directly comparable circumstances to
5 what we're experiencing in this particular
6 circumstance. However, we were able to draw on a
7 Boston-- a study from Boston that identified the
8 difference in healthcare cost for a sheltered versus
9 unsheltered population. And so because the City does
10 not track individuals or families after they exit the
11 shelter system, we you know, used data on the number
12 of exit notices that have been given to estimate, you
13 know, that roughly one in four may experience street
14 homelessness and there might be additional healthcare
15 costs associated with that. And then finally,
16 because of the exit requirements for families and
17 given that Federal law allows students to stay in the
18 same school, there could be additional bussing costs.
19 So we looked at the number of new bus requests that
20 have been made and estimated over the course of a
21 year what might be the additional transportation cost
22 for students to continue to attend the same school.
23 So, I do note-- we do also note that these costs may
24 or may not be borne by government entities, but
25 rather our-- the impacts might be felt in the larger

1
2 New York community, whether it be the individuals or
3 businesses or nonprofits that might provide services
4 for asylum-seekers.

5 CHAIRPERSON BRANNAN: Thank you. I want
6 to ask about the PS accruals. In your analysis, the
7 Executive Plan, you found that there's upwards of
8 \$800 million in overstated PS costs in FY 24 based on
9 year-to-date spending. Can you tell us how you
10 calculated that total?

11 SARAH PARKER: Yes, so the Executive
12 Budget currently has \$54.9 billion in it for citywide
13 staffing costs. This would average a biweekly
14 payroll of \$2.1 billion. We looked at payroll to-
15 date as of the May 10th paychecks, and the City had
16 averaged about \$1.9 billion per bi-weekly payroll
17 period. So that's a notable difference. We then
18 added in-- there's one-time payments that get made
19 towards the end of the year, so including those, and
20 also with recently enacted raises for city employees
21 kicking in. We took a cautious estimate that there
22 is at least \$1.1 billion in personnel service costs
23 of \$1.1 billion in underspending and \$789-- I'm
24 sorry. \$1.2 billion in estimated savings, \$789
25 million of that would be city funds. This is a place

1
2 where there are four payroll periods left in the
3 fiscal year, and so looking at spending to-date, we
4 know there are savings that already exist. There
5 could be some changes for the end of the year, so
6 that's why we were very cautious and said sort of at
7 minimum we believe there's at least \$800 million in
8 savings here.

9 CHAIRPERSON BRANNAN: Do you have any
10 estimates of how that might carry forward into FY 25?

11 SARAH PARKER: One of the questions for
12 next year is whether-- a lot of these are vacancies
13 where the City has not yet filled this position or
14 filled it later than it had previously anticipated in
15 the budget. I think next year, the question-- we'll
16 be looking again at payroll payments as the year
17 progresses-- is how quickly any vacancies are filled
18 and how-- what gets budgeted then plays out over the
19 course of the year. Certainly, as the year
20 progresses, there is a much clearer picture of
21 savings if to-date you have not come anywhere close
22 to what you have put in the budget for the annual
23 total.

24 CHAIRPERSON BRANNAN: And your report
25 stated that there are a number of agencies that are

1
2 under-budgeting in the current plan, including in the
3 areas of youth and aging, public safety, social
4 services, homeless services, education, environmental
5 protection, basically everywhere. Can you summarize
6 what specific differences you're estimating from
7 which areas these agency budgets?

8 DIRECTOR CHAFEE: I'll ask Sarah to
9 explain how we estimate this, because it illuminates
10 why we see it across the board.

11 SARAH PARKER: So, one of the things we
12 do at IBO, we call these re-estimates or re-pricings.
13 We look at City agency budgets and look at historical
14 spending, whether there's any policy changes that we
15 believe will change how much a program or a service
16 will cost, current spending trends, and we use that
17 to calculate we think continuing an existing program
18 at a similar size if there's an announced expansion,
19 how much this will cost, and then we compare that
20 total amount against what is in the budget. There
21 are several places that IBO has identified where
22 either costs are-- we believe are higher or lower
23 than what is in the budget. So the citywide staffing
24 is an area where in looking how much we spent to-date
25 and what's left in the year. We believe that there

1
2 is-- there is savings to be had relative to what's in
3 the budget. Other areas such as housing vouchers,
4 the CityFHEPS program, we're looking at the
5 historical to-date cost of the program. We look at
6 the funding amount they've put in this year and plan
7 to spend this year, and then look at the future
8 years, and see that in the Administration's budget
9 there is much lower spending anticipated. Because
10 the vouchers carry through multiple years, it is
11 unlikely that the cost this year is going to be--
12 that the cost next year will be less than the cost
13 this year.

14 CHAIRPERSON BRANNAN: Got it. I want to
15 turn to my colleagues for a few questions, and I'll
16 have a few more. Questions from Council Member
17 Brewer followed by Williams.

18 COUNCIL MEMBER BREWER: Thank you very
19 much for a very clear, practical analysis. Maybe you
20 could be head of OMB. That would be very nice. My
21 question is something that I keep asking which is
22 what-- I think in the past you've given us \$2.1
23 billion in terms of uncollected funds, and I'm just
24 wondering if that's something you think about in
25

1
2 terms of the future that could be collected. It's a
3 big number.

4 DIRECTOR CHAFEE: Councilwoman, thank you
5 for your question. We anticipated this, and Sarah's
6 going to give you the details.

7 COUNCIL MEMBER BREWER: Thank you.

8 SARAH PARKER: So, at your request, last
9 year IBO released a publication where we looked at
10 uncollected fees and fines, particularly in the areas
11 of parking and camera vehicle-- motor vehicle
12 violations, lienable property charges, and penalties
13 that go through the administrative-- the Office of
14 Administrative Trials and Hearings, OATH, and that's
15 the City's civil courts. As you mentioned, we found
16 about \$2.1 billion in fines and fees that had been
17 charged, but not yet collected, and that's dating
18 back to 2017. IBO has not updated that number yet,
19 but certainly this is an area where the City is due
20 money that it is not collecting. There is always a
21 question on how much more enforcement will yield
22 actual collections. So that's an open-ended
23 question. And in terms of our forecast right now,
24 because enforcement and rules around this have not
25

1 shifted, what the City historically has in
2 uncollected receivables, we don't reprice that.

3
4 COUNCIL MEMBER BREWER: Okay, thank you.
5 The other question is just-- I know you mentioned
6 this, but what do you think are some of the biggest
7 risks to the current and next year's budget? And you
8 mentioned some in your testimony. I just didn't know
9 if you could elaborate on that question. Risks,
10 generally.

11 DIRECTOR CHAFEE: The City is currently
12 in sound financial shape. The largest risks that we
13 see are one, the need for ongoing cautious management
14 to address the gaps in the out-year, but again, if
15 one looks at those in historical context, they are
16 gaps that can be surmounted with cautious fiscal
17 management. We also do highlight the City's
18 practices of not accurately budgeting within the
19 year. And we recognize that programs change, that's
20 why there are multiple budget actions during the
21 year. The challenge is the scale of dollars of
22 change so that we are concerned that this inherently
23 could present a risk, and we're not alone in that
24 concern. I know you all hear very similar concerns,
25 both from the Comptroller and other entities that are

1
2 fiscal watchdogs. But in general, I think our
3 assessment is that the City is in sound shape and
4 requires cautious management to proceed.

5 COUNCIL MEMBER BREWER: Okay, thank you.

6 DIRECTOR CHAFEE: Were you going to add
7 one thing?

8 SARITA SUBRAMANIAN: I did want to just
9 add one area. We mentioned briefly, and Louisa
10 mentioned in the testimony was the Department of
11 Education. We mentioned several programs. One thing
12 that we didn't mention that we are watching out for
13 are the potential reductions to school budgets,
14 because the previous funding was partially filled
15 with the Federal COVID aid and that has not been put
16 in place for next year, and given the enrollment
17 declines, that's something that we are watching out
18 for when the preliminary school budgets come out.

19 COUNCIL MEMBER BREWER: Are you also
20 watching out for the Carter cases? Is that something
21 that you're focused on?

22 SARITA SUBRAMANIAN: Yes, for sure. So
23 we do estimate additional need for Carter cases for
24 next year, \$424 million.

1
2 COUNCIL MEMBER BREWER: Okay. Do you see
3 any way to lower that number? Obviously, my
4 suggestion would be build schools that address the
5 needs of parents and students? Is there-- am I
6 missing something?

7 SARITA SUBRAMANIAN: Yeah, that-- another
8 area that has also been historically federally funded
9 is the expansion of special ed. pre-K, and I think
10 that is another area that could potentially stem the
11 number of Carter cases that the City faces.

12 COUNCIL MEMBER BREWER: Thank you very
13 much.

14 CHAIRPERSON BRANNAN: Council Member
15 Williams?

16 COUNCIL MEMBER WILLIAMS: Thank you. I
17 just had-- hi. Because you project gaps in the out-
18 years, and I know you've been asked this question a
19 few times, but what do you think we can do now to
20 adjust for the projected gaps? Because I think a lot
21 of times in the Council and the Mayor's
22 Administration, we're like, oh, we have surplus, we
23 have money so we should fund everything. There
24 should be no PEGs. But just wondering as a non-
25 budget expert, shouldn't we also look at what's

1
2 happening now if we're already projecting gaps in the
3 out-years to adjust for whatever gaps might exist the
4 next couple of years.

5 DIRECTOR CHAFEE: Thank you for that
6 question. So, the answer lies in rainy day funds and
7 prepayment, and I'm going to ask Sarah to give
8 further details.

9 SARAH PARKER: One of the things the City
10 is required to do is have a balanced budget in the
11 current year and next year. So in this Executive
12 Budget the Administration has to present a budget
13 that is zeroed out for 2024 and a budget that is
14 zeroed out for 2025. How do they get there? Well,
15 they're anticipating a surplus and they have that at
16 \$3.9 billion this year. In order to get to that zero
17 bottom line, they say we're going to take this money
18 and prepay expenses for next year. And so that \$3.9
19 billion of extra money this year, we spend in advance
20 of things that we know we will incur next year, and
21 that gets us to zero. That also lowers the amount of
22 money we need next year for the budget by the same
23 amount. They only show this sort of prepayment
24 exercise from this year to next year. So when we
25 have this conversation next year, if there's a

1 surplus, there will newly be money being rolled in
2 2025. We don't know how large that surplus is right
3 now. IBO projected it to be about \$1.1 billion. As
4 the year progresses, we have more information, it
5 might go up or down, but one of the things to keep in
6 mind is this concept of the prepayment where we have
7 any surplus gets rolled into the following year. But
8 we only do that as a budgeting practice in the City
9 for 2024 and 2025. That prepayment, if we have a
10 surplus next year, will help reduce a deficit if
11 there is one, and we have to get a balanced budget
12 for 2026.

14 COUNCIL MEMBER WILLIAMS: Was there any
15 prepayment funds for this fiscal year that were
16 calculated?

17 SARAH PARKER: There was. We had about
18 \$5.5 billion.

19 COUNCIL MEMBER WILLIAMS: Billion.

20 SARAH PARKER: Billion.

21 COUNCIL MEMBER WILLIAMS: Okay. The
22 other question--

23 SARAH PARKER: [interposing] That's the--
24 the budget-- it's called budget stabilization and
25 discretionary transfers.

1
2 COUNCIL MEMBER WILLIAMS: Okay, and that
3 would be like the prepayment?

4 SARAH PARKER: It's money that we use to
5 help cover costs for this year from previous years.

6 COUNCIL MEMBER WILLIAMS: Okay. So,
7 what-- well, excuse me. While the Administration
8 rescinded the call for an Executive plan PEG and
9 restored some PEGs from prior plans, they continue to
10 implement earlier round PEGs even though there is a
11 current year surplus. Does IBO see these PEGs as
12 necessary to the fiscal health of the city?

13 DIRECTOR CHAFEE: They are a policy
14 choice by the Administration. They are not required
15 for the stability of the City's fiscal health.

16 COUNCIL MEMBER WILLIAMS: Okay. And I
17 have one more question. In your report on the
18 Executive Plan, you state that there are a number of
19 agencies that are under-budgeted in the current plan,
20 including the areas of youth and aging, public
21 safety, social services and homeless services,
22 education, and environmental protection and
23 Sanitation. Can you summarize what specific
24 differences you are estimating and in which areas of
25 these agency budget?

1
2 DIRECTOR CHAFEE: Let's have Sarita start
3 with social services.

4 SARITA SUBRAMANIAN: Sure. So, as we
5 mentioned, the budget for the CityFHEPS housing
6 voucher program is an area that despite the funds
7 that the Administration has added-- as we mentioned
8 for the first time significant funding for future
9 years. IBO still projects the need for about \$144
10 million in the current year, and then an additional--
11 I'm sorry, \$32 million for 2024 and then \$816
12 million-- I'm sorry-- bringing the total budget up to
13 \$816 million, and that's just to keep the existing
14 funding level. We also outline several areas within
15 the Department of Education.

16 COUNCIL MEMBER WILLIAMS: Sorry, one
17 question. Do you share in OMB's estimation around
18 CityFHEPS? What is your-- did you do like a
19 different cost analysis on the CityFHEPS and its
20 impact, and if so, is it around the same \$860 million
21 or is it different?

22 SARITA SUBRAMANIAN: So, this is
23 basically assuming-- so this assumes a similar level
24 of expenditure as last year. So, in particular-- so
25 for 2024, we looked at how the total spending as of

1 the Executive Budget compared with the total spending
2 at the Adopted Budget and sort of assumed a similar
3 growth in expenditures between Executive and Adopted
4 Budgets to get to the total \$816 million that I
5 mentioned. And then, as I mentioned, the Department
6 of Education, there are several areas where we
7 project additional funds will be needed. I mentioned
8 Carter cases already, as well as the gap for Federal
9 stimulus-funded programs. So assuming that these
10 programs such as 3-K and Pre-K and mental health
11 support staff will be needed and continue in the
12 future. We project additional funds will be needed
13 of \$187 million in 2025 and \$505 million annually
14 after to fund those needs. In addition, there are
15 other areas within the Department of Education where
16 we estimate need, in particular, funds needed to meet
17 the state class size mandate that are being phased
18 in, as well as less than anticipated Medicaid revenue
19 which has been a continual issue for the Department
20 of Education. And I think that basically covers the
21 largest items within education.

22
23 DIRECTOR CHAFEE: We'd be happy to talk
24 with you in detail, because there are many different
25 reductions, but I think the-- one of the points that

1
2 we wanted to stress was that at times fiscal sums in
3 relationship to the size of the budget are being--
4 have been removed through the PEG process which
5 seemed relatively small, but have really large impact
6 on people. And so it's a disproportionate impact in
7 legal services, in senior services, in the consistent
8 funding of Early Learn services. And so while the
9 dollar sums may not be overly large, the consequences
10 to people no longer having access to those services
11 can be pretty intense, but we'd be happy to share
12 with you lots of spreadsheets to give you far more
13 granular detail.

14 COUNCIL MEMBER WILLIAMS: Yeah, thank
15 you, because I know we didn't talk about like
16 Sanitation and I know in your report you mentioned
17 the need potentially for more funds for uniformed
18 public service workers. So yeah, just wanted to
19 understand that a little bit more. Thank you.

20 SARAH PARKER: For Sanitation we have
21 both increases and expected overtime costs, and
22 that's just through the cycle of doing business over
23 the course of a year, and one of the areas that we
24 did an adjustment to the budget is the cost per waste
25 export contracts which tend to go up year after year.

1
2 CHAIRPERSON BRANNAN: Anne [sic] likes to
3 read spreadsheets on the beach. Just a couple
4 question generally. What do you feel the biggest
5 risk to current and next year's budget?

6 SARAH PARKER: I'm going to start with
7 the City's economy overall. Our economic forecast is
8 predicated on the notion of a soft landing where the
9 inflation approaches the Federal Reserve's target
10 level without triggering a recession. This is
11 something we have been building our forecast around
12 for several plan cycles now. There has been stubborn
13 inflation, and so this is still a risk and a question
14 to how exactly the Federal Reserve is navigating
15 this, and also what it means for interest rates. So
16 that's one thing that I will just say. For revenue
17 forecasts, things like the real estate market, the
18 buying and selling, is very sensitive to mortgage--
19 fixed mortgage rates. Another area is the personal
20 income tax and how it relates to the pass-through
21 entity tax program, PTET. It's something that is a
22 fairly new program created by New York State to work
23 around the cap on state and local tax reductions that
24 the Federal Government enacted, and that's being a
25 fairly new program makes it slightly a little--

1
2 slightly murkier to predict how personal income taxes
3 are coming in. This past April we saw a really
4 strong refunds on personal income tax and also lower
5 withholdings for-- or lower quarterly estimated
6 payments. So on the revenue side and the sort of
7 economy side those are two risks I'd like to
8 highlight.

9 DIRECTOR CHAFEE: I think-- I'm going to
10 echo something the Comptroller said. So I think in
11 some ways the largest challenge to the City is the
12 affordability to stay in the City, and that we see
13 pressure on the employment market and that is
14 partially the need for people being in the workforce,
15 and that is the ability to remain in New York City to
16 be part of the workforce. so, that is not currently
17 in our-- not explicitly studied in these reports, but
18 overarching, you know, for the welfare of the City,
19 for the stability of the City, the need to have many
20 different people's ability to stay here and arrive
21 here.

22 SARITA SUBRAMANIAN: And I would just
23 also add one other area of risk is the nonprofit
24 sector. You know, and I think the-- it's been pretty
25 well documented how late the city has been in terms

1
2 of payment for providers, and from what we're
3 hearing, that's also impacting, for example, ability
4 to house asylum-seekers. And especially with the
5 City's calls for a shift towards more non-profit
6 providers providing those services. The pressure on
7 the nonprofit community, particularly in other areas
8 of the budget that they're also providing these human
9 services, is a real issue. And as we noted in the
10 testimony, the system that manages both the RFP
11 processing and the payments to nonprofit providers is
12 also being cut, and so that could also have a
13 compounding impact on this provider community.

14 CHAIRPERSON BRANNAN: Does IBO think that
15 any of these PEGs were necessary?

16 DIRECTOR CHAFEE: They are a policy
17 choice. They are not necessary for the stability of
18 the City's fiscal health.

19 CHAIRPERSON BRANNAN: Okay. I really
20 appreciate your-- all that you guys do all year
21 round. I appreciate your testimony today. Thanks for
22 helping us out. Thanks for putting out independent
23 analysis.

24 DIRECTOR CHAFEE: Thank you.

25 CHAIRPERSON BRANNAN: Thank you.

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SARITA SUBRAMANIAN: Thank you.

CHAIRPERSON BRANNAN: Okay. We're going to take a break. We'll hear from Department of Finance at 12:30, but we'll take a break until then.

[break]

CHAIRPERSON BRANNAN: [gavel] Okay, good afternoon and welcome to the third portion of today, the final day of Executive Budget hearings. I'm Council Member Brannan, Chair of the Committee on Finance. I want to welcome Commissioner Niblack and your team. Thank you for joining us today to answer our questions. My questions today will largely focus on enforcement against the unlicensed marijuana dispensaries, the Office of the Taxpayer Advocate, and audit revenues. I'm going to turn it over now to Committee Counsel Mike Toome to swear everybody in, and we'll get started.

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

COMMISSIONER NIBLACK: I do.

1
2 COMMITTEE COUNSEL: First Deputy
3 Commissioner Shear?

4 FIRST DEPUTY COMMISSIONER SHEAR: I do.

5 COMMITTEE COUNSEL: Deputy Commissioner
6 James?

7 DEPUTY COMMISSIONER JAMES: I do.

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

10 COMMISSIONER NIBLACK: Thank you. Good
11 afternoon, Chair Brannan, members of the Committee--
12 member of the Committee, and members of the Council.
13 My name is Preston Niblack, and I am the commissioner
14 of the New York City Department of Finance. Thank
15 you for the opportunity to testify today. I'm joined
16 by the Department's First Deputy Commissioner, Jeff
17 Shear, and our Chief Financial Officer and Deputy
18 Commissioner for Administration, Jackie James. I'm
19 grateful for their presence and support today and
20 every day. When I testified before the committee back
21 in March, I told you about some of DOF's most
22 important recent accomplishments, including the
23 redesign of our website, our new online Property
24 Information Portal, renewed engagement with tax
25 practitioners, and a record number of outreach events

1 related to the annual notice of property value. I am
2 pleased to share additional good news resulting from
3 our legislative efforts at the State level. The State
4 budget included two items that we had actively
5 supported: First, enhancing our ability to prevent,
6 prosecute, and rectify deed fraud, and second, giving
7 us the authority to inspect, fine, and close illicit
8 cannabis shops. As you know, Sheriff Miranda is
9 leading a multi-agency enforcement action to shut
10 down illegal cannabis shops across the five boroughs.
11 Operation Padlock to Protect has hit the ground
12 running. In its first few weeks, the operation has
13 already sealed 175 stores. These are priorities for
14 the Adams administration, and their achievement will
15 mean a safer New York for everyone. Turning briefly
16 to our budget for the coming year. The Department's
17 fiscal year 2025 budget is \$347.1 million, up \$6.1
18 million from the adopted fiscal year 2024 budget.
19 This increase is largely due to the implementation of
20 collective bargaining increases. The budget includes
21 \$191.1 million in personal services funding to
22 support an authorized headcount of 1,983. This
23 year's proposed budget will allow us to continue the
24 great work the entire DOF team has been doing, as
25

1 well as to take on new initiatives led by this
2 administration. Customer service remains the
3 Department of Finance's primary focus. Perhaps no
4 agency in city government serves the public in as
5 many ways as we do. If you own a home, start a
6 business, or get a parking ticket, you are, or soon
7 will be, a Department of Finance customer. We're
8 responsible for collecting the revenue that makes the
9 city run, and we are committed to doing so in a
10 friendly and professional manner. So, I'd like to
11 highlight three customer services initiative that
12 will deliver concrete results in fiscal year 2025.
13 First, we've modernized our business tax and
14 collections system to make it easier for people to
15 pay what they owe and get help when they need it.
16 Customers can now enroll in payment plans for ECB and
17 parking violations debt online, as well as sign up
18 for automatic payment deductions, which help people
19 stay current with their payment plans. To supplement
20 the new system and provide more options for
21 customers, we have deployed a chatbot for business
22 tax, Environmental Control Board, and parking debt in
23 our eServices portal. Our users started taking
24 advantage of the chatbot, who we call Linda, right
25

1
2 away. Linda helps customers find what they need,
3 which in turn reduces calls to the Collections
4 Division, leading to better and faster customer
5 service. The second item I would like to highlight
6 is a suite of improvements in the area of property
7 tax exemptions. As you know, the Department of
8 Finance administers personal tax exemptions that
9 significantly reduce the cost of housing for
10 vulnerable New Yorkers. These include the Senior
11 Citizen Homeowners' Exemption and the Disabled
12 Homeowners' Exemption, which serve nearly 51,000 and
13 2,600 residents respectively. Additionally, the Rent
14 Freeze Program serves nearly 61,000 households, with
15 nearly 50,000 receiving the Senior Citizen Rent
16 Increase Exemption, SCRIE, and 11,000 receiving the
17 Disability Rent Increase Exemption, DRIE. We are
18 continuously seeking to help New Yorkers apply and
19 qualify for these benefits. As you'll recall, last
20 year we got legislation enacted in Albany to greatly
21 simplify the income definition used to determine
22 eligibility for all four senior and disabled
23 programs. Beginning last December, we reached out to
24 over 19,000 households to encourage them to apply or
25 reapply, and due to these efforts, 3,200 new property

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2 owners will receive senior citizen or disability
3 exemptions in the upcoming tax year. One of our
4 goals this year was that any homeowner who submitted
5 a completed application by the March 15th deadline
6 would see their exemption on their first quarter
7 statement of account in June. By introducing
8 automated processing enhancements, and through the
9 hard work of our Personal Exemptions Administration
10 team, I'm pleased to report that we achieved our goal
11 and that every homeowner whose application was
12 approved will see their exemption on their June tax
13 bill. And if I may, I want to take a moment to
14 introduce to you the Personal Exemptions
15 Administration team. These are the people who work
16 every day to make sure that people get their
17 exemptions, to process them, and to make sure that
18 they are done in a timely fashion. The team is led
19 by Assistant Commissioner Pierre Dejean. Pierre,
20 would you stand up for a minute? Thank you. They do
21 a terrific job.

22 CHAIRPERSON BRANNAN: Thank you. Thanks
23 for all you do.
24
25

1
2 COMMISSIONER NIBLACK: They do a terrific
3 job, and I just want to, you know, give them a little
4 public acknowledgement.

5 CHAIRPERSON BRANNAN: I'm sorry your boss
6 dragged you out here.

7 COMMISSIONER NIBLACK: Otherwise, they
8 would have just, you know-- they process all the
9 exemption applications, so they really have nothing
10 left to do right now. I'll pay for that later.
11 Anyway, the third customer service item I'd like to
12 mention is our continued outreach to New Yorkers in
13 all five boroughs. Led by our Assistant Commissioner
14 Jackie Gold, who's also here-- raise your hand-- our
15 External Affairs team-- is Karen here? Okay. Our
16 External Affairs team continues to reach more New
17 Yorkers in their communities than ever before. This
18 year alone, the DOF outreach team has conducted or
19 taken part in 226 events, including the Mayor's town
20 halls and council member district events, and the
21 Mayor's older adult town halls. If you or any of
22 your colleagues are interested in having us attend an
23 event in the district, please let us know, and we'll
24 be there. Over the coming year, we will continue to
25 make improvements and lead initiatives to meet our

1
2 agency mandate. Our work will continue to be guided
3 by principles of fairness, equity, and respect for
4 our customers. We are making changes in our Parking
5 Violations Bureau to make disputing a ticket easier
6 and fairer for drivers, and we're tackling the
7 problem of tickets issued to motorists whose license
8 plates have been stolen or lost, in part by allowing
9 the Office of the Parking Summons Advocate to
10 represent vehicle owners who receive multiple tickets
11 against lost or stolen plates. We continue to expand
12 digital access to apply for and manage personal
13 exemptions, including the Veterans, Clergy and STAR
14 programs. And we are moving full steam ahead on what
15 will be a legacy initiative for Mayor Adams and this
16 Council, the long-awaited reform of our property tax
17 system. Many of our initiatives will require your
18 support, and we look forward to working with the
19 Council on these and other proposals. To conclude,
20 the Department of Finance remains dedicated to
21 delivering top-tier customer service to all New
22 Yorkers. Every time I come here, I struggle to keep
23 my testimony brief which I'm sure you're appreciative
24 of, but that's because at every monthly check-in I
25 have with our business units, and every weekly memo

1
2 from the divisions, a project is brought to my
3 attention that highlights the team's tireless
4 commitment to improving our interactions with
5 customers and performing our key functions more
6 efficiently and effectively. I wish I had the time to
7 present more of these initiatives, and the people
8 behind them, to you, suffice it to say I am very
9 proud of the agency I represent. I hope your
10 experiences with DOF, and those of your constituents,
11 reflect our continued dedication. We appreciate your
12 ongoing support and are grateful for our continued
13 collaboration. We welcome, always, any opportunity
14 to assist with the needs of your constituents. Our
15 door is always open. Thank you for allowing me to
16 testify today. I'll be happy to address any
17 questions you may have.

18 CHAIRPERSON BRANNAN: Thank you,
19 Commissioner. We've been joined by Council Member
20 Won. I want to talk about the marijuana dispensaries
21 and the Sheriff's Office. Enacted state budget
22 provides the Sheriff-- provided the Sheriff with more
23 power to go after illegal marijuana dispensaries, and
24 thus far, I think the Sheriff's been doing an amazing
25 job with catching up on all the illegal shops and

1
2 padlocking the illegal stores. Could you detail a
3 bit how DOF will utilize this additional authority to
4 shut down the illegal weed shops?

5 COMMISSIONER NIBLACK: Yes, of course.
6 So, immediately after-- the first step immediately
7 after the state budget was enacted which gave us the
8 additional enforcement authority was to put in place
9 the emergency regulations. That was done by the
10 heroic efforts of our Legal Affairs team led by our
11 General Counsel Mike Smilowitz in the Law Department,
12 and that then immediately-- Sheriff Miranda and the
13 multi-agency team that he's leading has rolled out
14 operations and his going out, you know, almost every
15 day to inspect and close as many illegal shops as
16 quickly as possible. The teams include personnel
17 from the Sheriff's Office, from the NYPD, from our
18 Tax Enforcement folks, from DCWP, and other agencies
19 as needed. So far, as of this week, we had visited
20 almost 400 locations. They were able to inspect 252
21 of them and sealed a total of 175. We'll continue to
22 keep you updated. I know that we have biweekly
23 reports that will shortly be due to OCM which we'll
24 share with you.

1
2 CHAIRPERSON BRANNAN: Are you still--
3 during the raids, is the Sheriff Department still
4 recovering other illegal contraband besides
5 marijuana, untaxed cigarettes, that kinds of stuff,
6 illegal vape stuff?

7 COMMISSIONER NIBLACK: They are. They're
8 recovering-- you know, a lot of these shops, are you
9 are aware, are selling all kinds of products. So we
10 have recovered illegal cannabis at nearly every
11 location we've inspected, but there are, you know, a
12 wide variety of other products besides cannabis
13 including untaxed cigarettes, vaping products,
14 gummies, etcetera, lots of other contraband material.
15 We've found weapons. We've found, you know,
16 mushrooms, psilocybin products. So there's plenty of
17 stuff out there that we find every time we go out.

18 CHAIRPERSON BRANNAN: What happens to any
19 cash that might be recovered in the raids?

20 COMMISSIONER NIBLACK: The cash is
21 seized, bagged, and entered into evidence, vouchered.
22 The PD has been obtaining possession of it, and yeah,
23 that's-- you know, we have to keep that-- careful
24 track of that, obviously, because you know, it's
25

1 cash. It belongs-- it may belong to someone else.

2 That's how we--

3
4 CHAIRPERSON BRANNAN: [interposing] Okay,
5 Executive Plan includes 51 additional headcount for
6 the Sheriff electronic monitoring expansion with no
7 associated costs, and the supporting schedule
8 includes a headcount increase of 41 positions. I
9 think the budget code is 9101. Ten positions within
10 budget code 9103. However, these increases also
11 contain increased cost of about \$300,000 and \$500,000
12 respectively. Can you tell us why did these
13 increased costs not show up in the Executive Budget
14 documents?

15 COMMISSIONER NIBLACK: So, the cost that
16 you're referring to, that you just mentioned, the
17 \$300,000, \$500,000, those two budget codes actually
18 reflect baseline funding changes from prior plans.
19 You know, there was a reversal on one-time budget
20 modification, collective bargaining transfers.
21 They're unrelated to the new headcount. We didn't
22 actually get any funding in this current fiscal year
23 for the new headcount, in large part because hiring
24 Deputy Sheriffs is a lengthy process. So we don't
25 expect to have many or any perhaps onboard by the

1
2 beginning of-- until the beginning of the fiscal
3 year. So we didn't really need funding for that this
4 year, and then we're talking to OMB depending upon
5 the pace at which we bring people on, we will revisit
6 with OMB our funding needs at the first quarter mod
7 [sic] in November.

8 CHAIRPERSON BRANNAN: Executive Plan
9 includes a PEG of a million dollars in FY 24 related
10 to PS savings. Why did the Department take this PEG?
11 Was it instructed by OMB?

12 COMMISSIONER NIBLACK: Let me turn that
13 over to Deputy Commissioner James to answer.

14 DEPUTY COMMISSIONER JAMES: So, it's not
15 a PEG. It's what we do every spring with OMB, we
16 take a look at our accruals and our PS savings, and
17 we decide how much we can take down at that time. So
18 this is an accrual take-down. It's an annual. It's
19 not associated with any specific title whatsoever.

20 CHAIRPERSON BRANNAN: So, what positions
21 or expenses were included in those savings?

22 DEPUTY COMMISSIONER JAMES: It's just the
23 PS accrual. All of our--

24 CHAIRPERSON BRANNAN: [interposing] Just
25 accruals.

1
2 DEPUTY COMMISSIONER JAMES: Yes, just
3 accruals.

4 CHAIRPERSON BRANNAN: Okay. I wanted to
5 ask about the assessors. I know-- I think we're down
6 assessors, and the city hasn't hired assessors in a
7 while from what I know, at least not to keep up with
8 retirements and attrition. Is the title exempt from
9 the two-for-one hiring freeze since it's revenue
10 generating?

11 COMMISSIONER NIBLACK: It is.

12 CHAIRPERSON BRANNAN: It is? Okay. How
13 are we doing on hiring assessors?

14 COMMISSIONER NIBLACK: Good. We have 125
15 active assessors right now. There are 33 vacancies.
16 We just learned from DCAS that they're going to
17 establish a new city assessor list probably next
18 month. So at that point we will start hiring. I
19 know that Deputy Commissioner Shear is eager to fill
20 those slots. So, you know, it's through normal
21 civil service list call process, but as soon as the
22 list is established, we will start.

23 CHAIRPERSON BRANNAN: Okay. The Office
24 of the Taxpayer Advocate, is DOF in favor of
25 codifying this position?

1
2 COMMISSIONER NIBLACK: Let me just start
3 by recognizing the Taxpayer Advocate Robin Lee [sp?]
4 who's here and the amazing job that Robin does. The
5 Office of the Taxpayer Advocate is, I think,
6 incredibly valuable to New Yorkers. People are
7 increasingly aware of it, increasingly using it.
8 It's also actually valuable to us. As you know, part
9 of their mandate is to review sort of systematic
10 problems in service delivery and to make
11 recommendations to that. And that-- you know, those
12 recommendations are to you, but they're to me as
13 well, and the Department, and that's, you know, the
14 subject of an annual report, and we look at those
15 every year and address them as we're able to. So,
16 codified or not, OTA is an extremely valuable part of
17 the Department of Finance that I support, whether
18 it's in law or as an office.

19 CHAIRPERSON BRANNAN: And what's the
20 headcount in that office?

21 COMMISSIONER NIBLACK: Including the
22 Office of the Parking Summons Advocate, which is
23 separate, it was not created legislatively in the
24 same legislation that created the OTA, there are 12
25 active headcount right now. We have nine people in

1
2 OTA and three in the Parking Summons Advocate Office
3 with one vacancy to fill there.

4 CHAIRPERSON BRANNAN: Speaking of the
5 headcount at OTA, is the current budgeted headcount
6 do we think is efficient to complete all these
7 inquiries?

8 COMMISSIONER NIBLACK: Yes, I-- we have
9 seen an uptick about 18 percent in cases in inquiries
10 this year which we, you know, ascribe to a couple
11 different causes, but so far they've been keeping up
12 very well. The cycle time that we watch for closing
13 out cases and inquiries has remained within our
14 targets largely, so. They do--

15 CHAIRPERSON BRANNAN: [interposing] so,
16 according--

17 COMMISSIONER NIBLACK: [interposing] They
18 work very hard, and they do-- they're very dedicated.
19 They do amazing work, so they always step up.

20 CHAIRPERSON BRANNAN: According to the
21 OTA annual report, 253 cases in the past three years
22 have resulted in cases where no relief could be
23 granted. Of these, 154 were due to law or DOF
24 policy. Could you tell us what specific law or DOF
25

1
2 policy were the most common reasons for the OTA
3 denying relief?

4 COMMISSIONER NIBLACK: The most common
5 reasons are related to missing deadlines, honestly. I
6 mean, there are statutory deadlines for personal
7 exemptions and commercial exemptions that if people
8 miss, there's not really any relief that we can
9 offer. And there are, of course, requirements for
10 applications that if people don't meet, we're unable
11 to approve them or process them. So that's-- most
12 common issue is probably that people simply don't
13 provide us what is needed in order to approve an
14 application.

15 CHAIRPERSON BRANNAN: Okay. I got a
16 couple more, but I want to give my colleagues some
17 time ask questions. Start with Council Member Brewer.

18 COUNCIL MEMBER BREWER: Thank you very
19 much. On the smoke shops, my favorite topic, the
20 question I have is-- it's good that 175 have been
21 sealed. Do you have some sense if when they go to
22 OATH how long it takes? I think it's supposed to be
23 five days. And then the update and the dollars being
24 paid, I have some experience with these smoke shops
25 having closed a couple myself under the issue of

1
2 tobacco and how they pay or don't pay. So, just
3 update on the money, basically.

4 COMMISSIONER NIBLACK: Sorry, and the
5 first question was about the timeline--

6 COUNCIL MEMBER BREWER: [interposing]
7 Timeline at OATH I think is supposed to be within
8 five days, and I know they're trying to staff-up.
9 This isn't your bailiwick specifically, but we're all
10 interested in trying to get these things to stay
11 closed.

12 COMMISSIONER NIBLACK: It comes to me.
13 It comes to my desk ultimately, because the ALJ
14 recommendations are recommendations. So they all
15 have to be approved finally. So, I received a number
16 of them, and we're expecting, you know, that to ramp
17 up fairly quickly. You know, so far, it's been going
18 very smoothly. I mean, I-- it's testament to OTA and
19 the Law Department and everybody's hard work and fast
20 work that we stood up these processes very quickly,
21 and so far they're running smoothly. The money, you
22 know, we've assessed I think about \$13.6 million in
23 fines so far. I mean, it's so soon that I can't
24 really give you a number as to how much has been
25 collected.

1
2 COUNCIL MEMBER BREWER: Okay, \$13.6
3 million in fines, okay. And so far, as far as you
4 know, the 175 have stayed sealed? Because in one
5 case, I had one open up again, or a couple of cases.

6 COMMISSIONER NIBLACK: Yeah, yeah, yeah.
7 No, they occasionally-- you know, we-- I think your
8 staff, OIB staff, actually told us that the one that
9 was closed on Church Street had the padlock cut, and
10 we went back. So, yeah, I mean, people do
11 occasionally cut the padlocks. We send out people to
12 look at stores that have been closed. The local
13 precinct will send people by to make sure that
14 they're still padlocked.

15 COUNCIL MEMBER BREWER: Okay. I know
16 that the Consumer and Worker Protection, some staff
17 from there has gone to the Sheriff. I didn't know
18 how many, and is that permanent, or is it on loan?

19 COMMISSIONER NIBLACK: They are-- so the
20 cannabis law amendments that were passed as part of
21 the state budget gave the Sheriff the ability to
22 designate staff from other agencies in order to help
23 carry out the inspections and enforcement activity.
24 There are-- on any given day, there are 10 to 15
25 teams with five, usually five or more members. It's

1
2 predominantly PD, and I can't tell you off the top of
3 my head how many DCWP inspectors we're using, but
4 it's, you know, it's for as long as we will need to
5 continue this activity at this level of operations.

6 COUNCIL MEMBER BREWER: Okay. In terms
7 of parking tickets, this is an around-the-way kind of
8 question, but the issue is Manhattan does not have a
9 tow pound. Long story, Pier 76, Andrew Cuomo,
10 etcetera. Good to close 76, but no tow pound. So,
11 do you get complaints about that? I would like
12 Manhattan to have a tow pound.

13 COMMISSIONER NIBLACK: Yeah.

14 COUNCIL MEMBER BREWER: And that's not
15 your issue. That's PD, but I would assume that you
16 get complaints. Are there more or less fines and
17 fees because people have to go further, wait longer?
18 I just wanted to know. I'm trying to make a case for
19 a Manhattan tow pound.

20 COMMISSIONER NIBLACK: Yeah. I-- you
21 know, that's a question really for the PD. We have
22 our own tow pounds that are operated. We don't own
23 them, but they're operated by our vendor who does the
24 booting operations. And those are located-- you

1 know, there are several of those around the City.

2 So, we don't have the problem.

3
4 COUNCIL MEMBER BREWER: Okay. In terms
5 of fines and fees not being paid, you know, this is
6 something that I find challenging in terms of why
7 should somebody pay when somebody else doesn't? So,
8 my question, of course, in the past IBO said \$2.1
9 billion-- I know they're updating it. So my question
10 to you is, I don't know if it's-- how much do you pay
11 for collection agencies? What their success rate is?
12 Just generally, what do you think the uncollected
13 number is? I don't know, 23, 22, currently, and what
14 are we doing to try to address the uncollected
15 people?

16 COMMISSIONER NIBLACK: So, there are a
17 number of parts to that question that I want to
18 answer. So, the IBO report, as I think we discussed
19 earlier, I took some issue with.

20 COUNCIL MEMBER BREWER: Yes.

21 COMMISSIONER NIBLACK: In part, because
22 they were reporting-- we have a 90 percent resolution
23 on parking debt within three years of issuance. So,
24 you know, to measure the resolution rate or the
25 collection rate in less than three years is going to

1
2 overstate the extent to which we don't collect. If
3 you look at calendar year 2022 collections now, the
4 percent unpaid is nine percent which is consistent
5 with what we have done historically. So, I think we
6 do a great job in collections. Part of the process
7 includes a referral to outside collection agencies.
8 We have three collection agencies for each type of
9 debt. So, parking, business taxes, and ECB. Deputy
10 Commissioner James can tell you hopefully how much
11 the contract is for those. I-- okay, maybe not.
12 We'll get back to you.

13 COUNCIL MEMBER BREWER: I would like to
14 know. Thank you.

15 COMMISSIONER NIBLACK: But they work on a
16 commission. It's an RFP process. We work on a
17 commission, and actually, First Deputy Commissioner
18 Shear knows the answer.

19 FIRST DEPUTY COMMISSIONER SHEAR: I don't
20 know--

21 COMMISSIONER NIBLACK: [interposing] Oh,
22 don't. Nevermind.

23 FIRST DEPUTY COMMISSIONER SHEAR: The--
24 well, I do-- the commission rates run somewhere in
25 the neighborhood of five to 10 percent, but we can

1
2 get back to you with what the precise number is, but
3 that is how we inverse them. So if they don't
4 collect anything, they don't get paid anything.

5 COMMISSIONER NIBLACK: So, the process is
6 we work it internally for six months, and then get--
7 usually, typically. If it's a large dollar amount,
8 we'll refer it to our Collections Division and our
9 Legal Affairs Collections Unit and our Legal Affairs
10 Division will then-- they can execute-- you know,
11 they can levy bank accounts. They can do executions
12 with the marshals. For smaller dollar amounts it
13 gets referred to sequentially the three collection
14 agencies for that particular type, six months each.
15 Whatever is left at the end of that period kind of
16 goes into, you know, the-- to be visited one day
17 sleepy box. It is-- after two years of collection
18 attempts, you know, the probability that we're going
19 to collect goes down fairly substantially. So, I
20 think compared to other jurisdictions and compared to
21 private efforts we do a great job, frankly, at
22 collection. There's always going to be a residual
23 amount that is uncollectable essentially, and I think
24 that's-- you know, what IBO is measuring there is
25 some measure of that, you know, uncollectable--

1
2 COUNCIL MEMBER BREWER: [interposing] Are
3 there some agencies-- not their fault because they're
4 not in charge-- but are there are some agency, I
5 don't know, that are more likely or less likely to be
6 collected than others? And IBO doesn't measure all
7 the different agencies either.

8 COMMISSIONER NIBLACK: Yeah, yeah. You
9 know, I'd have to come back to you on that. I don't
10 know, sort of, the agency by agency type. But I'd
11 say parking we do very well. Business taxes usually
12 are higher dollar amounts. It's a little bit more
13 variable, but ECB is-- can be hard. We have some
14 things that we put in-- some steps that we put in
15 place. So now, for example, if you have a city
16 contract and you have outstanding ECB violations,
17 your payment's going to be held up until you resolve
18 those. So we, you know-- the collections team has
19 been very innovative in trying to make sure that we
20 are pursuing collections as much as we can.

21 COUNCIL MEMBER BREWER: Okay. if there
22 is in some point in the future a lien sale with very
23 limited people involved for all the obvious reasons,
24 do you know how much could be collected as a result
25

1
2 of a lien sale that dint' include people who own
3 their home, etcetera?

4 COMMISSIONER NIBLACK: Are you asking
5 about non--

6 COUNCIL MEMBER BREWER: [interposing] I
7 mean, I'm trying to--

8 COMMISSIONER NIBLACK: Non-property
9 taxes?

10 COUNCIL MEMBER BREWER: Yeah, property
11 taxes.

12 COMMISSIONER NIBLACK: The amounts-- so
13 the amounts that are currently lienable are-- that
14 are not property tax or water and sewer are HPD,
15 Alternative Enforcement Program, or Emergency Repair
16 Program charges, and it's a very small amount in
17 terms of the overall amount that goes into the lien
18 sale pool usually.

19 COUNCIL MEMBER BREWER: Okay. No, I was
20 talking about the lien sale in general, because we've
21 been talking about this bill that hasn't appeared
22 yet, but I was just wondering-- I know in the past
23 you made some suggestions about a lien sale,
24 obviously limited. I just didn't know what you think
25

1
2 in today's world what that might produce if there is
3 a limited lien sale.

4 COMMISSIONER NIBLACK: Yeah, I don't
5 know. We'd have to kind of look at it.

6 COUNCIL MEMBER BREWER: Okay.

7 COMMISSIONER NIBLACK: I don't have an
8 answer off the top of my head.

9 COUNCIL MEMBER BREWER: Alright. And
10 then finally, I'll let-- thank you to Rita Jen [sic]
11 for all that she does for us in our constituent
12 world. Thank you, Rita.

13 COMMISSIONER NIBLACK: Yes, absolutely.
14 One of the best hires we made is Rita Jen, if for no
15 other reason than I don't have to answer your phone
16 calls directly, Council Member.

17 COUNCIL MEMBER BREWER: Exactly.

18 COMMISSIONER NIBLACK: No, I'm kidding.

19 Rita--

20 COUNCIL MEMBER BREWER: [interposing] And
21 she's from the Upper West Side, also.

22 COMMISSIONER NIBLACK: Rita's been
23 terrific. Rita's been terrific. She works, you
24 know, tirelessly on behalf of members to address
25 constituent issues.

1
2 COUNCIL MEMBER BREWER: She does. Thank
3 you.

4 CHAIRPERSON BRANNAN: We have questions
5 from Council Member Brooks-Powers on Zoom. We've
6 also been joined by Council Member Restler.

7 COUNCIL MEMBER BROOKS-POWERS: Thank you
8 so much, Chair, and thank you, Commissioner. First,
9 I'd like to thank you and your team for coming out to
10 my district, not one, two, or three times to talk
11 about the tax rebate programs with our seniors and
12 our tax payers. Let me just start with that. Next,
13 I wanted to understand if there was ever any thinking
14 around doing like a parking ticket amnesty?

15 Recently, there was a huge blitz done in my district
16 where like on one block I would say a good portion of
17 the block had boots on their cars, and we have been
18 getting some outreach from constituents that may not
19 have enough to pay the full amount like in terms of
20 the penalty, but they can pay-- they can try and pull
21 together the money to pay the actual initial penalty
22 amount. So, I was wondering-- yeah, because my
23 understanding is years ago there may have been an
24 amnesty program that was a parking ticket amnesty.
25 If through that, the city was able to quickly collect

1 money that was outstanding. And then with the speed
2 camera revenue, I know that the Department of
3 Transportation has been moving around cameras to in
4 their words help make the roads safer, but I get a
5 lot of incoming from the community and the public
6 feeling that it is overzealous in certain communities
7 versus others. So, I'm curious in terms of the speed
8 camera revenue, where-- like, what borough do you see
9 the most revenue being generated, and what are the
10 top five districts, council districts, that bring in
11 the most revenue. And then my last question is
12 regarding a stipulated fine where you and I have
13 spoken about in the past. I wanted to know when was
14 the last time that program had been modified, and is
15 there a world we can either get rid of it or adjust
16 it in a sense, because as I've led in to this
17 question, you know, New Yorkers that get tickets are
18 responsible for paying their tickets for each and
19 every ticket that they get, but they don't get to
20 group in their tickets and pay a discounted rate as
21 opposed to those that are in the stipulated fine
22 program. So, I would like to understand that as
23 well.
24
25

2 COMMISSIONER NIBLACK: Got it. Let me
3 start by saying we'll come out as many times as you'd
4 like. With respect to an amnesty-- parking ticket
5 amnesty, you know, as I mentioned earlier, the
6 resolution rate on parking tickets is 90 percent.
7 So, you know, I'm not sure that a parking ticket
8 amnesty would necessarily from a revenue perspective
9 bring in additional revenue for the city, and in
10 fact, could cost us revenue. The thing-- the
11 penalties themselves are imposed over a 90-day
12 period, you know, in increments. So, to the extent
13 that people delay paying their tickets they'll incur
14 penalties, and then they also start to incur interest
15 which typically is kind of the more burdensome piece
16 of it, and where we have no statutory authority to
17 wave that. So, if there-- if you want to do a
18 parking ticket amnesty, we'd have to go to the state
19 in order to allow us to wave interest, which is
20 typically the larger share of, you know, the amount
21 that is above what the actual face value of the
22 ticket is. We do-- we have--

23 COUNCIL MEMBER BROOKS-POWERS:
24 [interposing] Really quickly on that, Commissioner,
25 is there a world where we could work with you to

1
2 petition that to the state? And I only ask because
3 I'm not talking about folks that make enough money
4 that they could or should afford to pay their
5 tickets, but an example is a constituent of mine who,
6 you know, I see her all the time volunteering,
7 working in the community. she doesn't make a lot of
8 money, and they towed her car and then gave her I
9 think 48 hours to be able to, I think, pay \$5,000
10 which she absolutely didn't have, or her car would be
11 auctioned with all of her possessions that was inside
12 of it which is a major setback for someone who is--
13 that I witnessed trying to really pull her life
14 together and do what she needs to do to keep a roof
15 over her head. So, you know, in moments like that,
16 it's like what can we do for our constituents? How
17 can we help them that way?

18 COMMISSIONER NIBLACK: Yeah. I-- you
19 know, anybody who has their car booted can enter into
20 a payment plan, and the number that is-- and the
21 website that is on the sticker that's on a booted
22 car, you can contact the vendor directly. They will
23 enter you into a payment plan, and you know, you
24 don't have to pay the whole amount up front. You pay
25 20 percent typically up front. There are hardship

1
2 exceptions as well. That's really our-- you know, I
3 think.

4 COUNCIL MEMBER BROOKS-POWERS: She was
5 towed. They towed her. They first booted her, but
6 then they towed her.

7 COMMISSIONER NIBLACK: Right. I mean,
8 it's still true. I can't speak to the specifics of
9 what you said about the auction. You know, there's
10 typically 48 hours, I guess, between the time a boot
11 is placed and the time a car can be towed. So it is,
12 you know, it's possible that a booted car will be
13 towed if it sits for that long. But a payment plan
14 is always possible. The best course of action, I
15 think, for someone who finds themselves in a
16 situation like that is for them to contact the office
17 of the Parking Summons Advocate, and they will
18 usually be able to help people put a hold on any
19 further enforcement or until the situation would be
20 resolved.

21 COUNCIL MEMBER BROOKS-POWERS: No, that's
22 helpful to know. We'll make sure we'll get some
23 information from your office on that.

24 COMMISSIONER NIBLACK: Yep.
25

1
2 COUNCIL MEMBER BROOKS-POWERS: I would
3 also be mindful some of the tow companies that are
4 being partnered with the City, because there are some
5 that I've gotten complaints have predatory practices.
6 The one that she was towed with I've heard from
7 multiple sources that they have, you know,
8 demonstrated predatory attributes. So, I can talk to
9 you further offline about that.

10 COMMISSIONER NIBLACK: Yeah, understood.
11 Yes, let's do that. We'll follow-up on that. With
12 respect to the speed cameras, we'll get back to you
13 with information about boroughs and districts. And I
14 think, you know-- yeah, we'll follow up with you on
15 that. And then stipulated fines, you and I have
16 talked about this. I-- you know, the stipulated fine
17 amounts, we agreed a couple of years ago that we
18 would revisit the stipulated fine totals
19 periodically, and we review this data all the time.
20 What we're looking at is the guilty rate for the same
21 violations and when they are adjudicated. So, you
22 know, the stipulated fine program essentially the
23 company that's participating waves their right to a
24 hearing, and in return pays the rate that corresponds
25 to sort of the guilty rate for tickets that are

1 heard. There are exclusions for safety violations.
2 So there's no stipulated fine for parking in a bus
3 lane, for parking in front of a fire hydrant, parking
4 in a bike lane. Those programs-- those tickets you
5 have to adjudicate or pay. They're not part of the
6 stipulated fine program. So, we looked at this most
7 recently. We decided not to make it. we didn't see
8 anything that we needed significant change based on
9 the guilty rates, and there was-- you know, so we
10 have not made any changes in the past year or so, I
11 guess, but we do revisit it regularly, and you know,
12 we also have worked with the Council over the years
13 to sort of look at what are the-- what are the
14 violations that you would not want to see part of the
15 program. We want to, you know, indicate to
16 respondents that this is a more serious violation,
17 then we're not going to include it in the stipulated
18 fine program.

19
20 COUNCIL MEMBER BROOKS-POWERS: I would
21 love to work with you on that as well, because I
22 would like to see some at a minimum modifications
23 made to that program, because I think it would also
24 help to-- one, either make the [inaudible] violator
25 do better or at least bring in revenue and hold folks

1
2 accountable. So I would like to meet some more
3 offline with you about that. Thank you, and thank
4 you, Chair.

5 COMMISSIONER NIBLACK: thank you.

6 CHAIRPERSON BRANNAN: I wanted to ask a
7 question about the-- what DOF's involvement is in the
8 fake plates, fake plate crackdowns. Do you have a
9 running tally of, you know, how much money we've--
10 how much money we project we've lost? What have we--
11 I saw coming in today I saw it looked like they were
12 preparing to do another crackdown by the Battery
13 Tunnel which is great to see. Do we have numbers on
14 that?

15 COMMISSIONER NIBLACK: I don't have
16 numbers with me today, but we can follow-up with you.
17 Just to enumerate a couple of the things that we've
18 been doing. I mean, this has really become a big
19 issue more recently in the last couple of years, and
20 some of the things that we've done-- first of all,
21 now, when people come in and they-- you know, people
22 will come in and they come in multiple times because
23 the person who's using their plate, for example, is
24 getting multiple tickets because they know they're
25 going to have to pay. We now flag that so that the

1
2 ALJ if there's a hearing can see that that has been
3 flagged as, you know, a plate that's been being
4 misused because it's been lost or stolen. We've also
5 now got the-- we're going to let the Parking Summons
6 Advocate-- we're going to let customers who've gotten
7 tickets give their consent to the Parking Summons
8 Advocate and we will automatically file a dispute on
9 those tickets on their behalf so that they don't have
10 to keep coming back in and submitting multiple times
11 and having hearings until we can track down the
12 vehicle itself. We now look for these plates. We've
13 got the plates flagged so there now sort of in the
14 Sheriff's Office cars, license plate readers, you
15 know, to look for them, and we've been doing regular
16 crackdowns in the Queens, Midtown, Battery Tunnel,
17 etcetera to look for those, and that's part of-- you
18 know, they usually are looking for commercial motor
19 vehicle tax debtors, but now we've starting looking
20 more aggressively also for flagged ghost plates.

21 CHAIRPERSON BRANNAN: Great. Council
22 Member Restler?

23 COUNCIL MEMBER RESTLER: Great. Thank
24 you very much. Commissioner, good to see you and
25 team. I wanted to talk about property taxes, and I

1
2 totally-- I mean, I think it is maddening that when
3 we have a building, co-op or condo, that to determine
4 the property taxes for that building, we don't
5 analyze the sales of that property. We look at
6 comparable-- we look at rentals, comparable rentals
7 in the area. I know that's a factor of State law, as
8 I understand it. You all can correct me. I don't
9 think that makes any sense, and I do hope that at
10 some point this Administration and all of the good
11 people in Albany will take this issue seriously. I
12 think the recommendations that were made a couple
13 years ago were generally prudent. But in my
14 district, which much of it is a wealthy gentrified
15 district, we have middle income co-ops and condos,
16 and they get absolutely screwed in this process,
17 because the comps that they're compared to are all
18 luxury rentals. And we bring this to the Department
19 of Finance time and again over many years. If you
20 want to talk about 111 Hicks, which we've talked
21 about before, or 75 Henry, a former Mitchell-Lama
22 Building, these are not luxury buildings. All of the
23 condos in South Williamsburg that are predominantly
24 inhabited by the Hasidic Jewish community there, they
25 are compared to luxury rentals. And I don't

1 understand why the Department of Finance cannot fine-
2 tune their algorithm to create a more fair and
3 equitable process for the taxes that people are
4 paying. And the reason I want to underscore this
5 point so broadly-- so sharply, is that I have public
6 servants, retirees, people who don't have a penny of
7 mortgage on their property like 75 Hicks, 111-- 75
8 Henry or 111 Hicks that can no longer afford the
9 maintenance, that have to move out form their
10 apartment because the maintenance has gone up
11 entirely as a result of property taxes. So we are
12 forcing people out of our community, because in
13 moderate income co-ops and condos property taxes are
14 going up so much that they can't continue to live in
15 my district anymore, and I don't ever get a good
16 answer, ever. You're not the first Commissioner that
17 I've asked questions on about that. There are Deputy
18 Commissioners that I've asked questions about over
19 years, some of them are sitting. I've never gotten a
20 good answer, and I'm hot red mad about it, because my
21 constituents get screwed. Is there anything that we
22 can do? Is there any competency you can give us that
23 this Department of Finance is actually trying to
24 level the playing field for moderate and middle
25

1
2 income co-op and condo owners who are getting forced
3 out of my community?

4 COMMISSIONER NIBLACK: I think the one
5 thing that I can say that previous Commissioners have
6 not been able to say is that we now have draft
7 legislation that would-- that is-- we've been working
8 with the Law Department that will reform the property
9 taxes along the lines of the Advisory Commission's
10 recommendations. And that is--

11 COUNCIL MEMBER RESTLER: [interposing]
12 State legislation.

13 COMMISSIONER NIBLACK: Huh?

14 COUNCIL MEMBER RESTLER: State
15 legislation.

16 COMMISSIONER NIBLACK: Yes, it has to be
17 State legislation. This is so all-- change to the
18 real property tax law. so, it is a complex bill
19 because it is a complex system, so we expect later
20 this summer to be able to start briefing elected
21 officials on the proposal and have enough detail to
22 be able to answer your questions about it when we
23 start digging into the fine print of it, but the-- to
24 sort of look at the bigger picture, questioning here
25 that you're reasoning, you know, the proposal-- the

1
2 Advisory Commission's recommendation was to take co-
3 ops and condos, merge them into the same residential
4 property tax class as Class One currently, and value
5 them all by a comparable sales method.

6 COUNCIL MEMBER RESTLER: Yes.

7 COMMISSIONER NIBLACK: You know, we're
8 all--

9 COUNCIL MEMBER RESTLER: [interposing] You
10 support that?

11 COMMISSIONER NIBLACK: Absolutely, we
12 support it.

13 COUNCIL MEMBER RESTLER: Great, but the
14 problem--

15 COMMISSIONER NIBLACK: [interposing] We
16 have-- we're working on legislation.

17 COUNCIL MEMBER RESTLER: The thing that I
18 want to-- and I appreciate that you're working on a
19 legislative solution in Albany. That's of course how
20 they'll-- yep, issue is most comprehensively
21 addressed, but in the interim, when we ask for
22 information about how are you looking at these comps,
23 why are you comparing this moderate income co-op of
24 retirees and civil servants that are getting forced
25 out of community to the luxury apartments in the

1 neighborhood, we're told that your formula is
2 proprietary, you can share no information with us,
3 and we're really sorry. And I don't understand how
4 I'm expected to go back to my constituents and say
5 the Department of Finance will provide no
6 information, no insight. It's an opaque black box of
7 a process, and it's somehow fair. Like, people are
8 losing their homes. People are being forced out of
9 my community because of how you compare which rentals
10 you select and why can we not receive assurances that
11 there is mod-- there are modifications being made in
12 the formula so that we're actually comparing moderate
13 income co-ops and condos to like buildings that don't
14 have fancy amenities, that are renting-- I have
15 apartments in my district that rent for \$10- and \$12-
16 and \$15,000 dollars a month. It's insane, and that's
17 the kind of stuff we're getting compared against, and
18 people as a result see their property taxes increase
19 and get forced out of community in a building that's
20 a moderate income building, and I get no assurances,
21 and there's no solutions for what you all can do
22 within your algorithm to make it more fair for my
23 constituents, and for constituents across all of our
24 districts, this is like the universal thing. So, I
25

1
2 appreciate the state legislation. But what are we
3 doing today to actually make for a more fair process
4 for these moderate income co-ops and condo owners?

5 COMMISSIONER NIBLACK: So, we do publish
6 on our website the comparables for every co-op and
7 condo building that's assessed. So you can always go
8 look at the comparables that are used, and I know
9 people do it because I've been, you know, hearing
10 about it and talking to people and addressing this
11 issue for many years now also. The-- we are always
12 looking at how we can improve what we do.

13 Fundamentally, we are somewhat constrained by State
14 Law about how we can go about the assessment process
15 here. We look at-- you know, I'm happy to sit down
16 with you again and go through sort of all of the
17 factors that go in. It's age, it's comparable size,
18 it's amenities, location, etcetera. I mean, there
19 are a whole bunch of factors that go into how we set
20 the guidelines that are used.

21 COUNCIL MEMBER RESTLER: And look, I'm not
22 here advocating for the people who own the six
23 million dollar brownstones or whatever it is in my
24 district. That's not what I'm focused on at all.

25 COMMISSIONER NIBLACK: No, I understand.

1
2 COUNCIL MEMBER RESTLER: I'm focused on
3 the moderate income co-ops and condos and people who
4 are being forced out of the community. These are not
5 the buildings with amenities. These are the
6 buildings that had to take the pool out. You know,
7 the St. George doesn't have the pool, right? The St.
8 George, you know, was a luxury hotel back many, many
9 decades ago. This is a building of low-income people,
10 moderate-income people. There's no fancy amenities
11 in this building. Same is true with 75 Henry. Same
12 is true at every condo in South Williamsburg, and
13 yet, when we look up the comparables that they're
14 compared against, it's the luxury rentals. It's the
15 stuff that Two Trees [sic] and others are renting out
16 for gobs and gobs and gobs of money, and it's totally
17 unfair. And so I just-- I get that you publish the
18 comps, but what can we do to actually make the
19 algorithm fairer? That's not something that we need
20 state law on. That's something that we need the
21 Department of Finance to actually sharpen their pens
22 and say we're going to take an equity-oriented
23 approach to help low and moderate-income co-op and
24 condo owners be able to continue to live in their
25

1
2 homes, because their property taxes are unfairly
3 going up.

4 COMMISSIONER NIBLACK: I think what I'm
5 saying, Council Member, is that, you know, our pens
6 are shop and we are constrained in how-- what we can
7 do, so we're not always able to go further than what
8 we already do in terms of modifying how we assess
9 properties. Any owner, any building owner, any
10 property owner can go to the Tax Commission and can
11 file a request for review with us, and you know, the
12 Tax Commission will look at them and decide whether
13 we've done a good job or not. In many cases we'll
14 offer some reduction in the assessment. You know, we
15 will-- I know exactly which properties you're talking
16 about.

17 COUNCIL MEMBER RESTLER: No, we've talked
18 about them.

19 COMMISSIONER NIBLACK: And you know,
20 we'll discuss them again, I'm sure. We will keep--
21 we're very mindful of the issues that have been
22 raised with us for years and we're very mindful of
23 the issues that you're raising, and I think-- I'm
24 going to say I think that the property team does
25

1
2 their best within the constraints of the law to
3 fairly reflect the values of the buildings.

4 COUNCIL MEMBER RESTLER: I-- the Chair
5 has been incredibly gracious in giving me this
6 additional time, and I think it's because he's even
7 more passionate about this issue than I am. So, I'll
8 shut up. But you know, I really would welcome the
9 opportunity to meet with you and for you and the team
10 to explain what are those constraints in the law that
11 don't allow for better cops to be used in better ways
12 for us to make for-- create a formula that actually
13 is fair, because I don't know what to tell my
14 constituents who've lived in the community for 40 or
15 50 years who don't have a penny of mortgage, that the
16 reason they have to move out is because the property
17 taxes have gone up so much that their maintenance has
18 doubled, tripled in a period of a handful of years.
19 That is awful. These are like members of our
20 community who we cherish and value and we are
21 creating communities that lack socioeconomic
22 diversity because of the inequities in our property
23 tax system, and I really do think that there are ways
24 that you all could be more aggressive in achieving
25 our goals of socioeconomic diversity and equity in

1
2 our communities. Thank you. Look forward to the
3 follow-up.

4 COMMISSIONER NIBLACK: And if I may, Mr.
5 Chair, I'm just going to say again, the Mayor has
6 emphasized that he agrees that the property tax
7 system as it is currently constituted is riddled with
8 inequities and it's not good for communities. It's
9 not good for homeowners. It's not good for New York.
10 And that's our goal with property tax reform, and we
11 hope to be able to get that in front of you shortly
12 and be able to start working on a final proposal to
13 take to Albany.

14 COUNCIL MEMBER RESTLER: Thank you.

15 CHAIRPERSON BRANNAN: Thank you, Council
16 Member. Commissioner, I mean obviously you and I
17 have spoken about this a million times, but I think
18 it would be powerful and effective if we had the
19 council and the Administration unified in getting and
20 going up to Albany and really getting this done the
21 way we've been talking about doing it forever. I know
22 we say that every year and then other priorities come
23 up, but I think it might be easier for Albany. It's
24 not an election year for them next year. But I think

1
2 we know what needs to be done. I think we should
3 join hands and try to get up there and do it.

4 COMMISSIONER NIBLACK: I 100 percent
5 agree. You know, we-- if we go to Albany, I think,
6 together as an Administration and Council we will see
7 progress this year in a way that we haven't been able
8 to achieve in the past.

9 CHAIRPERSON BRANNAN: Council Member
10 Narcisse?

11 COUNCIL MEMBER NARCISSE: I was just
12 putting myself together. Good afternoon and thank
13 you, Chair. I'm not so sure, I was not here and I
14 could not hear everything, but I was coming. But one
15 of the things-- I live in the area that small
16 property owners, though we talking about mostly my
17 district, actually, because I start from Canarsie,
18 Flatlands, Georgetown, Bergen Beach, Mill Basin, Mill
19 Island, marine Park, Gerritsen Beach, and Sheepshead
20 Bay. So we have those kind of property taxes that
21 killing especially the retiree that's on fixed
22 income. An assessment of those home have not been
23 done. I've been trying myself to bring finance in.
24 Thank you, because I've been bringing the team to try
25 to help the people in my community, but what I have

1
2 seen that is gap, like you can have a house in
3 Canarsie. You're paying taxes much more than
4 somebody that have-- I'm sure-- I hope you didn't
5 hear that before. That I'm not repeating and you
6 have to answer over and over. But the gap is so
7 wide. Like, you can have somebody that have a
8 property that costs much less, and they're paying
9 more taxes while you have someone that have a million
10 to million dollars home paying less, and the
11 assessment hasn't been done, and the awareness is not
12 being there. So, therefore, it's cost a lot of home
13 being in foreclosure, and especially when you're
14 talking about the Black and Brown communities. So
15 what are you doing in your capacity to try to kind of
16 mitigate that to make sure that New Yorkers that work
17 so hard that invest in the New York City area not
18 forced to be out?

19 COMMISSIONER NIBLACK: Yeah, I appreciate
20 very much what you're saying, and we're very aware of
21 it. This issue is really at the core of the property
22 tax reform that the Mayor is-- you know, the Mayor's
23 proposal will account for. This problem primarily
24 derives from the caps on assessed value growth which
25 means that in gentrifying districts or districts that

1
2 are growing in a faster-- where market values are
3 growing at a faster rate, they're going to pay a
4 lower tax rate. Effective tax rates are going to pay
5 the same nominal tax rate, but lower effective tax
6 rates than people who may have lived in their same
7 home in Canarsie or in other neighborhood for a long
8 time, and that's fundamentally unfair. And in order
9 to fix it systematically, we're going to want to--
10 you know, we're planning to pursue reform that will
11 essential fix that problem and tax everybody, you
12 know, based on their sales-based market value so that
13 there are fair levels of taxation. Another dimension
14 of the tax reform proposal that we're going to pursue
15 is-- there are two benefits. One is a homestead
16 exemption which exempts a portion of the home from
17 tax. So that lowers the tax rate on lower value
18 homes, and also a circuit breaker which gives-- which
19 puts a cap on how much of your income you pay towards
20 property taxes. That, to me, is one of the most
21 crucial and important components that will help
22 create equity and especially to address the issue of
23 people whose tax burden-- who are on fixed incomes or
24 low incomes and whose tax burdens are rising faster
25 than they can pay them, and I think that's a-- you

1
2 know, that's missing right now in our property tax
3 system, and that's something that we want to include-
4 - we plan to include in our reform proposal.

5 COUNCIL MEMBER NARCISSE: This sound like
6 it's music to my ears, because I'm very concerned
7 about the communities that invested so much in the
8 City of New York, and as you get older, you being
9 actually pushed out, those are the remedy that will
10 actually help us to get the seniors to hold their
11 home in the community that they work so hard for.

12 COMMISSIONER NIBLACK: And I'll just add,
13 Council Member, you know, we-- I'm sure you know
14 about Senior Citizen Homeowner Exemptions Program,
15 but we are more than happy to assist your office with
16 any outreach events or any other way that we can help
17 make sure that people who are eligible for that
18 program get enrolled. So, please feel free to
19 contact us anytime, and we'll try and be helpful
20 there.

21 COUNCIL MEMBER NARCISSE: Yeah, your
22 office been helpful with that in all honesty.

23 COMMISSIONER NIBLACK: Glad to hear it.

24 COUNCIL MEMBER NARCISSE: It's just those
25 things that we need to address that is not to

1 [inaudible] to actually do those things, but if we
2 put it from the leadership, we actually can help
3 people to stay in their home.
4

5 COMMISSIONER NIBLACK: Yep.

6 COUNCIL MEMBER NARCISSE: They can only
7 do as much as they can do they're allowed to, but
8 those we spoke about, those are things that will help
9 out. Thank you.

10 COMMISSIONER NIBLACK: Thank you.

11 COUNCIL MEMBER NARCISSE: Thank you,
12 Chair.

13 CHAIRPERSON BRANNAN: thank you, Council
14 Member Narcisse. Can we talk about audit revenues?
15 The Executive Plan includes an additional \$100
16 million of audit revenue for FY 24, raising expected
17 audit collections from-- for FY 24 to \$847 million.
18 It's an indication for us that the audit revenue
19 projections in the Preliminary Plan were under-
20 estimated after all. Can you give us a little more
21 detail on the audit revenue projections for the
22 remaining time left in FY 24, and what's changed
23 between Prelim and Exec that drove it up?

24 COMMISSIONER NIBLACK: So, so far this
25 year we've collected-- in the first eight months of

1 the year we collected \$754 million. You may recall--
2 I'm sure you recall that last year we had one
3 settlement that was \$450 million roughly, give or
4 take a few tens of millions that you know-- that by
5 itself obviously swung the number substantially.
6 There's always a degree of uncertainty about, you
7 know, the cases that we've got, how big the
8 settlements might be, when we'll reach a settlement.
9 So, you know, we don't know for sure exactly. We
10 have very low confidence, let me put it that way, in
11 our estimate at the beginning of the year, and it's
12 only as the year goes on that we, you know, sort of
13 have a better picture of what the audit revenues are
14 going to look like. We know the cases that we've got
15 in the pipeline. We know-- Tanisha [sic] don't
16 interrupt the Chair, please. You know, we know how
17 many cases we've got in the pipeline, what the
18 magnitude of the settlements is likely to be,
19 etcetera, so we refine our estimate going forward,
20 and we talk to OMB continually about what we expect
21 to see and what we've already collected. So, that
22 increase that was reflected of the additional \$100
23 million really reflected sort of our better picture
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2 of what we anticipate will be brought in during the
3 remainder of the tax year.

4 CHAIRPERSON BRANNAN: I mean, do you
5 think that hiring more auditors would generate
6 additional revenue for the City?

7 COMMISSIONER NIBLACK: Yes, absolutely.
8 I mean, we-- you know, as you recall, we had a
9 proposal that was approved that allowed us to hire
10 some additional auditors in the exception that they
11 would bring in some additional revenue, and we are
12 actively hiring them right now. We brought in 25 new
13 auditors with 20 more in the pipeline, and that will
14 still leave us some vacancies, but it'll be a big
15 boost to have those additional auditors in. It takes
16 a little bit of time for them to-- to turn auditors
17 into actual revenue collections, but you know, I
18 expect next year we're going to see the impact of
19 that very clearly.

20 CHAIRPERSON BRANNAN: And one flag that
21 we've heard as far as the assessors are concerned, I
22 think there's a concern that we're sort of
23 cannibalizing the assistant assessors by hiring the
24 assessors off the list. So we need more assessors,
25

1
2 but we also don't want to be left with zero assistant
3 assessors. What's the-- how do we fix that?

4 COMMISSIONER NIBLACK: So, the assistant
5 city assessors, we-- when we hire assistant city
6 assessors it's in the expectation that they will step
7 up to become city tax assessors level one. So, I
8 don't know, Jeff, if you want to, like, elaborate on
9 that any, but-- through that process.

10 FIRST DEPUTY COMMISSIONER SHEAR: Well,
11 and then part two is that when they-- we hope that
12 the list that will be coming out in June, the
13 assessor list will have many of our assistant
14 assessors. So when they are promoted to the assessor
15 title, the intent is to backfill the open assistant
16 assessor lines with new recruits.

17 CHAIRPERSON BRANNAN: Right.

18 FIRST DEPUTY COMMISSIONER SHEAR: So, we
19 don't-- we're not going to cannibalize, we're going
20 to move up the assistant assessors who have passed
21 the test.

22 CHAIRPERSON BRANNAN: Okay. I think
23 we're good.

24 COMMISSIONER NIBLACK: Thank you very
25 much.

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2 CHAIRPERSON BRANNAN: Commissioner and
3 your team, I appreciate all your hard work and we'll
4 talk soon. Thank you.

5 COMMISSIONER NIBLACK: Great. Thank you
6 very much, Mr. Chair.

7 CHAIRPERSON BRANNAN: So, we got a break
8 now until 2:30 when we will hear from OMB.

9 [break]

10 SERGEANT AT ARMS: Good afternoon ladies
11 and gentleman, at this time, please find your seats.
12 Please find your seats. Please ensure that all
13 cellphones and electronic devices are placed to
14 silent. Once again, please find your seats. Silence
15 your cellphones. We shall resume momentarily. Thank
16 you for your cooperation.

17 CHAIRPERSON BRANNAN: Sergeant, we're
18 ready? Okay. [gavel] Okay, good afternoon.
19 Welcome to the final hearing of the FY 25 Executive
20 Budget hearings. I'm Council Member Brannan. I
21 chair the Committee on Finance, and I'm pleased to be
22 joined this afternoon by Speaker Adrienne Adams.
23 We've also been joined thus far by Council Members
24 Dinowitz, Schulman, Salaam, and Louis, as well as
25 Stevens, and Joseph. Welcome Director Jiha and your

1
2 team. Thank you for joining us today to answer our
3 questions, but before we go any further, I want to
4 invite Speaker Adams to give her opening remarks.
5 Thank you.

6 SPEAKER ADAMS: Thank you very much,
7 Chair. Welcome, Director and your team. It's good
8 to see you this afternoon.

9 CHAIRPERSON BRANNAN: Can we get quiet,
10 please, in here?

11 SPEAKER ADAMS: We're holding today's'
12 Executive Budget hearing, the last for fiscal year
13 2025. The Mayor's Executive Budget for fiscal year
14 2025 is \$111.6 billion, an increase of \$2.2 billion
15 from the fiscal year 25 Preliminary Budget. It is
16 also \$4.6 billion more than the FY 24 Adopted Budget.
17 Yesterday, the Council unveiled our latest economic
18 and tax forecast which shows consistent revenue
19 projections that continue to outpace OMB's by \$1.1
20 billion for fiscal years 2024 and 2025. This
21 difference remains even after OMB adjusted its
22 revenues by \$2.3 billion for fiscal year 24 and
23 fiscal year 25 in the Executive Budget. The \$1.1
24 billion more in expected revenue is in addition to
25 other available funds for the City budget like the

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2 \$2.25 billion in potential under-spending over the
3 current and next fiscal year that the Council
4 identified in its Preliminary Budget response. The
5 updated forecast provides clarity that the City can
6 in fact restore cuts to protect essential services
7 and invest in the needs of New Yorkers. To deliver
8 for our communities and the people who call it home,
9 the budget must support the services that provide
10 solutions to move our city forward. We need to get
11 back to the basics of what makes our city work for
12 families and communities, not take resources away
13 from 3-K, libraries, schools, parks, and programs
14 that address mental health, reduce recidivism and
15 provide essential services. The Council's
16 Preliminary Budget response put forward a plan for
17 smart investments that meet our current needs and lay
18 the foundation for our future. While the Mayor's
19 Executive Budget took steps to reverse some cuts, it
20 left far too many cuts in place and inadequate
21 funding for vital programs which must be addressed in
22 the Adopted Budget. New Yorkers from our youngest to
23 our seniors depend on our cultural institutions,
24 libraries and parks to maintain meaningful
25 connections to each other, their cultures, and their

1 communities. Our students, like those nationwide are
2 still recovering from historic levels of learning
3 loss as a result of the pandemic. Their success
4 depends on the City confronting this reality by
5 investing in essential education programming and
6 staff. We must also support working families by
7 investing in early childhood education, turning the
8 system around and expanding access to full-year and
9 full-day seats that families need, and we must
10 support CUNY as a major engine of opportunity and a
11 key pathway for economic mobility for New Yorkers.
12 Now is the time for the City to maintain and
13 strengthen funding for CUNY's essential programming
14 and staff. Our city is facing a dire housing crisis
15 impacting New Yorkers in every neighborhood,
16 underscoring the importance of creating and
17 preserving affordable housing and home ownership. To
18 be successful, we need more capital funding to create
19 a range of affordable housing, especially at the
20 deepest levels, and adequate resources and staffing
21 at city agencies. We must also prioritize the needs
22 of NYCHA residents to ensure they can live in safe,
23 dignified homes. Our city's mental health crisis has
24 been shaped by decades of disinvestment and
25

1 exacerbated by the pandemic, leaving us without the
2 infrastructure and services to help New Yorkers.
3 Adequate city funding for effective mental health
4 models has not been prioritized to meet the scale of
5 our challenges, but it must be. The City must also
6 invest in community-based safety programs that are
7 proven to reduce recidivism, help crime victims
8 recover, and stop cycles of crime. We can prevent
9 violence and people from slipping into crisis. It
10 requires funding commitments to supportive housing,
11 mental health courts, trauma recovery centers and
12 other essential interventions. And our seniors who
13 are the crown jewels of our communities must be a
14 focus of investments that provide services and
15 support to them. Director Jiha, I hope to hear from
16 you today about the steps OMB is taking to address
17 these critical issues in this budget, because we've
18 spent the past days of budget hearings listening to
19 agency officials and New Yorkers about the immense
20 needs in our city. The money is there. This is now
21 an issue of the will of this Administration to serve
22 New Yorkers. Our budget must be a plan to support
23 residents and achieve success as a city together.
24

1
2 Thank you very much, and I turn it back over to Chair
3 Brannan.

4 CHAIRPERSON BRANNAN: Thank you, Speaker
5 Adams. Council's tax revenue forecast remains
6 largely the same as our previous forecast this past
7 February. We project the City will collect a total
8 of \$1.1 billion in tax revenue in the current and
9 next fiscal years. It's more than OMB has projected
10 in their April Plan driven by stronger collections in
11 personal income, property, business, and sales tax.
12 Additionally, we project \$1.83 billion greater tax
13 revenue collection in FY 26, \$2.42 billion in FY 27,
14 and \$3.76 billion in FY 28. The Council sees tax
15 revenue grow at an average of 3.4 percent annually
16 through the forecast period, which while trending the
17 right way remains below the 5.5 percent annual growth
18 the city saw from fiscal years 2010 to 2019. While
19 the Council does not project a dream economic
20 environment, that's no rationale for aggressive cuts
21 and failing to make use of every resource we have on
22 hand. We have what we need to persevere and preserve
23 neighborhood cornerstones like our parks, libraries,
24 and cultural institutions, as well as to protect
25 essential services like housing, mental healthcare,

1
2 and early childhood education, all the things that
3 keep New Yorkers on their feet. The more we invest in
4 our fellow New Yorkers now, the more our city will
5 get back later. I'll have questions today on the
6 personal income tax, the budget stabilization
7 account, city agency headcount, capital budget, and
8 several issues that came up in our two weeks of
9 hearings. And now I'm going to turn it over to Mike
10 Toome to swear in our witnesses.

11 COMMITTEE COUNSEL: Good afternoon. Do
12 you affirm to tell the truth, the whole truth, and
13 nothing but the truth before this committee and to
14 respond honestly to Council Member questions?
15 Director Jacques Jiha?

16 DIRECTOR JIHA: Yes.

17 COMMITTEE COUNSEL: Deputy Director
18 Latonia McKinney?

19 DEPUTY DIRECTOR MCKINNEY: Yes.

20 COMMITTEE COUNSEL: Deputy Director Tara
21 Boirard?

22 DEPUTY DIRECTOR BOIRARD: Yes.

23 COMMITTEE COUNSEL: Thank you. You may
24 begin.

1
2 DIRECTOR JIHA: Good afternoon, Speaker
3 Adams, Chair Brannan, and members of the Finance
4 Committee and City Council. Thank you for the
5 opportunity to testify here today about the Fiscal
6 Year 2025 Executive Budget. I am Jacques Jiha,
7 Director of the New York City Mayor's Office of
8 Management and Budget. I'm joined by Senior Deputy
9 Directors Tara Boirard and Latonia McKinney. We face
10 unprecedented challenges over this budget cycle,
11 including the need to spend billions of dollars to
12 house, care, and care for asylum-seekers with almost
13 no help from the Federal Government. Federal
14 stimulus dollars that had been used to fund long-term
15 programs are experiencing and creating budget cliffs.
16 In the spring of 2022, increasingly large number of
17 asylum-seekers began arriving in New York City. By
18 July 1st, 2023, we're housing, feeding, and caring
19 for about 52,000 migrants, and 84,000 have come
20 through our intake system. As of last week, we have
21 65,800 migrants in our care and more than 198,500
22 have gone through our intake system. Our initial
23 forecast which was reflected in the fiscal year 24
24 Adopted Budget was \$2.9 billion in fiscal year 24 and
25 \$1 billion in fiscal year 25. Amazingly at that

1
2 time, many monitors said that our estimates were too
3 high. What we ultimately learned was that they were
4 too low. By mid-summer the data confirmed the
5 alarming trend. Arrivals surged well past our
6 initial estimates, pushing costs significantly above
7 our forecast. Accordingly, in early August 2023, we
8 announced an update to our cost forecast, increasing
9 it to \$4.7 billion in fiscal year 24 and \$6.1 billion
10 in fiscal year 25. On top of the \$1.4 billion
11 already spent in fiscal year 23, this brought total
12 projected costs to \$12.2 billion over just three
13 fiscal years. Because we had to reflect the updated
14 forecast in the November Financial Plan, the fiscal
15 year 25 gap which was \$5 billion and retained
16 historic norms at adoption grew to an astonishing \$10
17 billion. To balance the budget and protect the
18 City's fiscal outlook, we had to act quickly, take
19 matters into our own hands, and make the best use of
20 the limited tools at our disposal. We could not
21 simply hope and pray that federal aid would arrive or
22 that the economy would bail us out. This was a risk
23 we could not afford to take. Accordingly, as I
24 discussed with the Council in meetings and at
25 hearings, we made a series of tough but necessary

1 decisions to stabilize the City's finances as early
2 as possible. This included announcing the
3 implementation of three five percent agency PEGs in
4 November, January and April, and freezing hiring and
5 OTPS spending. Further, the Mayor asked us to
6 develop a plan to reduce asylum-seekers expenses
7 which have grown to an unsustainable level. In
8 response, the Administration implemented policies to
9 accelerate exits from the city [inaudible] and to
10 reduce household per diem costs. Our goal was to
11 reduce migrant-related expenses by 20 percent in the
12 Preliminary Budget and additional 10 percent in the
13 Executive Budget. the measures we took, along with
14 better than expected revenue from a resilient
15 economy, allowed us to keep both fiscal year 24 and
16 fiscal year 25 balanced and to stabilize the City's
17 fiscal outlook by reducing our out-year gaps to
18 manageable levels. The Executive Budget highlights
19 the importance of our planning-- early planning
20 efforts and reflects the work that we have done
21 throughout the budget cycle to stabilize the City's
22 finances and outlook. Even though we still face
23 challenges ahead, we are in a better place than we
24 were just last fall. The fiscal year 25 budget
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2 remains balanced at \$111.6 billion. Out-year gaps,
3 as I said, are manageable and within historic norms
4 at \$5.5 billion in fiscal year 26, \$5.5 billion in
5 27, and \$5.7 in fiscal year 28. Because we were on
6 stronger ground, the Mayor cancelled the agency PEG
7 in this plan. He also relaxed the hiring and OTPS
8 freezes. However, we still achieved nearly \$750
9 million of additional savings in fiscal year 24 and
10 25, driven by nearly \$600 million in asylum-seekers
11 cost reductions. This brings total migrant-related
12 savings to \$2.3 billion over the two fiscal years and
13 nearly 30 percent reduction and has reduced the cost
14 forecast to about \$10 billion over three fiscal
15 years. Through our PEG savings over the two fiscal
16 years, of course, in November, January, and April
17 Plans are a record level of \$7.5 billion before
18 accounting for restorations. We also benefitted from
19 a resilient economy that has shown tremendous
20 strength despite the Federal Reserve contractionary
21 [sic] monetary policies. Between March of 2022 and
22 July of 2023, the Federal Reserve raised its
23 benchmark rate 11 times to slow down the economy and
24 cool inflation. As a result, most economies would
25 dictate a recession in the second half of 2023.

1
2 Instead, the economy grew by three percent in the
3 second half of 2023, resulting in a growth of 2.5
4 percent of that year. The stronger economy generated
5 Administration tax revenues which are reflected in
6 the plan, and secondly, in the Executive Budget, we
7 revised upward our tax revenue forecast by an
8 additional \$619 million in fiscal year 24 and \$1.7
9 billion in fiscal year 25. Put simply, because of
10 our prudent management we have stabilized the City's
11 finances without raising taxes, laying off employees,
12 significantly disrupting services, and drawing down
13 our reserves which remain at a near record of \$8.2
14 billion. It is important to note that none of this
15 would have been possible if we had relied on revenues
16 alone to bail us out. We had to achieve agency
17 savings and lower migrant costs. As we planned in
18 real time, we also could not make risky bets about
19 the country's economic trajectory. We could not
20 gamble with the City's future. By managing the
21 City's resources efficiently and effectively, we not
22 only freed up resources to fund the migrant crisis
23 and balance the budget, but we also funded many of
24 the critical long-term educational programs that had
25 been supported with expiring federal stimulus. This

1 is a major accomplishment. We can all agree that
2 this program should not vanish because federal tax
3 dollars expire later this year. In this plan, we
4 protected \$540 million of stimulus-funded DOE
5 programs. This includes \$92 million for the citywide
6 pre-K expansion, \$74 million for mental health
7 support in schools, \$56 million for special education
8 3-K, \$53 million for Pathways, and \$41 million for
9 art in school and so much more. In addition to the
10 operational cliffs that are funded in the Preliminary
11 Budget, we added \$640 million in fiscal year 25 and
12 \$540 million annually thereafter to fund the
13 CityPHEPS voucher program. Achieving a stable fiscal
14 outlook also allows us to restore nearly \$80 million
15 in PEGs in this plan that were taken earlier in the
16 fiscal year. While important, the restoration we did
17 in the January and April Plan, we present less than
18 four percent of the savings we achieved over fiscal
19 year 24 and 25 in this cycle. In this plan, we
20 restored the July and October police classes that had
21 been cancelled as part of the November PEG. While
22 with the restoration of the April class in January,
23 all 2024 classes are now funded, which puts more
24 officers on the street to protect the public. We
25

1
2 also restored funding for the Cultural Development
3 Fund which distributes grants to more than 1,000 arts
4 groups citywide and the Cultural Institutions Group.
5 Supporting upstream solution to gun violence is an
6 important part of Mayor Adams' strategy to keep the
7 City a safe place to live, work, and raise a family.
8 In this plan, we funded Job Connections, a program
9 that will connect 500 young New Yorkers at risk of
10 gun violence with career readiness and green job
11 placement. We also supported and expansion of the
12 Crisis Management System and added resources for the
13 Neighborhood Safety Alliance. To further the
14 Administration commitment to early childhood
15 education, we have expanded our outreach efforts to
16 make sure that parents are aware of available 3-K and
17 Pre-K seats in their communities. We also added
18 funding to increase access to special education pre-
19 K. In support of the Mayor's mission to make the
20 City more livable for working-class people, the
21 Executive Budget funds the country's largest medical
22 debt relief program which will eliminate \$2 billion
23 in medical debt for qualified low-income and severely
24 debt-burdened New Yorkers. The plan also includes
25 additional funding for MWBE and community hiring

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2 efforts and grants for small business improvement
3 districts and merchant associations in low to
4 moderate income communities. Making the city more
5 livable includes doing our part to reduce greenhouse
6 gas emissions and protect New Yorkers from the
7 impacts of climate change. To help get this done,
8 OMB has launched climate budgeting, making us the
9 first big city in the country to review every
10 investment that we make through a climate lens. This
11 new tool is now embedded in the budget decision-
12 making process and will help make our city cleaner
13 and greener over generations to come. And not only
14 are we leading in the US, but we also have joined an
15 early group of global cities that have implemented
16 climate budgeting, including London, Mombay [sic] and
17 [inaudible]. Before I conclude, it is important to
18 reiterate that we are not out of the woods just yet.
19 The economy is showing signs of weakness. We're
20 already seeing a slow-down in GDP and job growth.
21 Economic growth slowed to 1.6 percent in the first
22 quarter, and national employment growth has also
23 decelerated for about 175,000 jobs in April for a
24 monthly average of 250,000 in 2023. Similarly, the
25 city employment picture has slowed with the City

1 losing 1,000 jobs in April. Also, inflation remains
2 stubbornly above the fed's target of two percent.
3 Federal Reserve interest rate policies are likely to
4 remain unchanged in the near term which will continue
5 to negatively impact residential real estate markets.
6 While commercial office vacancies are expected to
7 peak this year, they are projected to remain high
8 throughout the financial plan. These factors will
9 likely limit property tax revenue growth going
10 forward, which is the City's single largest source of
11 tax revenue. Geopolitical events and potential
12 supply chain disruptions also remain a major risk to
13 the world economy. Further, April tax collections
14 are about \$200 million below what is anticipated in
15 the Executive Budget, largely driven by the growth of
16 personal income tax refund. We are carefully
17 monitoring this situation to see if it's just an
18 anomaly. In summary, we must remain cautious at
19 adoption and beyond and stay committed to strong
20 fiscal management which includes a focus on spending
21 control and making the best use of limited taxpayers'
22 dollars. Mindful of these concerns, I look forward
23 to working with the Council to adopt a budget that
24 meets our joint priorities, is fiscally responsible,
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1
2 and keep the City safe and clean and a good place to
3 live, work, and raise a family. Thank you.

4 CHAIRPERSON BRANNAN: Thank you, Director
5 Jiha. We've also been joined by Council Members
6 Hanks and Lee. I'm going to turn it over Speaker
7 Adams.

8 SPEAKER ADAMS: Thank you very much,
9 Chair. Director, we thank you for being here once
10 again, and your team. In looking at the asylum-
11 seeker response and Executive Plan PEGs. The
12 Executive Plan includes approximately \$586 million of
13 PEGs on asylum-seeker costs in fiscal years 2024 and
14 2025 in seven city agencies. How were these savings
15 calculated and how much of the savings is the result
16 of the shelter time limits?

17 DIRECTOR JIHA: Thank you, Madam Speaker,
18 for the question. The savings basically we achieve
19 by renegotiating contract and by trying to keep the
20 census stabilized. These are the main drivers. It's
21 bringing the per diem cost, and at the same time
22 trying to manage the census. At least right now, it
23 has been stabilized. It has not come down, but--
24 which is much better than having it going up.

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2 SPEAKER ADAMS: Do we know how much of
3 the savings, though, is a result of the shelter time
4 limits at all?

5 DIRECTOR JIHA: We can't tell, you know,
6 by single policy alone, because so many things impact
7 the savings, but overall it has been a part of-- the
8 policy is part of the package of policy that in place
9 to basically stabilize the census. So because the
10 census is stabilized and as a result [inaudible] of
11 that census we had generally some savings. It's part
12 of the policy, but we cannot tell you specifically
13 how much of that savings is driven by that particular
14 policy.

15 SPEAKER ADAMS: Okay, alright. Let's move
16 on talk about education and early childhood education
17 implementation and PEG restoration. In the November
18 and Preliminary Plans, the Administration took a
19 combined PEG of \$170 million to recognize the savings
20 from existing vacant early childhood education seats
21 citing a vacancy rate of 30 percent at the time. The
22 Council understands the reason for this decision from
23 a purely fiscal standpoint only given the realities
24 of the program at the time. The Council's main
25 criticism of the early childhood education program

1 has always been how it was implemented. Our support
2 for 3-K and 4-K stems from our understanding that
3 these programs form the foundation for students'
4 educational attainment. As I've stated before, if
5 the City were to initiate a robust in-person outreach
6 program in our communities, offer full-day seats to
7 accommodate working parents and align seats with the
8 needs of our neighborhoods, we would actually have an
9 early childhood education program that reaches the
10 goals that both the Administration and this council
11 believe in. When we adopted the fiscal year 2024
12 budget, the Council added \$15 million to convert
13 school day seats to full-day seats. It was a pilot
14 program, but DOE has stated that it has been a
15 tremendous success, and Council Members themselves
16 have worked tirelessly to alert their communities to
17 opportunities to access 3-K and 4-K seats. These
18 efforts were not fruitless. Since the start of the
19 school year, the number of vacancies in ECE seats has
20 decreased by more than 10,000 and we've had a
21 significant number of families that applied to 3-k
22 and 4-k for the first time this spring with DOE
23 citing the over 43,000 3-K applications as the most
24 they have ever received. Yet, we're facing
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2 conflicting issues. Some families were still unable
3 to find a seat for their child, while at the same
4 time, other centers have vacancies still available.
5 The Administration added \$5 million for outreach in
6 the Executive Plan, and we're hoping to see more
7 funding added by the time we get to adoption. And
8 we're hoping to provide more extended-day seats for
9 our working families by that time as well. But more
10 importantly, the Council does not want to see real
11 progress stalled. We want to expand 3-k and 4-k and
12 give every child a guaranteed opportunity. You can
13 understand both my and this council's frustrations
14 because we're pretty much at the same place that we
15 were last year. I don't want to be at this place
16 again next year, dealing with the exact same issues.
17 The Administration should not have to take vacancies
18 as a savings option next year, because there
19 shouldn't be any vacancies. There are wait lists.
20 There are parents crying out for help to get care for
21 their children. There are young learners with
22 disabilities who are not receiving the services
23 they're legally entitled to. That is why I want the
24 Administration to be ambitious. Let's work together
25 in filling our current vacancies and right-sizing our

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2 ECE system, starting now. Let's start by expanding
3 the budget, allowing for additional seats, and giving
4 ourselves a goal of achieving universal access within
5 the next few years. Will OMB commit to budgeting
6 additional seats starting next year and into the out-
7 years as part of the fiscal year 2025 budget?

8 DIRECTOR JIHA: Madam Speaker, we are as
9 committed as you are to this program. It's not by
10 accident that, as you put it-- you know very well,
11 that a big chunk of that program is funded with
12 stimulus dollars. We worked very hard to find
13 resources to backfill those stimulus dollars, because
14 we don't want that program to go away. So we are as
15 committed to this program as you are. We are
16 committed to working with you and the Council to
17 increase the reach of the program. Currently, we
18 have-- as you know, we have about 23,000 empty seats,
19 okay. So we are working. We included in the budget
20 about \$5 million to do a major outreach in the
21 neighborhoods to work with the Council to target the
22 areas where we have those empty seats to ensure that
23 families are fully aware of those seats, and take
24 advantage of them. But as you know, in this
25 environment is extremely difficult, okay. I cannot

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2 give you a guarantee right now that we add resources,
3 but as I said on many occasions, that if after we do
4 the reallocation of seats that there is an increasing
5 need for seats, we will review the seat that-- they
6 will review the request at that time and make the
7 appropriate adjustment to our budget, because this is
8 a program that is as important as-- to you as it is
9 to us. Okay. It's just that the question is the
10 environment that we're in is a very tough
11 environment. It's a difficult environment. As I've
12 said, we've managed to stabilize the situation, but
13 we are not yet out of the woods. We have 65,000
14 people that we have to care for-- to take care of,
15 you know, in the next year and the year after, okay.
16 And we always have to remember this, there's 65,000
17 folks in our care right now that we have to take care
18 of coming here and the year after. So, because right
19 now, we're not seeing a drop in the population, and
20 we have other-- a lot of other critical programs that
21 require resources right now, okay, that we need to
22 fund. So, again, we'll work with you, okay, to do--
23 you know, whatever we can to make sure the parents
24 that want a seat can get a seat, okay? That's--
25 we're committed to this, okay? but as I said, when

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2 the request comes in after the allocation of seats
3 from areas where we have too many seats-- those area
4 where we have a lot of demand, because we have to do
5 a matching of capacity and needs. Once that is
6 completed and we get rid of a lot of the empty seat
7 that we're paying for, we are committed to work with
8 you to address this in the long-term.

9 SPEAKER ADAMS: So, what I think I'm
10 hearing, Director, is that OMB is making the
11 commitment to add seats as they're needed throughout
12 the year, but won't budget it in.

13 DIRECTOR JIHA: Currently, as I said, we
14 need-- we have so many program we're trying to save
15 at the same time, and you know-- you have-- the
16 Council has priorities. We have priorities, and a
17 lot of things given this financial situation, that
18 you know, we have to take care of right away. So we
19 cannot commit at this moment in time that we're going
20 to add. But as I said, as we go along, okay, as we
21 do the reallocation of seats, trying to make the
22 system as efficient as we can, if there is an
23 increasing need, we will address it at that time.

24 SPEAKER ADAMS: What I'd like, Director,
25 is for a greater willingness to work with the Council

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2 in addressing the operational issues we've had with
3 early childhood education. It's been an issue. Will
4 the Administration commit to a formal bi-monthly
5 meeting between the Council, City Hall, DOE, and OMB
6 so that we can all work together to solve some of
7 these issues?

8 DIRECTOR JIHA: I will try definitely to
9 facilitate that, this kind of meeting with all
10 parties involved, but I will have to discuss with the
11 Chancellor to get feedback from him as well. But
12 we're committed to work with you, because it is a
13 very critical program, and to the extent that we get
14 input from all the stakeholders, we are all better
15 off.

16 SPEAKER ADAMS: we think it's really
17 important to do this. If we convene a bi-monthly
18 working group meeting between us and the
19 Administration--

20 DIRECTOR JIHA: [interposing] Yep.

21 SPEAKER ADAMS: with a shared goal of
22 solving the vast administrative and operational
23 issues in the ECE system and if we add more
24 investments into outreach, creating more extended
25 seats and working with our providers, we really

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2 should be able to fill these vacancies. I really
3 don't want our families to be in this position, and I
4 don't want this to be an outstanding budget exercise
5 come November. We don't need a repeat performance.

6 DIRECTOR JIHA: We are happy to
7 facilitate this meeting, this bi-monthly meeting.

8 SPEAKER ADAMS: Okay. Let's take a look
9 at children and our youth and ACS Promise NYC. At
10 our budget hearing, ACS proclaimed the success of
11 this program, Promise NYC, since it is one of the
12 only sources of childcare for undocumented families.
13 This program was funded \$16 million in fiscal year
14 2024 for approximately 650 slots as part of
15 negotiations last year, and only added one-- only
16 added for one year. Despite the success of this
17 program, the Administration did not include these
18 funds for fiscal year 2025 and beyond. In the budget
19 response, the Council called on the Administration to
20 increase and expand funding for Promise NYC by adding
21 and baselining \$25 million to ACS' budget. This
22 additional funding was not included in the Executive
23 Plan leaving the future of the program uncertain. If
24 this program is so successful and needed for so many
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2 families, what was the reason for not continuing the
3 program?

4 DIRECTOR JIHA: Madam Speaker, this
5 program is very important and something that is close
6 to my heart. As I said, last year we worked with you
7 to fund this program, but it was the joint priorities
8 of the Administration and the Council, and it was
9 funded one year at a time. As we get closer to
10 budget adoption, we will have discussion, meetings
11 with your folks, to discuss what we're going to do
12 about this program going forward.

13 SPEAKER ADAMS: Do we know whether or not
14 funding will be added for Promise NYC and do we know
15 how much if so?

16 DIRECTOR JIHA: As I said, you know, we
17 have a long list of priorities with limited
18 resources, so we're going to figure out what--
19 exactly how we're going to tackle this going forward.

20 SPEAKER ADAMS: So, if the funds aren't
21 budgeted for fiscal year 2025 and beyond, what is
22 going to happen to the 650 families currently
23 enrolled in the program?

24 DIRECTOR JIHA: I strongly believe that
25 because you believe in this program and that the

1 Administration believes in this program, we'll find a
2 way to get this program going.

3
4 SPEAKER ADAMS: That's encouraging.

5 Thank you. We're going to move on and talk about
6 culturalists for a little bit with the PEG restoration
7 there. Cultural institutions, as we know, are
8 integral to the stability and growth of neighborhoods
9 and to the City's economy. In order to appropriately
10 account for the needs of the City's cultural
11 institutions, the Council calls on the Administration
12 in our budget response to restore and baseline the
13 PEGs to the CIGS [sic] and the CDF. The Executive
14 Plan includes a restoration of some of the funds cut
15 in November and January PEGs, but not all of them.
16 Why was the \$4.2 million PEG for FY 24 to the CDFs
17 not restored in the Executive Plan, particularly in
18 light of how small an amount this is in relation to
19 the entire city budget and to the size of other PEG
20 restorations included in the Executive Plan?

21 DIRECTOR JIHA: Again, this is just a
22 question of timing, okay. The CDF funding had
23 already been awarded by the time of the Executive
24 Budget. So, but again, there would not have been
25 away for them to utilize the funding in fiscal year

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2 24 to the CDF awarding process. So, it's just a
3 question of timing.

4 SPEAKER ADAMS: Okay.

5 DIRECTOR JIHA: Okay.

6 SPEAKER ADAMS: So, we're talking about
7 timing. So there is definitely still hope for that
8 restoration to the PEGs, to the CIGS, to the CDFs?

9 DIRECTOR JIHA: We, as you know, we have
10 restored one of the PEGs which is a PEG that we took
11 in January. But again, this has to be as part of the
12 conversation we have as we get closer to adoption.
13 The resources are available, because as I said, you
14 know, it's a challenge for us at this point in time,
15 because for the month of April we are down about \$200
16 million lower than we anticipated. It could be a
17 fluke. It could be simply a question of timing of
18 refunds, but we don't know, because there are so many
19 conflicting things. But if resources are available,
20 we will work with the Council and see what can be
21 done.

22 SPEAKER ADAMS: We're going to continue
23 to be hopeful.

24 DIRECTOR JIHA: Yeah.
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2 SPEAKER ADAMS: The Council has always
3 prioritized, as you know, the cultural community, and
4 we understand that cultural institutions play an
5 essential role not only as the foundation of our
6 neighborhoods, but also as a main cog in the engine
7 of the City's economy. Each year, the Council
8 provides millions of dollars of additional support to
9 cultural institutions, and each year it seems the
10 Administration somehow decides to cut funding for
11 culturals. I'm really hoping that we can come to a
12 swift resolution of these restorations. And one
13 final thing for me for now, in looking at our aging
14 population, older adult center, OAC PEG restoration.
15 The November Plan included a \$13.5 million PEG for
16 older adult centers in fiscal year 2027. The
17 Preliminary Plan included an additional PEG for OACs
18 of \$18.9 million in fiscal year 2024 and \$2.2 million
19 in fiscals 2025 to 2028. The Council's Preliminary
20 Budget response calls for the restoration of these
21 PEGs which unfortunately was not included in the
22 Executive Plan. For the \$18.9 million PEG in fiscal
23 year 2024, could OMB provide a breakdown of what this
24 reduction relates to, and will or have any OACs
25 closed or be closed due to this reduction?

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2 DIRECTOR JIHA: There is no plan to close
3 any one of the centers. That is off of the table.
4 The saving, basically a combination of right-sizing,
5 you know, the plan. Currently, we have underspending
6 for this fiscal year, but as you said, this is--
7 we're looking at fiscal year 26/27, okay? and the
8 goal is to develop a plan working with the agency to
9 try to minimize as much as we can in the impact of
10 services, because we know we have the one way to work
11 with the agency, to work with the advocates and all
12 the stakeholders so that we could come up with a plan
13 that makes sense, or we could right-size the centers
14 without impacting the services. So, again, as I
15 said, the short-term savings that we see in the plan
16 is basically because of under-spending, but the long-
17 term savings we're discussing here, we have enough
18 time to work with the agency to right-size the
19 program, and at the same time finding efficiencies
20 without impacting actual services.

21 SPEAKER ADAMS: Okay. Let's stretch that
22 out a little bit more. For the \$2.2 million PEG for
23 fiscals 2025 and 2026 and the \$15.7 million baseline
24 PEG starting in fiscal 2027, can you provide what
25 groups will be impacted and how much the impact will

1
2 be for each of the older adult centers then? If
3 we're saying we're not looking at closing anything,
4 which certainly we don't want to do that.

5 DIRECTOR JIHA: No.

6 SPEAKER ADAMS: But can you give us an
7 idea of the impact that these PEGs will have and how
8 the services will be impacted overall.

9 DIRECTOR JIHA: As I said, you know,
10 we're in the planning phase. We're working in the
11 agency. At this point in time, I can't give you
12 specifically, because as I said, we're talking about
13 fiscal year 26, 27. So we're in the planning phase,
14 but as we develop our plan working with the agencies,
15 we'll come back to you and give you an update in
16 terms of what we're doing exactly.

17 SPEAKER ADAMS: Alright. There will be
18 significant changes and financial challenges for
19 these older adult centers to operate, some-- that
20 very well could be forced to close, and it's
21 troubling to hear that OMB doesn't seem like OMB has
22 considered this scenario at all prior to implementing
23 these PEGs. So that's difficult to hear. Do we know
24 yet what metrics would possibly be used to make this
25 decision?

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2 DIRECTOR JIHA: Again, as I said, we will
3 sit down with the agency and we'll review, but I know
4 for sure, as I said to you, closing the center is off
5 the table-- is something that is off the table. So
6 as we work with the agency to redesign programs and
7 right-size the programs and come back. We'll come
8 back to give you an update in terms of what are we
9 doing, because again, the goal is not to try to hurt
10 anyone, because that's not the objective. But again,
11 that's what we-- as we get closer-- as we, you know,
12 in terms of implementing the policy, we'll come back
13 to you and give you a sense of exactly what we're
14 looking at and exactly what we're trying to do, and
15 where we're heading in term of the plan that we
16 intend to put in place with the agencies.

17 SPEAKER ADAMS: Okay. So, I'm still going
18 to consider all of this hopeful as we get closer to
19 adoption, regardless of the time that's stretched out
20 and the time frames that we are looking at right now.
21 We are going to be hopeful that OMB will absolutely
22 consider the restoration of the PEGs and the adopted
23 plan. Thank you very much. I turn it back over to
24 the hands of the Chair.

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2 CHAIRPERSON BRANNAN: Thank you, Speaker
3 Adams. We've also been joined by Council Members
4 Krishnan, Abreu and Rivera on Zoom. Director, the
5 Council yesterday released our economic and tax
6 forecast for the FY 25 Executive Budget and findings
7 from our updated analysis remain consistent with what
8 the Council has been contending throughout the
9 process, which is New York City's economy continues
10 to show durability and resilience with higher tax
11 revenues than projected by OMB over FY 24 and 25,
12 even though our economic growth wags below our long-
13 run average. OMB's Executive Budget shows economic
14 growth expectations for 2025 at 1.4 percent. Should
15 note that this is significantly lower than the 1.9
16 percent consensus estimate based on the Wall Street
17 Journal's April survey of economic forecast. The
18 Wall Street Journal survey reflects 58 out of 66
19 forecasters projecting 2025 real GDP growth above
20 OMB's 1.4 expectation, 1.4 percent expectation. Now,
21 this can be understandable given the early timing of
22 the economic data used for OMB's forecast to look at
23 the Executive Budget by the beginning of April. But
24 considering the April consensus projections
25 reflecting stronger economic growth in OMB's

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2 forecast, do you anticipate tax revenue estimates can
3 come in higher than you expect since OMB's tax
4 revenue forecast is driven by significantly lower
5 growth assumptions?

6 DIRECTOR JIHA: You know, it's-- we-- to
7 be-- we all wish there is more revenues so that we
8 could invest more in New Yorkers, you know, and
9 that's our wish, but as I indicated to you, at this
10 point in time, I don't have reason to believe fiscal
11 year 24 in particular is going to be worse year than
12 what we already forecast. Give you a sense of-- we
13 have about a month and a half left under the fiscal
14 year, okay. For the first part of the third quarter
15 which is a critical month which is the month of
16 April, the tax revenue is at \$200 million below OMB's
17 forecast. So for us to get through your forecast, we
18 have to make up 200 plus another 600, talking about
19 another \$800 million. And we think a month and a
20 half. The month of May is not a strong month in term
21 of tax collection, so you know, we have to have very,
22 very, very robust month in June, okay? And in an
23 economy that is showing all signs of weaknesses. I
24 mean, well, there's GDP, national employment growth,
25 even the latest employment in New York City, we lost

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2 like a thousand jobs last month. So, again, I don't-
3 - I can't get to that number. I wish. Because as I
4 said, if we had more revenue-- if we have more
5 revenue it's better for New Yorkers, because we
6 invest more in New Yorkers, but at this point in
7 time, I don't have any reason to believe that we're
8 going to get-- there's a need for us to revise our
9 forecast, because as I said, it's going to be
10 extremely difficult to even get to our numbers.

11 CHAIRPERSON BRANNAN: So, to push back on
12 that, what do you make of the 58 out of 66 other
13 forecasters who are projecting growth higher than
14 OMB?

15 DIRECTOR JIHA: It's-- you look-- you're
16 talking about going from 2.5 percent, okay, to OMB
17 1.4 and to your forecast which is 1.9. It is your
18 forecast, my forecast. Nobody knows what's going to
19 happen in the economy. We all know that direction--
20 directionally, we're going in the opposite direction.
21 We're going toward a slow-down of the economy. So no
22 one is talking about the-- you know, the economy
23 going up. Everyone is talking about the acceleration
24 of the economy like we see in the first quarter.
25 First quarter we move from an economy of 2.5 percent

1 to our fiscal year 23, okay, with the last quarter
2 with three percent. Okay, the first quarter, we went
3 down to about 1.5 percent. Same thing with the job
4 market. The job market-- the economy was generating
5 225,000 jobs, you know, throughout-- on average in
6 fiscal year 23, and we're down to about 175,000 job
7 last month. So, again, it's not like we're saying
8 things are collapsing. Between 1.5, 1.4, it's not so
9 significant directionally. But we-- budget forecast
10 and our forecast is looking at a slow-down of the
11 economy. So, if your forecast turn out to be better
12 than ours, okay, I'll be very happy, because as I
13 said more revenues we could have so we could invest
14 in-- but right now, we have to be extremely cautious.
15 I keep telling folks we have to be extremely
16 cautious. See what's going on in California,
17 alright? Over-forecast, aggressive forecast, \$45
18 billion deficit. Always remember, we're making
19 decision, long-term spending decision, on forecast
20 that could go up and down, that no one knows. So you
21 have to be cautiously conservative, okay, as you make
22 those decisions, because you cannot afford to be
23 wrong, because if you are wrong, you end up cutting
24 services.
25

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2 CHAIRPERSON BRANNAN: The California
3 situation is very different from what's going on
4 here, right?

5 DIRECTOR JIHA: Which is?

6 CHAIRPERSON BRANNAN: People didn't have
7 to pay their taxes for months after it was due,
8 that's why they're in the situation they're in.

9 DIRECTOR JIHA: Which one? Where?

10 CHAIRPERSON BRANNAN: California. Didn't
11 you just say California?

12 DIRECTOR JIHA: California, they
13 aggressively-- the forecast was extremely aggressive,
14 okay? their forecast was, you know, extremely
15 aggressive, and as a result they have to revise down
16 their forecast and end up with a deficit of about \$45
17 billion which requires some 30 something billion
18 dollars' worth of cuts in expenses. That's what I'm
19 saying. We have to be cautious. We have to be very
20 cautious as we make these decisions.

21 CHAIRPERSON BRANNAN: So, now that we're
22 nearly half-way through May, how is OMB feeling about
23 your FY 24 PIT and PTET [sic] forecast?

24 DIRECTOR JIHA: Extremely concerned. As I
25 said, we are extremely concerned. We see an increase

1
2 in refunds, okay. We see a significant increase in
3 refunds. We're hoping that's a timing issue, okay,
4 because if New York State processes all these tax
5 returns early so that on the back end we don't have
6 that many return to process, it will be very good for
7 us. But at the same time, we also have a lot of
8 other things, a lot of other noise. We have PTET,
9 our pass-through entity taxes, personal income tax.
10 So you have that relationship. You also have-- last
11 year, we expanded the EITC, okay. So which means
12 more refunds would go out. So, it's a lot of noise.
13 Right now, I can't tell you for sure, okay, what's
14 going to happen with the personal income tax. I'm
15 hoping that this was just a one-month noise, that it
16 was just simply the timing of refunds and then we're
17 going to come back on track again. But again, as I
18 said, I cannot guarantee you that's what's going to
19 happen.

20 CHAIRPERSON BRANNAN: Other than the
21 timing, is there any evidence that the amount of
22 refunds will be higher than you expected?

23 DIRECTOR JIHA: Again, as I said, there
24 is the PTET dynamics with personal income tax, and
25 then there's also the EITC issue credit and expansion

1
2 of the IDC. So, again, I can't tell you at this
3 moment in time. We'll have to wait for more
4 information, more data, to give you a better picture
5 of what's taking place.

6 CHAIRPERSON BRANNAN: I want to talk
7 about PS accruals a bit. The Executive Plan includes
8 a budgeted fulltime headcount of just over 301,000 in
9 the current year. As of April, there were just over
10 284,000 positions filled which would make for a
11 vacancy rate of 5.6 percent. The Executive Plan
12 included a PEG for a small amount of savings from PS
13 underspending. So how much additional savings do you
14 expect the City will accrue from the vacant positions
15 at the end of the fiscal year?

16 DIRECTOR JIHA: It's probably going to be
17 much smaller than we had in the past, for the simple
18 reason that as part of the PEG programs that we
19 implemented throughout the year, a lot of the PS
20 accruals were taken as part of this plan. So, the
21 agency already gave us a lot of those savings. So
22 [inaudible] there's very little left. And so if you
23 were to listen to what people are saying-- so we have
24 a lot of savings out there that could accrue to us.
25 It would mean that the agencies would have to cut

1 significantly, because people felt-- sometimes don't
2 understand. Because you have a lot of budgeted
3 headcount, doesn't mean that the agencies have the
4 resources. Very often, they use those resources for
5 other things, okay? Alright, so the fact that having
6 it doesn't mean that it's there. So, again, we look
7 a lot of the savings as part of the PEG plan, PEG
8 programs. So what's left is probably-- there's some
9 left. I'm expecting some to be left by the end of
10 the fiscal year, but not as much as we have been in
11 the past.

12
13 CHAIRPERSON BRANNAN: The actual
14 headcount will trend upwards in FY 25?

15 DIRECTOR JIHA: We-- the Administration
16 is working real hard. They're doing all kind of town
17 halls, and it's extremely difficult to hire. It is--
18 I mean, I'm not-- you know, we try every single thing
19 that you can imagine. But the attrition rate is
20 significant. But this year so far we're making
21 significant progress. As I-- you know, as I tell
22 folks, this is the first time in a long time I'm
23 seeing we hired about 21,000 folks this year, and I
24 believe we attrited [sic] about 16,000, okay. So,

25

1
2 the first time we had like a net positive in a long
3 time. So, it's trending in the right direction.

4 CHAIRPERSON BRANNAN: What would you
5 consider a natural vacancy rate for the City
6 workforce?

7 DIRECTOR JIHA: It's-- that sound like a
8 new concept, natural vacancy rate. Historically, you
9 know-- the current 5.5 percent is about what we had
10 historically. So if you want to call it natural, but
11 I would call it that historical rate is about five
12 percent.

13 CHAIRPERSON BRANNAN: So, the City's
14 actual fulltime headcount has declined somewhat in
15 recent months and it's actually below what it was
16 when the hiring freeze was lifted earlier this year.
17 Is the two-for-one hiring policy still in effect?

18 DIRECTOR JIHA: Yes, the two-for-one is
19 still in effect. It's-- as I said, we're still not
20 out of the woods. We cannot just basically relax all
21 the tools that we have so that people could basically
22 hire and left and right as they wish. We have to
23 keep monitoring the hiring, because as I said, we
24 have about 65,000 folks that we have to take care of
25 and house and feed the next year or two years. I

1 don't know for how long. So, therefore, we have to
2 keep monitoring our spending, monitoring hiring so
3 that we could find the resources. [inaudible] that we
4 need to make sure we meet the growing demand that is
5 imposing on the city in terms of resources.

7 CHAIRPERSON BRANNAN: Are there any
8 agencies that are exempt from the two-for-one hiring
9 freeze?

10 DIRECTOR JIHA: Yeah, we exempted a
11 number of agencies. You know, we gave you the list
12 before. The front line workers, things such as cash
13 assistance, SNAP folks, FDNY, you know, we have EMS,
14 911 dispatch. We have fire inspectors. We have
15 building inspectors. You know, we have a number of
16 titles. I could give you the list of all the titles
17 that are exempt from the two-for-one.

18 CHAIRPERSON BRANNAN: Yeah, I wanted to--
19 I have a lot more, but I want to give my colleagues
20 some time. I want to talk about the water rental
21 payment and the water system bond ratings.

22 DIRECTOR JIHA: Sure.

23 CHAIRPERSON BRANNAN: Preliminary Plan
24 included a return of a water rental payment which
25 after much work by the prior Administration had been

1
2 eliminated in 2017. The return of this payment will
3 require the water system to divert funds from its own
4 operations and debt service to pay the City for
5 things completed unrelated to the delivery of clean
6 water. The Preliminary Plan included the receipt of
7 \$440 million in rental payments from the Water
8 Authority of FY 24 and 25 as a way to close the
9 City's budget gap. The Executive Plan subsequently
10 added over \$300 million in payments in each year from
11 26 to 28. In effect, it appears that this
12 Administration is proposing to make the rent payments
13 permanent. At the same time, the Water Board is
14 proposing an 8.5 percent increase in the water and
15 sewer rate which would make it the largest rate
16 increase in 14 years. Funds to pay the rental
17 payment must come from higher water rates or from
18 existing resources which could be used to reduce the
19 need for the water rate increases. So if the Water
20 Board is not required to remit the rental payment to
21 the City, how much lower would the water rate
22 increase be for FY 25?

23 DIRECTOR JIHA: I just want to clarify
24 one point, because the City issued debt, okay, to
25 acquire the watershed, and we expect to pay debt

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2 service to cover those bonds. In addition, we pay
3 for services like police, fire, and sanitation. So,
4 it's not like, you know, they're not getting-- this
5 is properties of the City that is leased through the
6 Water Authority for 39-- we have a lease in place for
7 35 years. The City has collected those rental
8 payments, okay. It's only when the City's financial
9 situation was very, very well-- was very good, that
10 the Mayor decided to basically provide subsidies to
11 the water consumers. So, I just want to make sure we
12 understand this piece. From our perspective based on
13 our calculation, it's only two percentage points of
14 the 8.5 percent. It would be as a result of the
15 rental payment. We expect the water rate to increase
16 by eight dollars which is about two dollars of those
17 eight dollars would be because of the rental payment.
18 So, the large part, the large segment of that subsidy
19 goes to which landlords, not to the average person
20 who's paying-- who's going to pay only eight dollars
21 as a result of the increase.

22 CHAIRPERSON BRANNAN: The general
23 obligation debt that the rental payments were
24 designed to cover is almost gone. Is that--

25 DIRECTOR JIHA: No, no, not yet.

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2 CHAIRPERSON BRANNAN: Alright. One could
3 make the argument then that the reinstatement of the
4 rental payment was an extreme step taken to meet the
5 balanced budget requirements for FY 24 and 25, but
6 the City is not required to balance the out-years.
7 So then why did OMB find it necessary to add the
8 payments request for FY 26 to 28?

9 DIRECTOR JIHA: As I said to you, the
10 City is in a financial situation-- the financial
11 situation of the City is very precarious. So
12 therefore, the City has to find all-- the City cannot
13 afford to give up resources at this point in the
14 budget cycle-- at this point in the cycle. Okay.
15 The City cannot afford to subsidize rich landlord
16 when we have a lot of programs that are under fire,
17 okay. We're under pressure. Okay, so therefore, we
18 can-- at this point in time, we cannot afford to
19 keep-- to give up those rental payments because we
20 need them to basically save many other critical
21 programs that need to be funded.

22 CHAIRPERSON BRANNAN: Okay, because I-- I
23 mean, I wouldn't say the City-- I wouldn't say that
24 the City is subsidizing the water rate payers. I'd
25 say it's the other way around.

1
2 DIRECTOR JIHA: It is because the rental
3 payment is supposed-- it's like-- every utility, you
4 got-- you have pay rent. They have to pay rent.
5 They have to pay the cost of the operations. They
6 have to pay salaries. So, if you don't pay the rent
7 to the landlord, the landlord is basically
8 subsidizing it. The City is the landlord. The City
9 has a lease with the Water Authority where the Water
10 Authority has to pay the City the rental payment,
11 because the City issued bond.

12 CHAIRPERSON BRANNAN: But doesn't some of
13 that money go towards DEP to, you know, towards storm
14 water resiliency project?

15 DIRECTOR JIHA: DEP-- this is-- the water
16 rate in general goes toward to pay for all the
17 operation.

18 CHAIRPERSON BRANNAN: It just seems like
19 an extreme measure that we didn't take during COVID,
20 but we're taking it now.

21 DIRECTOR JIHA: No, because we have--
22 we're in an extreme situation. As you know, we're in
23 a very precarious situation, and the City--

24 CHAIRPERSON BRANNAN: [interposing] But
25 not more extreme than COVID.

1
2 DIRECTOR JIHA: The City is going to have
3 to find \$300 million that is subsidizing some rich
4 landlord. Instead of subsidizing those landlord,
5 we're better off taking those resources for critical
6 services.

7 CHAIRPERSON BRANNAN: Alright, I want to
8 ask one question with regard to NYPD overtime, and
9 then I'm going to hand it to my colleagues. The
10 Executive Plan includes an additional \$160 million
11 for NYPD's overtime cost in the current fiscal year.
12 This would bring the NYPD's overtime budget to \$961
13 million in FY 24. It's approximately 15 percent of
14 the agency's total budget. As of April, actual
15 overtime spending is approximately \$869 million, or
16 it's 90 percent of the modified budget. So this is
17 yet another year in which the NYPD's spending has
18 surpassed the adopted overtime budget by a
19 significant margin. Something that you said this
20 morning at the CBC breakfast, that OMB doesn't
21 include the full cost for police overtime in the
22 budget, because the Council will never approve the
23 full cost, and if OMB included the full cost, the
24 Council would reallocate those funds to something
25 else. So, instead, OMB just under-estimates the

1
2 total budget by a billion dollars, and then the
3 Council has no choice but to pay for the overtime,
4 because the money's already spent by the end of the
5 fiscal year. Is that what you said this morning?

6 DIRECTOR JIHA: What we said-- what I
7 said this morning is no one knew-- if you tell me you
8 know you're going to spend a billion dollars in
9 overtime, why not just put it in the budget? I would
10 tell you, I didn't know we're going to spend a
11 billion dollars in overtime, because I didn't know
12 October 7th was going to happen. I didn't know you
13 were going to have a lot of protests as a result of
14 October 7th, and then overtime has to increase. So,
15 therefore, we have a process in the City whereby we
16 submit the budget to the Council and every quarter
17 there's an update, and as we get more information we
18 update that information and submit to the Council.
19 If we're over-- because we didn't know it was going
20 to be a billion dollars at the beginning of the
21 fiscal year. So, asking us to put a billion dollars
22 at the beginning of the fiscal year when we don't
23 even know how much it's going to be in term of our
24 forecast, doesn't make any sense. So therefore, what
25 we have to do is to say every quarter we adjust based

1 on the latest information. As we get more
2 information about how much is spent, we update our
3 forecast, and basically submit to the City Council as
4 part of the mod-- as part of budget modification that
5 we do every three months.

7 CHAIRPERSON BRANNAN: I mean, I don't
8 think you like blank checks any more than I do for
9 any agencies,--

10 DIRECTOR JIHA: Yeah.

11 CHAIRPERSON BRANNAN: but it sounds like
12 PD is getting a blank check.

13 DIRECTOR JIHA: No, it's not PD is
14 getting a blank check. We're monitoring every
15 agency, as I said. This is something, as I said, we
16 are closely monitoring every agency to make sure they
17 don't go over the budget. But at the same time,
18 there are circumstances that are beyond our control.
19 You and I don't have control over what's taking place
20 in the street on a daily basis. Okay? So, the only
21 thing we can do is making sure that City-- the PD,
22 the NYPD deploy their resources as efficiently as
23 possible so as to minimize the amount of overtime
24 that they have to incur. But it's not like we're
25 giving a blank check. It's just that it's difficult

1
2 to know on a day-to-day basis what's going to happen
3 in the street.

4 CHAIRPERSON BRANNAN: So, you're not
5 trying to circumvent the powers of the Council?

6 DIRECTOR JIHA: No. If we knew ahead of
7 time with everything forecasted, there's no-- there
8 wouldn't be any need to have those modification
9 [inaudible]. it's because we have new information as
10 we go [inaudible] CityPHEPS voucher plan, whether
11 it's SNAP, whatever it is, whatever program we have
12 we constantly monitor and address them as we go
13 through the full year, and if we see an increase, we
14 make the appropriate adjustment and submit a mod so
15 that the Council could basically respond to that.

16 CHAIRPERSON BRANNAN: Will there be
17 another-- can we expect another increase to PD's
18 overtime budget at FY 25 adoption?

19 DIRECTOR JIHA: We're working closely
20 with NYPD to see exactly where they are. I know they
21 have spent so far about \$53 million, I believe, in
22 overtime for the protests alone. But as we get more
23 information, we will talk to your team as part of the
24 budget adoption process in term of providing them all
25 the data. Because at the end of the day, you see

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2 this in data like we see on a day to day basis. Your
3 team [inaudible]. There's nothing new that they
4 don't see.

5 CHAIRPERSON BRANNAN: I just feel like
6 every year we talk about figuring out how to get NYPD
7 spending under control, and then every year we go
8 back to just giving them whatever they want.

9 DIRECTOR JIHA: Well, it's not-- again, as
10 I said, you know, no one knew what's happening, when
11 that would have happened, like a year and a half-- a
12 year ago when we did that forecast. We just have to
13 reflect in our forecast-- in the mod what will
14 transpire.

15 CHAIRPERSON BRANNAN: Alright, last for
16 me, at the Public Safety hearing, NYPD stated that it
17 would be possible to budget overtime at the precinct
18 level which would be helpful for us. Would OMB
19 commit to making that adjustment in the budget for
20 the coming year?

21 DIRECTOR JIHA: I will have to discuss
22 this with the NYPD, because historically we knew
23 there was some operational issues, okay, that
24 basically prevent them from doing this, but if they
25 said they could do it, I will-- we will discuss with

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2 them to see, you know, if it is correct, and if they
3 could overcome those issues and we will address it.

4 CHAIRPERSON BRANNAN: Okay. I'm going to
5 turn it now to Council Member Sanchez.

6 COUNCIL MEMBER SANCHEZ: Thank you so
7 much, Chair, and good afternoon Budget Director and
8 team. Good to see happy faces.

9 DIRECTOR JIHA: Good to see you. Good to
10 see you.

11 COUNCIL MEMBER SANCHEZ: And sometimes
12 not so friendly faces, but mostly friendly faces.
13 So, you're going to be shocked that I'm going to ask
14 about affordable housing and affordable housing
15 capital. So, first and foremost, I want to just
16 start with the State budget. The State budget
17 provided the City with an additional \$14 billion of
18 debt-incurring power. However, even with the
19 additional debt capacity we've heard that growth in
20 agency capital plans is still being restricted, and
21 in particular HPD shows no growth in their capital
22 plan. So, the first question I wanted to ask was,
23 what is your reaction to the New York Housing
24 Conferences analysis that given the \$2.1 billion in
25 HPD capital funding next year, affordable housing

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2 production will be approximately 30 percent less than
3 the average over the past six years from 18 to 23?
4 And secondly, while the Mayor and the Governor have
5 both made increased construction of affordable
6 housing a primary goal in their administrations, this
7 HPD capital plan does not provide-- still does not
8 provide the funding necessary to meet the Mayor's
9 stated goal for investment in new affordable housing.
10 With the provision of additional debt authority, is
11 OMB willing to increase the City's investment in the
12 creation of new and affordable housing to meet the
13 goals?

14 DIRECTOR JIHA: I'm going to hide behind
15 the fact that the timeline between the State budget
16 and our budget was out of whack. So, therefore, the
17 action took place after the Executive Budget comes
18 out, so therefore, there was nothing in the budget
19 for housing, but I'm just kidding. We--

20 COUNCIL MEMBER SANCHEZ: [interposing]
21 Well played, sir.

22 DIRECTOR JIHA: We extremely-- we
23 understand exactly the challenges that we're dealing
24 with affordable housing was something that we take
25 seriously. As you know, we're very constrained by

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2 the fact that we reach-- we're about to reach debt
3 capacity, and we're fortunate to have the governor
4 give us the extension of \$14 billion with two of
5 those 14 basically dedicated to School Construction
6 Authority for class size. So, we'll continue to work
7 with City Hall and the HPD and NYCHA to understand
8 their needs, to review their needs, but knowing at
9 the same time that \$14 billion doesn't solve our
10 problem, okay? Because by the time we reflect the
11 borough-based jails, by the time we reflect the
12 increase construction for crisscross of the SCA,
13 School Construction Authority, and the BQE, even with
14 this \$14 billion we're only going to have about \$8
15 billion left by fiscal year 31, okay, which doesn't
16 give us a lot of--

17 COUNCIL MEMBER SANCHEZ: [interposing]
18 Which we can dedicate to affordable housing?

19 DIRECTOR JIHA: Which we cannot dedicate
20 the entire thing to affordable housing because you
21 need to have room because of-- as part of the Capital
22 Plan, because you have cost overruns, you have
23 delays, you have a number of things, and very often,
24 you know, you also have to take into account other
25 needs, other critical needs we have in this city.

1
2 But again, we're working with City Hall. We will be
3 working with HPD to see what can be effected in
4 future plans.

5 COUNCIL MEMBER SANCHEZ: Chair, if I may?
6 I apologize, I didn't realize the clock was ticking.
7 I'm just going to ask two more sets of questions and
8 see what you can get in. The second set of questions
9 is about HPD's term sheets. So in the City Council
10 Preliminary Budget response, we expressed the need
11 for HPD to quickly update term sheets to induce the
12 creation and preservation of more affordable housing,
13 making the programs more attractive to the
14 development community. So are there any new term
15 sheets that are expected by the end of June? HPD in
16 the hearing with my committee said that Neighborhood
17 Pillars was going to be updated. Can you provide an
18 update on what changes are being considered? Are
19 there changes being considered for the Open Door or
20 affordable housing-- affordable home ownership term
21 sheet, and are there other term sheets like ELLA for
22 low-income rentals, SARA [sic] for senior housing, or
23 any of the supportive housing term sheets that are
24 going to be updated? Is set one. And set two, is--
25 I just wanted to follow up on DOB. During the DOB

1 hearing we also talked about the preliminary
2 responses requests for the Administration to increase
3 revenues by adding a failure or increasing a failure
4 to gain access penalty, as well as generating another
5 \$15 million from changes to Local Law 11 fine
6 schedule, which we did not see reflected in the
7 Executive? So, the agency deferred those
8 considerations to OMB. Can you just tell us if you
9 are considering those, and if not, why not?
10

11 DIRECTOR JIHA: Well, HPD and OMB
12 currently in discussion in terms of the term sheets.
13 So let me have Tara give you a sense of where we are
14 as part of the discretion with HPD.

15 DIRECTOR BOIRARD: Sure. We are expecting
16 that Neighborhood Pillars--

17 DIRECTOR JIHA: [interposing] [inaudible]

18 DIRECTOR BOIRARD: thank you. We are
19 expecting that the Neighborhood Pillars term sheet
20 will be updated by the end of this calendar year. In
21 terms of the things that we're looking at, it's a
22 combination of cost in terms of how much we'll be
23 paying for acquisition within those term sheets and
24 definitions about what the program is going to be
25 doing, given that they're retooling the program based

1
2 on what it was originally contemplated to do back in
3 2019. The other term sheets that we're looking at--

4 COUNCIL MEMBER SANCHEZ: [interposing] I'm
5 sorry, Tara. You said by end of year, calendar year?

6 DIRECTOR BOIRARD: By end of the year. I
7 think there was some confusion about the end of the
8 fiscal year versus calendar year, but in either
9 instance we're working very clearly to try to resolve
10 those issues because all eyes are on Pillars at the
11 moment. You've asked about the other term sheets.
12 We're currently reviewing the new construction term
13 sheets and we're waiting on HPD to provide us some
14 more-- we're in the back and forth on some of the
15 preservation items, as well, but we're actively
16 working on all of them. In terms of your DOB
17 question, we're working with the agency on the SCRIE
18 increase proposals, and we'll have to do a user cost
19 analysis and see if there's merit.

20 COUNCIL MEMBER SANCHEZ: And can-- when
21 could we expect a response about that?

22 DIRECTOR BOIRARD: We'll have to talk to
23 DOB and we can get back to you shortly.

24

25

1
2 COUNCIL MEMBER SANCHEZ: Okay, I will
3 text you. No, kidding. Thank you. Thank you,
4 Commissioner. Thank you, Budget Director.

5 CHAIRPERSON BRANNAN: Council Member
6 Schulman is not here. Council Member Ayala on Zoom.
7 Okay, let's go to Council Member salaam.

8 COUNCIL MEMBER SALAAM: Good afternoon.

9 DIRECTOR JIHA: Good afternoon.

10 COUNCIL MEMBER SALAAM: Thank you, Chair.

11 I have several questions, so I want to just--
12 probably just lay them all out, and then have you
13 take an answer to it. So I want to start with cuts
14 to criminal justice programs. The November and
15 Preliminary plans included approximately \$40 million
16 in PEGs to re-entry services, supervised release,
17 alternatives to incarceration, crime victim services,
18 and other OTPS programmatic funding. Can you clarify
19 why the Administration took baseline reductions to
20 programs that are key components of reducing the jail
21 population and that provide alternatives to
22 prosecutors and judges? Also, how does the
23 Administration reconcile this stated position of
24 prioritizing upstream solutions while simultaneously
25 reducing programs that provide those same solutions?

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2 And in the case of supervised release, the Adopted
3 Budget included a new investment of \$38 million only
4 for this to be reduced by \$13 million in the November
5 Plan. How do you explain this change to such an
6 important program? do you believe the MOCJ is
7 effectively managing the City's criminal justice
8 programming array, and are there any concerns you
9 have with the office's capacity to budget, supervise,
10 and manage such significant funding? I also want to
11 turn to criminal justice program coordination. Under
12 this Administration, criminal justice programs have
13 been moved out of the Mayor's Office of Criminal
14 Justice to other agencies. Although this may have
15 benefits for expanding the scope and reach of the
16 City's programs, it poses a challenge for the
17 coordination and duplication of efforts. So can you
18 explain how OMB approaches moving programs from MOCJ
19 to other agencies? And also, how do you coordinate
20 the budgets for the various city's various criminal
21 justice programs across multiple agencies? How do
22 you know the City is maximizing it's investment in
23 programmatic spending on criminal justice and justice
24 system involvements? And lastly, turning to crime
25 victim services programs. The Council is concerned

1 about the baseline reductions of \$3 million for the
2 crime victim services program. According to Safe
3 Horizon, if implemented the \$3 million PEG would
4 dramatically hamper their ability to provide services
5 to 11 million crime victims-- I'm sorry, 11,000 crime
6 victims who would have had received their assistance
7 as well as the 20 precincts that currently have
8 onsite advocates. And I'm just wrapping up. Can you
9 explain how contract was re-estimated to generate
10 savings, and will there be any reduction of services
11 as a result, and do you believe that reductions--
12 reducing the funding puts significant pressure on
13 providers and front line staff to take on more of
14 this important challenging work. and lastly, in the
15 response to the question surrounding the possible
16 disruption of services due to these cuts, MOCJ stated
17 that impact to providers is being monitored, and what
18 I would like to know is does this mean that the
19 Administration is anticipating negative impacts on
20 services rendering by these providers? And lastly,
21 how exactly is the Administration monitoring the
22 impact? What indicators are being used to determine
23 if these programs can succeed amidst these budget
24 cuts to providers?
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2 DIRECTOR JIHA: That's a lot. In
3 general, let me [inaudible] it to you. We, as I said
4 in my testimony, the Mayor values sincerely making
5 investment in the [inaudible]. It's not by accident
6 we invested all these resources despite the
7 challenges that we had this year in this budget, in
8 these programs. So, I always tell folks, every time
9 you see there is savings, ask the question first,
10 because savings is [inaudible] under-spending and low
11 utilization, okay? That's where the savings very
12 often are generated from. It's under-spending.
13 Because you have a program, we allocated \$100 million
14 for that program and then by the end of the fiscal
15 year they only spend \$50 million. So we took the \$50
16 million savings, and then you know, use it for
17 whatever purpose we're using it for, or the program
18 is created for 200 folks, and then only 50 people are
19 participating in the program. So, under-spending and
20 low-utilization are major pieces of the puzzle when
21 it comes to savings from these programs. We try as
22 best as we can to make sure that this program are
23 used properly. The other piece of the larger
24 question you're asking about moving program from--
25 this is something we did concert with MOCJ, okay,

1
2 moving many of the programmatic pieces from MOCJ to
3 other agencies, because MOCJ did not have the
4 manpower to manage contracts, to do all the admin
5 work that's need. So, therefore, we rely on DYCD or
6 these other agency where they have the manpower to do
7 so, and leave MOCJ as like a brain trust where they
8 are coordinating coming up with policies instead of
9 basically managing contracts when they don't have the
10 manpower to do so. So, again, as I said, these
11 contracts, these programs are always under review.
12 We're going to make sure that we get what we pay for
13 in terms of the number of people who are utilizing
14 those programs. So this is the gist of the under-
15 spending that we see, but again, as I said, the
16 Mayor's very big on upstream solution to this
17 problem. So, therefore, this is something we're
18 investing a lot of resources in.

19 COUNCIL MEMBER SALAAM: Thank you.

20 CHAIRPERSON BRANNAN: Okay, Council
21 Member Brooks-Powers.

22 COUNCIL MEMBER BROOKS-POWERS: Hi, are
23 you able to hear me?

24 CHAIRPERSON BRANNAN: Yes.
25

1
2 COUNCIL MEMBER BROOKS-POWERS: Hi. Hi,
3 Director and Co. Thank you for the presentation.
4 Thank you, Chair. I have just a couple of questions.
5 The first is related to Department of Transportation
6 Streets Plan. The Administration has consistently
7 failed to meet the requirements of the Streets Plan.
8 The Department of Transportation reported in its most
9 recent Streets Plan update that it has only build 96
10 miles of bus lanes, for 19 percent of the
11 requirement. The agency was also required to upgrade
12 1,000 bus stops, but has completed only 6.8 percent
13 of the requirement. During the hearing on their
14 Executive Plan when pressed about the reasons, DOT
15 has not been able to fulfil its requirement.
16 Commissioner Rodriguez reiterated several times that
17 DOT can do more with more. The first question on
18 that is, is DOT being hampered in its ability to meet
19 the requirements of the streets plan by the fact that
20 it has not provided enough funding to meet the
21 mandate? And two, will the Administration commit to
22 increasing DOT's funding for the Streets Plan so the
23 City can meet its legal requirements under the
24 Streets Plan. And then my next question is regarding
25 the trauma hospital on Far Rockaway which, Dr. Jiha,

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2 you and I had spoken about this a number of times. I
3 know that Mayor Adams has come to Southeast Queens
4 and been asked about his support of the trauma
5 facility which he has publicly supported. He even
6 joined me for the kick-off of the taskforce that I
7 co-chair with Doctor Kat [sic]. Since the closure of
8 Peninsula Hospital in 2012, residents in Far
9 Rockaway, Queens have not had access to a
10 neighborhood trauma center. In the fiscal 2025
11 Preliminary Budget response, we called on the
12 Administration to commit capital resources in
13 partnership with the state to build a level one or a
14 level two trauma center on the Rockaway Peninsula
15 that provides trauma-focused care to community
16 members. No funding was added to the Executive Plan
17 for this project. Do you have any plan in fiscal
18 2025 to add capital resources to build a trauma
19 center in Far Rockaway, and if yes, can you provide a
20 timeline to fund this project?

21 DIRECTOR JIHA: Let's start with the DOT
22 with respect to the Street Plans. As you know, the
23 Street Plan set the very ambitious some targets that,
24 you know-- that's what the law says, and DOT is
25 always trying to strive to meet that those targets.

1
2 I hear you. I hear the Commissioner. I believe
3 funding is one piece of the equation, but DOT
4 continue to experience some challenges with marking
5 capacity. They have a shortage in installation
6 materials and staffing, and they also have some
7 facility space constraint. So it's not just funding.
8 They have other challenges that have to be addressed
9 in order to have all the resources that they need to
10 meet their-- the ambitious goal and targets that were
11 set in the Street Plans Local Law. Regarding the
12 trauma center, I think-- as I said, you and I have
13 many conversation about this. We have to go back to
14 H+H to have-- you know, I don't know what your
15 discussion-- whether or not you have any recent
16 discussion with H+H CEO to know exactly where they
17 are, but as you know, this is something that is
18 extremely challenging, but again, we will continue to
19 work with you to see what can be done, and you know,
20 I would have to see a plan from H+H in terms of
21 what's needed, what the needs are and what typically
22 they can do. You know, I'm not an operational guy.
23 I'm not a hospital guy, so I cannot tell you for sure
24 unless I have a plan from H+H and working with you.

1 I cannot tell you exactly what the needs will be.

2 But again, we open to work with you--

3 COUNCIL MEMBER BROOKS-POWERS:

4 [interposing] Well, the good news is--

5 DIRECTOR JIHA: [interposing] We open to
6 work with you.

7 COUNCIL MEMBER BROOKS-POWERS: we have a
8 plan.

9 DIRECTOR JIHA: I know you would have.

10 COUNCIL MEMBER BROOKS-POWERS: That's the
11 good news, we have a plan, and Doctor Katz was before
12 us just last week and he spoke about the feasibility
13 of a trauma facility in Far Rockaway, and he spoke
14 about the ability to scale up and what that would
15 look like, and we look forward to sitting with you
16 during a negotiation season to talk through this, but
17 I just wanted to also have you state on the record
18 that the Administration is committed to seeing this
19 through as we did receive a commitment from the
20 Administration, this Administration a little under
21 two years ago, but now we're looking to put the
22 rhetoric into action and to be able to get the
23 funding necessary to make this a true possibility.
24

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2 DIRECTOR JIHA: Looking forward to
3 working with you.

4 COUNCIL MEMBER BROOKS-POWERS: So, I'll
5 take that as a commitment. Thank you, Director.

6 CHAIRPERSON BRANNAN: Invite me to the
7 ground-breaking.

8 COUNCIL MEMBER BROOKS-POWERS: See you
9 there.

10 CHAIRPERSON BRANNAN: Now we have
11 questions from Council Member Williams.

12 COUNCIL MEMBER WILLIAMS: Hello. My
13 questions are about the Commission on Human Rights
14 and the Equal Employment Practices Commission. So
15 since the November Plan, the Council has requested
16 the restoration of a PEG that was applied to the
17 Commission on Human Rights and the Equal Employment
18 Practices Commission. As a result, CCHR has had to
19 adjust some of their roles to critical operations
20 functions that are maintained. The Council has also
21 requested an increased headcount for these agencies
22 to enable them to operate efficiently. So, while
23 some may say they are operating above water, we would
24 like for them to be swimming well. CCHR and EEPC
25 provide oversight, investigate any violations

1 citywide, and make sure that city agencies enforce
2 Local Laws passed by the Council. CCHR's budget
3 include a PEG of \$1.8 million in fiscal 2024, \$1.4
4 million in fiscal 2025, a reduction of \$1.4 million
5 starting in fiscal 2026. Similar to CCHR, EEPC's
6 budget is even significantly lower and even included
7 the elimination of one position that was less than
8 \$100,000-- and I have to laugh because this is like
9 truly laughable numbers when you're talking billions--
10 - in fiscal 2024, and a hiring freeze of a position.
11 These PEGs have not been restored in the Executive
12 Plan, and just wanted to know the decision-making
13 process around targeting such a small agency for any
14 budget cuts given their crucial role in enforcement.
15 These agencies total a budget that make up only a
16 nano-- like, more than-- less than micro, like nano
17 fraction of the City's total budget. Is there any
18 play to restore these cuts? And we'd asked for
19 \$500,000 to EEPC and \$4.4 million to CCHR.
20

21 DIRECTOR JIHA: By the way,
22 congratulation on your doctorate, Dr. Williams.

23 COUNCIL MEMBER BROOKS-POWERS: Thank you.

24 DIRECTOR JIHA: We, again, as I said, we--
25 - the entire logic behind taking a citywide approach

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2 to this problem, because the scope and the scale of
3 the challenge that we had to deal with, and at the
4 time the Mayor wants to make sure that every agency
5 participate in making a contribution to the part. So
6 it was not a question of you have to exempt this
7 particular agency, that particular agency.

8 Initially, particularly in November at the beginning
9 of the problem, the scope of the problem was so big
10 we had to make sure everyone was included, because as
11 you can imagine, every time we exclude agency it
12 become what about me. Every other agency, what about
13 me? What about me? We are also as critical. So,
14 you cannot generate savings, you know, in an
15 environment everybody's trying to get exempted from
16 the problem. But again, we will-- again, as we get--
17 as I said, you know, we will work with the agency to
18 know exactly what their needs are. We've been
19 working with them, and if there is something that we
20 believe is critical from our perspective and in
21 discussion with them we will address it as we get
22 closer to budget adoption.

23 COUNCIL MEMBER BROOKS-POWERS: And I
24 appreciate that. I know, you know, sort of cuts
25 across the board, but from the Prelim to now and the

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2 Exec, there were some agencies that did see
3 restorations, and I think as you were looking to
4 restorations, especially for these small agencies
5 that carry a big load-- and that's sort of the
6 interesting thing. These are very small agencies,
7 but my colleagues love them to death, passed tons of
8 bills that require specifically CCHR and EEPC to do
9 more work, and the budget never follows the work.
10 Fair Housing, Fair Chance for Housing is a bill
11 that's going to go into effect shortly requiring CCHR
12 to do so much enforcement work, and they have not
13 seen any increases in their budget. So, I do hope
14 that my wonderful colleagues along with your side see
15 the value in these agencies and we truly fund them
16 adequately so that they can do their work. Thank
17 you, Chairs.

18 CHAIRPERSON BRANNAN: Okay, Council
19 Member Ayala.

20 COUNCIL MEMBER AYALA: Sorry, bear with
21 me a second. I'm having technical difficulties. Good
22 afternoon everyone. Commissioner, I just-- my
23 concern is-- my question is really related to some
24 correspondence that we received that announced--

25

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2 CHAIRPERSON BRANNAN: [interposing] Diana,
3 can you talk louder? I can't hear you.

4 COUNCIL MEMBER AYALA: Sorry. Can you
5 hear me now?

6 CHAIRPERSON BRANNAN: Usually not a
7 problem.

8 COUNCIL MEMBER AYALA: Can you hear me
9 now? Oh, really, Justin? Really. Alright, you can
10 hear me now?

11 CHAIRPERSON BRANNAN: Yeah, that's
12 better.

13 COUNCIL MEMBER AYALA: Yeah, so the
14 question is related to a DSS initiative that was
15 recently, I guess, you know, sent around to different
16 shelters on a pilot program that would pay folks to
17 leave the shelter and then give them-- I don't know,
18 it was a gift card or something to that effect. We
19 didn't hear that information prior to-- until after
20 the Executive Budget hearing on the General Welfare
21 Committee, and I wanted to know if you were aware of
22 such a pilot and how much money has been set aside
23 for that? Has that already been accounted for in the
24 budget? Is this a new, you know, expense?

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2 DIRECTOR JIHA: Yeah, I'm aware of the
3 program. This is a pilot that was launched in
4 partnership with the many providers to gauge whether
5 financial assistance like moving expenses, first and
6 last month rent, security deposit would successfully
7 assist households in the shelter to transfer from
8 shelter into the next phase of their journey. So,
9 the program is currently being funded by a core [sic]
10 savings from those providers. We have about nine
11 providers participating in the pilot program, and
12 they have a target of-- they cap the payments to
13 folks to about \$4,000, and so far I believe 50 people
14 have participated in that program, and I believe the
15 cost is something like \$200,000.

16 COUNCIL MEMBER AYALA: Where does the
17 money come from? Because the agency still--

18 DIRECTOR JIHA: [interposing] This is--

19 COUNCIL MEMBER AYALA: [inaudible] PEGs?

20 DIRECTOR JIHA: This is coming from money
21 in those provider's budget, you know, the savings
22 that they anticipate to generate, because it's not a
23 lot of money. It's, as I said, it's-- so far, we
24 have 50 people participating in the program and it
25 costs us-- at \$4,000 it's about \$200,000.

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COUNCIL MEMBER AYALA: Is it a voluntary-

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DIRECTOR JIHA: [interposing] Yes.

COUNCIL MEMBER AYALA: You know--

DIRECTOR JIHA: [interposing] It's a
voluntary program.

COUNCIL MEMBER AYALA: Their-- no, the
provider-- are the providers opting in and saying--

DIRECTOR JIHA: [interposing] Yes, yes.

COUNCIL MEMBER AYALA: we'll pay for you
to take whatever's left of our budget?

DIRECTOR JIHA: Yes, yes, yes.

COUNCIL MEMBER AYALA: Can you tell us
when this began and how long do you expect this to
continue to be a pilot before you make a
determination as to whether or not this is a more
permanent situation?

DIRECTOR JIHA: We're willing to evaluate
the program. it's a pilot, and if it is successful,
we will basically try to extend it, but again, the
goal is that we're trying to manage the census down,
because as you know, we have about 65,000 folks right
now in the system, and we have to find a way without

1
2 any new revenue stream to find ways to manage that
3 census down to a level that is sustainable.

4 COUNCIL MEMBER AYALA: Well, it's a lot
5 more than that, because if a person-- you know, the
6 person comes in, you know, in contact with \$4,000 and
7 is able to put in even a deposit for an apartment, if
8 they don't have a job that's not really sustainable.
9 So is that part of the equation? Because you know,
10 I'm-- the reason I'm asking you all of these
11 questions is because I would have assumed that this
12 would have been brought up at the Executive Budget
13 hearing, but I guess we're only answering questions
14 that get asked. And I think, you know, this was like
15 a low-hanging fruit that could have just easily said,
16 hey, you know, as a matter of fact we're initiating
17 this new pilot. We're hoping that-- that never came
18 up. I found out about it through, you know, one of
19 the advocates who snapped a picture of it and sent it
20 to me. That's not the way to keep the Council
21 informed of changes, especially when they may very
22 well be programs that we would support.

23 DIRECTOR JIHA: Sure, of course. Because
24 as I said, 50 people participate. Maybe people
25 already have jobs and they need the initial-- an

1 additional help, additional assistance. So, to the
2 extent that additional assistance help them to get
3 their won place, you know, it's very good. So, like
4 you said, I will make sure I communicate your
5 frustration to the agency.
6

7 COUNCIL MEMBER AYALA: Well, yeah, I have
8 spoken to them as well.

9 DIRECTOR JIHA: Okay.

10 COUNCIL MEMBER AYALA: Just because, you
11 know, we didn't know, but-- so is the City goal is
12 that if this pilot program works to expand it?

13 DIRECTOR JIHA: That is the goal.

14 COUNCIL MEMBER AYALA: Okay.

15 DIRECTOR JIHA: If the program works, we
16 will learn from it, and we could see, you know, how
17 best we could make it more effective and to expand
18 it. That is the whole point of the pilot, yes.

19 COUNCIL MEMBER AYALA: Did you say you
20 spent \$50,000 so far?

21 DIRECTOR JIHA: \$200,000. About--

22 COUNCIL MEMBER AYALA: [inaudible]
23 \$200,000 so far?

24 DIRECTOR JIHA: Yeah, about 50 people
25 participate in the program.

COUNCIL MEMBER AYALA: Okay, alright.

Sorry, I got that wrong. Okay. My next question is regarding the Community Food Connections program.

You know, this program is known as the emergency food

stamps food assistance program which provides an

array of essential food items to emergency food

providers including food pantries and soup kitchens

across the city. In fiscal year 23, the Council

called the Administration to increase the baseline

budget to CFC, and it increased the budget by \$30

million just for fiscal years 23 and 24. As the

Executive Budget plan-- as of the Executive Budget

plan, the CFC's budget is \$57.1 million in fiscal

year 24, dropping to \$25.1 million in fiscal year 25,

and then dropping further down to a baseline amount--

a budgeting amount of \$20.9 million starting in

fiscal year 26. In our last two budget responses we

called on the Administration to increase the baseline

CFC at \$60 million. We were very disappointed that

no additional funding was added to the Executive Plan

to bolster and continue the CFC program at that

level. And so I can go on and on, but can you

explain what the rationale behind the reduction is,

and what is the direct impact that this reduction is

1 going to have? Because we have, you know, food
2 pantries and soup kitchens that have folks lined
3 around the block since, you know, since the beginning
4 of the pandemic and it doesn't seem to be
5 dissipating. And so the need for resources has grown,
6 so I'm a little bit confused as to how we arrived at--
7 - you know, to the point that we would make such
8 drastic cuts to such an important program.

10 DIRECTOR JIHA: Yeah, Council Member, as
11 you know, this is not cut per say. It's a fiscal
12 cliff. It was funded at the level higher in fiscal
13 year 24 than fiscal year 25, but again, funding
14 determination for adoption has not been made-- have
15 not been made yet, so we're still working negotiating
16 with Council, and we'll assess the needs of these
17 different programs as we move forward. As you know,
18 this was done last year at adoption. It was funded,
19 you know, around this time of the year, and we'll
20 discuss it with you and folks here at City Council.
21 Again, this is all subject to resources. As I said
22 earlier, we are trying to come up with resources to
23 get to the Adopted Budget as, you know-- but it's a
24 challenge, and we all know there's a challenge out
25 there, so we have to prioritize, and we cannot fund

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2 everything, but we're going to try to make sure that
3 those things that are priorities of the Council and
4 the Administration have funding if resource are
5 available.

6 COUNCIL MEMBER AYALA: I would be shocked
7 if feeding, you know, needy families is not a
8 priority for anyone.

9 DIRECTOR JIHA: Definitely.

10 COUNCIL MEMBER AYALA: so, I think that
11 that recognition that that needs continues to exist
12 in the city is really important because, you know, we
13 shouldn't have to be having this conversation every
14 year about, you know, feeding folks. All you have to
15 do is walk around the City and you see the line, you
16 know, that stems for blocks. So I look forward to
17 further conversations on the matter, and thank you
18 for being here today.

19 DIRECTOR JIHA: Thank you.

20 CHAIRPERSON BRANNAN: Good. Now we have
21 questions from Council Member Joseph.

22 COUNCIL MEMBER JOSEPH: Thank you. Good
23 afternoon. Welcome. Few questions around education.
24 I know that in the Executive Plan there was some
25 programs that were baselined with State funding.

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2 Others were funded with one-use city funding. So,
3 what was some of the considerations when you were
4 deciding which program would baseline and which
5 program would be funded for a year?

6 DIRECTOR JIHA: It comes down to funding,
7 it is-- you know, we wish, you know, we had all the
8 funding needed to fund all of these programs going
9 forward, to baseline them going forward. What we--
10 the statement making those program is critical for
11 us. This is our value statement. This program are
12 critical to us. Even they are funded one year at a
13 time. They are very important to us, and we'll
14 continue to look for permanent source of funding to
15 fund these programs. It's not just a question of we
16 decided these are not important, these are important,
17 no. It's just a question of we didn't have enough
18 long-term funding to fund all these programs. So
19 therefore, we decide, you know, we'd take a number--
20 a certain number of project initiatives to fund long-
21 term. Others, we just make a value statement. This
22 is important to us. We're funding it now, but we're
23 going to keep working to see in the future where
24 we're going to find [inaudible] funding to keep them
25 going.

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2 COUNCIL MEMBER JOSEPH: So, what was the
3 rationale behind state funding to baseline these
4 programs?

5 DIRECTOR JIHA: I'm sorry?

6 COUNCIL MEMBER JOSEPH: What was the
7 rationale behind using state funding to baseline
8 these programs?

9 DIRECTOR JIHA: Because this is-- the
10 state funding is a long-term funding. Whereas, you
11 know-- and so therefore, we had-- you know, it's not
12 that easy to find those source of funding everywhere,
13 and at that level. Also, [inaudible] as well. So
14 therefore, you know, we identified the source of
15 funding that is long-term, so we lose that source of
16 funding. But for other programs, we didn't find-- we
17 didn't have these. So therefore, we have to keep
18 looking, okay? But we want to also communicate to
19 the rest of the world that-- do a value statement
20 that hey, this is-- this program is critical to us.
21 Even though we're funding them one year at a time,
22 they are very critical to us. We're going to
23 continue to look for long-term source of funding for
24 these.

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2 COUNCIL MEMBER JOSEPH: Foundational--
3 foundation aid is currently being reviewed for
4 possible change by the Rockefeller Institute. If the
5 foundational aid were to decrease due to these
6 changes, or further decrease in enrollment, would
7 these programs be in danger of being cut?

8 DIRECTOR JIHA: The advantage that we
9 have with being conservative in our forecast is we
10 usually don't assume foundation group-- foundation
11 aid growth in our budget. So therefore, you know,
12 I'm hoping there's no cut, because we use those
13 funding like we just said, to fund other things, but
14 it is unlikely that the City at these things would be
15 impacted because of changes to the formula, you know,
16 to the way-- what the formula has calculated.

17 COUNCIL MEMBER JOSEPH: Yeah, well
18 calling on the state because it's outdated. That
19 formula is outdated, so we wanted to match what the
20 FSF revision that we did here.

21 DIRECTOR JIHA: We're hoping that the
22 change of formula yield more resources, not less.

23 COUNCIL MEMBER JOSEPH: Right, correct.
24 Because the state hasn't been putting in their share.
25 I have a question around federally-funded headcount.

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2 I know-- how many of these position was secured
3 funding for source in fiscal 2025? The federally
4 funded headcount-- New York City Public School
5 testified that 3,000 of the 3,255 position are
6 currently tied to federal dollars.

7 DIRECTOR JIHA: Okay.

8 COUNCIL MEMBER JOSEPH: And some of these
9 positions can be covered by funding added in the
10 Executive Plan, but the Council's concerned about the
11 budgeting positions. How many teachers? How many
12 positions? You're going to get--

13 DIRECTOR JIHA: [interposing] I will--

14 COUNCIL MEMBER JOSEPH: [interposing]
15 Y'all look puzzled. Y'all going to get back to us?

16 DIRECTOR JIHA: Yeah, I will come back to
17 you.

18 COUNCIL MEMBER JOSEPH: Yeah.

19 DIRECTOR JIHA: I would have to come back--
20 -

21 TARA BOIRARD: [interposing] Are you
22 referring to the stimulus--

23 COUNCIL MEMBER JOSEPH: [interposing] The
24 education-- the educators that are tied to the
25

1
2 stimulus funding. We wanted to know how many
3 teachers.

4 DIRECTOR JIHA: We will provide you that
5 information.

6 COUNCIL MEMBER JOSEPH: Thank you. And
7 Restorative Justice, very important. It served over
8 half-- 500,000 students, and it brings down
9 suspension rate, harm. What did DO-- New York City
10 Public School and OMB decided to fund Project Pivot,
11 but not restore the expiring funds for Restorative
12 Justice?

13 DIRECTOR JIHA: Again, we would also
14 always, as I said, love to restore every single one
15 of these programs. We continue to work with the
16 Council, but again, as I said, it is very, very
17 difficult environment. I don't have to tell you, it's
18 like your own family. You have a budget. You have
19 limited resources, and you have-- everyone is asking
20 you for the world. So we would love if resources
21 were available to do everything, but again, we will,
22 you know, continue to work with the Council, because
23 these are critical programs that we want to see
24 [inaudible]. We don't want to see each--

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COUNCIL MEMBER JOSEPH: [interposing]

Correct.

DIRECTOR JIHA: them going away. So, therefore, we will continue to work with Council. But again, we did it with limited, limited resources.

COUNCIL MEMBER JOSEPH: And school nurses?

And I'm done.

DIRECTOR JIHA: Okay.

COUNCIL MEMBER JOSEPH: Funding for school nurses, \$65 million for every school.

DIRECTOR JIHA: I hear you.

CHAIRPERSON BRANNAN: Council Member Stevens?

COUNCIL MEMBER STEVENS: [inaudible] your question? Okay. Hi. Afternoon, how are you doing?

DIRECTOR JIHA: Doing very well.

COUNCIL MEMBER STEVENS: I'm going to be nice, because I got just paid [sic]. So I'm going to behave today.

DIRECTOR JIHA: Okay.

COUNCIL MEMBER STEVENS: [inaudible] my word. Okay, but in the November and Preliminary Plan included a \$44.4 million PEG to Department of Youth and Community Development. The reductions were made

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2 in some of the agency's most-utilized programs such
3 as COMPASS, the Office of Neighborhood Safety, and
4 Summer Rising. The Council called upon the
5 Administration to restore the \$44.4 million in cuts
6 to DYCD programs in the Preliminary Response. The
7 program operated by the Office of Neighborhood Safety
8 aims to improve community policing relationships,
9 reduces the criminal and incarceration in contracts
10 with the justice system. Despite this, there was a
11 \$5.4 million baseline PEG implemented for the Office
12 of Neighborhood Safety. What areas within ONS does
13 the PEG effect? What programs and services are being
14 impacted by this reduction, and ONS programs foster
15 collaboration between community provider agency, and
16 what is the impact of the PEGs on providers?

17 DIRECTOR JIHA: Based on this question
18 with DYCD, we believe that we still provide robust
19 services to youth in our programs. So, from that
20 perspective, the violence interrupters program was
21 not impacted by this PEG.

22 COUNCIL MEMBER STEVENS: Yeah, they keep
23 saying that, but that's not the truth. And so, and
24 just to add to some of the other questions I had at
25 the bottom, like so when OMB is requiring them to do

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2 PEGs, is there an evaluation process? How do we know
3 that what we're doing won't have an impact, because
4 that's being said, and so I feel like there's a
5 disconnect in what, you know, you guys are saying.
6 Like, oh, we're telling you to do the PEGs, and then
7 like, oh, it's no impact, but that is not what we're
8 hearing, especially even the ONS part where they're
9 like, oh, well, they're taking out the legal services
10 aspect of the program. And they're like, oh, well,
11 they can just go to like DHS and do it, and that's
12 not true. And so I'm just trying to understand, even
13 with the process of the PEG, are you guys making or
14 pushing them to do evaluation and get feedback so
15 that we know that there's no true issue around the
16 things that need to be cut?

17 DIRECTOR JIHA: You told me you were
18 going to be nice to me.

19 COUNCIL MEMBER STEVENS: That wasn't
20 nice? I just asked a question.

21 DIRECTOR JIHA: Yes, you are. Yes, you
22 are. It's-- we continue to work with them, because
23 this is-- again, as I said to folks very often, we
24 could only repeat what agency--

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2 COUNCIL MEMBER STEVENS: [interposing]
3 Exactly.

4 DIRECTOR JIHA: tell us, okay? If they
5 come back to us and say, you know what, hey, we could
6 justify this PEG, because they are limited impact.
7 Here's the impact. We always have a follow-up
8 question, okay? What are the measures? Have
9 providers been impacted? So, from our perspective,
10 what they said to us--

11 COUNCIL MEMBER STEVENS: [interposing]
12 Were they able to answer those questions--

13 DIRECTOR JIHA: It's a go--

14 COUNCIL MEMBER STEVENS: when you asked
15 them that?

16 DIRECTOR JIHA: Yeah, we do. We do ask
17 all these questions.

18 COUNCIL MEMBER STEVENS: No, I said, but
19 was DYCD able to answer that? Because when I asked
20 them, they wasn't able to answer it.

21 DIRECTOR JIHA: Well, what they told us to
22 justify the PEG is they were okay. So, that's what
23 we-- that's what we go with, okay? So, if you tell
24 us, you know, that there's no impact, that's what we

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2 have to believe, because we're not dealing with this
3 on a day-to-day basis.

4 COUNCIL MEMBER STEVENS: Yeah. I would
5 love for us to think about and think about moving
6 forward to-- and I can set a time up with you guys to
7 talk more. I'm not filing out the form, though. But
8 I would love to set up time to talk with you guys to
9 talk more about like how do we make sure that when
10 folks are saying that there's no impact on the PEG,
11 that they're giving you real justification, because
12 that to me, when I'm asking them questions they're
13 saying it's no impact, and when I'm looking at the
14 numbers that one makes sense to me. And so I would
15 love to set time up so that like they have to justify
16 more to this being like, we fine, we'll make it work.
17 Because then it just becomes very arbitrary. And
18 just one last thing. I just also wanted to know-- we
19 know with Summer Rising and the Fridays with middle
20 schools being cut-- do we know how much savings that
21 they're actually going to be having from cutting the
22 Friday programs to the Summer Rising? And why does
23 the Administration believe that the reduction loss is
24 necessary for this extra day? Because it doesn't

1
2 seem like it's that much savings that we're getting
3 from cutting the Fridays from Summer Rising.

4 DIRECTOR JIHA: Yes. Let me get back to
5 you with the actual number, because I don't have it
6 in front of me right now.

7 COUNCIL MEMBER STEVENS: Okay.

8 DIRECTOR JIHA: But I'll provide you that
9 information.

10 COUNCIL MEMBER STEVENS: Okay, no
11 problem.

12 DIRECTOR JIHA: As quickly as possible.

13 COUNCIL MEMBER STEVENS: Okay, thank you
14 so much.

15 DIRECTOR JIHA: Okay, no problem.

16 CHAIRPERSON BRANNAN: Council Member
17 Hanks?

18 COUNCIL MEMBER HANKS: Thank you, Chair.
19 Good afternoon. How are you?

20 DIRECTOR JIHA: Doing very well.

21 COUNCIL MEMBER HANKS: So, my line of
22 questioning is definitely local, and I'll just get
23 right to it. So, with RUMC, the Richmond University
24 Medical Center, has two major capital projects that
25 we're trying to get funded in the current year

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2 totaling \$12 million. RUMC is one of the only two
3 hospitals serving Staten Island and it is the only
4 one in the Northshore, and so which makes these
5 capital improvements and funding's just that more
6 critical. With the Administration commit to the
7 funding of these critical projects in RUMC?

8 DIRECTOR JIHA: I believe there was an
9 issue. I don't remember exactly what it was.

10 COUNCIL MEMBER HANKS: I know what it--

11 DIRECTOR JIHA: [interposing] I think it's
12 private. It's a private hospital, and there was an
13 issue. I don't know if we ever found that issue.

14 COUNCIL MEMBER HANKS: So, I think that,
15 you know, to your point, we did have the hospital,
16 and they put together the application that was
17 missing a few things, but we've been told that all of
18 their paperwork is in order. So, we just want to
19 make sure that OMB is-- and the Administration is
20 committing to-- if everything's in order-- that these
21 projects--

22 DIRECTOR JIHA: [interposing] Yeah, we
23 will review. We'll review the application and if
24 there issues we will bring them to your attention.

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2 COUNCIL MEMBER HANKS: Thank you so much.
3 Chair, may I have like two more questions?

4 CHAIRPERSON BRANNAN: Yeah.

5 COUNCIL MEMBER HANKS: Thank you. So,
6 the Community Justice Center bridged the gaps between
7 courts and communities to improve public safety and
8 trust and justice. They're a vital resource for
9 community members helping them to access stable
10 housing, neighborhood safety, and re-entry services
11 and youth programming while building positive
12 relationships and addressing trauma. Staten Island
13 is one of the only boroughs without a Community
14 Justice Center. Again, we're just looking to make
15 sure that the Administration understands the
16 importance of committing to the construction of the
17 Community Justice Center in Staten Island.

18 DIRECTOR JIHA: Again, we will work with
19 your office and with the Speaker's office as we
20 approach-- you know, we understand the concern that
21 you have. You know, we-- having a community center
22 in Staten Island. We will work with your office and
23 the Speaker to see what can be done. As I said, if
24 the resources are available, we will work with you to
25 try to accommodate as best as we can.

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2 COUNCIL MEMBER HANKS: We'll hold you to
3 it. So, one more question.

4 DIRECTOR JIHA: Oh, geez [sic].

5 COUNCIL MEMBER HANKS: The Northshore
6 Action Plan-- so Staten Island, it's one of the
7 things that I'm very proud of being able to do. The
8 Action Plan will finally bring development of the
9 long promise to my waterfront esplanade, Stapleton to
10 Tompkinsville to St. George. There's a \$400 million
11 investment that will create 20 acres of continuous
12 waterfront. We just want to make sure that the
13 projects that were highlighted in the Northshore
14 Action Plan will be addressed at some point by the
15 Administration. We're on target to create at least
16 5,000 units of housing, 35 and over percent of that
17 will be affordable. So we definitely want to make
18 sure that this is in your--

19 DIRECTOR JIHA: [interposing] Yes, this is
20 a priority.

21 COUNCIL MEMBER HANKS: Thank you so much.
22 Thank you, Chair.

23 CHAIRPERSON BRANNAN: Okay, we have
24 questions from Council Member Lee followed by
25 Krishnan.

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2 COUNCIL MEMBER LEE: Hi. All the way
3 over on the other side now. So, I'll make it quick.
4 So, questions around mental health. So, I just want
5 to start the line of questioning with the knowledge
6 that, you know, we all know that there's a ton of
7 research out there that basically says if you keep
8 people healthy, the city and state will save dollars,
9 hands down, right? So, then my question is,
10 especially because we know that mental health is such
11 an issue and it is a lot of times spent, dollars
12 spent, including NYPD overtime in the subways. My
13 question is, under DOHMH it's only about a \$757
14 million budget towards mental health services, which
15 is decreased by about \$15 million. So my question
16 is, are there plans to restore that funding? And
17 also, the Council in our Executive Budget response
18 requested seven line items including supportive
19 housing. Mental health continuum funding, all of
20 these things that total up to about \$43 million. So,
21 I guess my question is-- I think we could all agree
22 that \$43 million-- not only is \$43 million, but \$757
23 million, you know, when we're talking about all the
24 mental health services that are needed in this stage
25 of where we are as a city is a drop in the bucket.

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2 It's like a smidgen of like the overall budget,
3 right? So, can we get a commitment from OMB for the
4 \$43 million to please look at that funding for the
5 seven items that we're requesting on the City
6 Council?

7 DIRECTOR JIHA: Again, as I said, I will
8 work with the Council as we get toward adoption, and
9 I understand, again, this is not something that we
10 [inaudible] in lack of all the incidents that you see
11 taking place in the street. So,--

12 COUNCIL MEMBER LEE: [interposing] Wait,
13 it's not likely or likely?

14 DIRECTOR JIHA: No, we're not taking this
15 lightly.

16 COUNCIL MEMBER LEE: Oh.

17 DIRECTOR JIHA: You know, mental health
18 issues. This is something that we-- the
19 Administration trying to address on the many
20 occasions and different programs that we outlay
21 [sic]. So, again, we will work with the DOHMH to
22 make sure they-- you know, if they have a need, if
23 they have-- if there's a need, and they could
24 pinpoint to us exactly what the need is, and we will
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2 work with them and working with the Council to see if
3 going forward this--

4 COUNCIL MEMBER LEE: [interposing] Okay,
5 and would you agree, though, but from a budgetary
6 perspective, we know for a fact that keeping people
7 healthy saves dollars, yes? So, I would really,
8 really urge us to keep people healthy, off the
9 streets, off of--

10 DIRECTOR JIHA: [interposing] We all
11 agree.

12 COUNCIL MEMBER LEE: Yes.

13 DIRECTOR JIHA: This is critical.

14 COUNCIL MEMBER LEE: And also, in terms
15 of the other city agencies, how much funding-- can
16 you extract the total amount of mental health funding
17 that's with EMS, H+H, OCMH? I know OCMH started off
18 with a budget of about \$325 million if I'm not
19 mistaken. So can we get those numbers?

20 DIRECTOR JIHA: I would definitely follow
21 up with you with giving you a breakdown and a total
22 of all the agencies by agency and also the programs.

23 COUNCIL MEMBER LEE: Okay.

24 DIRECTOR JIHA: How much the City is
25 spending on mental health?

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2 COUNCIL MEMBER LEE: And which city
3 agency or entity would you say oversees all of this,
4 right? Because I would almost think we need like a
5 Mental Health Czar to be quiet honest, because the
6 funding is all over the place. The regulations are
7 very complicated. So, you know, because there's
8 state regulations, city funding, all of these things
9 come into play. And so who is overseeing all of this?
10 Because when I ask this question at DOHMH's hearing,
11 I could not get an answer.

12 DIRECTOR JIHA: Yeah, I mean, City Hall
13 is managing this under the leadership of [inaudible]
14 Williamson [sic]. And so, but again, we will provide
15 you all the information that you need so you could
16 see how much is city, the many initiatives that we
17 have, and how much the city is spending annually
18 [sic] on mental health.

19 COUNCIL MEMBER LEE: Okay.

20 DIRECTOR JIHA: Again, more is needed,
21 trust me. More--

22 COUNCIL MEMBER LEE: [interposing] Yes,
23 definitely. The coordination piece is what irks me,
24 because that's my pet peeve is the silos and all the

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2 different agencies, and we need to make sure we're
3 coordinated.

4 DIRECTOR JIHA: Sure.

5 COUNCIL MEMBER LEE: Two more questions,
6 one around club houses. I know that it was increased
7 by \$30 million. We asked on the City Council to have
8 an expansion of five more club houses, but instead it
9 went from 16 to 13 with the new RFP. So, I just
10 wanted to know how much oversight you guys have when
11 it comes to issuing out the RFPs through different
12 city--

13 DIRECTOR JIHA: [interposing] This is
14 agency--

15 DIRECTOR JIHA: [interposing] Agency by
16 agency, okay. And what plans are there to make sure
17 that if for whatever reason the club houses that did
18 not get funded, how do we make sure that they do get
19 funding or that there's coordination that takes place
20 so that those people don't--

21 DIRECTOR JIHA: [interposing] That's
22 coordination that takes [inaudible]

23 COUNCIL MEMBER LEE: Okay, because I've
24 asked that question. Haven't gotten an answer. So,
25 okay.

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DIRECTOR JIHA: Okay.

COUNCIL MEMBER LEE: And then my final question, opioid settlement funding. From my understanding that's about \$90 million that have been allocated to the City total since the settlement happened. I still have not been able to get a breakdown of what those numbers are and which zip code and which agencies-- I mean not agencies, sorry. But which zip codes and services that they've gone to, because that money is supposed to go back to the community. I still have not been able to get a comprehensive report. I saw the report that came out. It doesn't really say a lot substantively, so I really would love to know how those dollars are being spent.

DIRECTOR JIHA: I believe there's going to be an announcement real soon regarding what investments have been made, and so definitely work with DOHMH to get all the info that you need about this, but I believe there's something soon coming.

COUNCIL MEMBER LEE: Okay. And hopefully there's room to make recommendations as well, but--

DIRECTOR JIHA: Sure.

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2 COUNCIL MEMBER LEE: Yeah. Thank you so
3 much.

4 DIRECTOR JIHA: You're welcome.

5 CHAIRPERSON BRANNAN: Okay, we have
6 questions from Council Member Krishnan followed by
7 Restler.

8 COUNCIL MEMBER KRISHNAN: Thank you,
9 Chair Brannan and good afternoon, Mr. Budget
10 Director. Nice to see you.

11 DIRECTOR JIHA: Nice to see you.

12 COUNCIL MEMBER KRISHNAN: I just had a few
13 questions in particular about our Parks Department.
14 I'll take a step back for a second. You know, this
15 is the Administration that prioritizes sanitation,
16 that prioritizes public safety, and I'm sure you'd
17 agree, you know, as you've discussed before, how our
18 parks play a crucial role in achieving clean streets
19 in our city, clean spaces, as well as keeping New
20 Yorkers safe. Our parks, as essential public spaces,
21 need to be cleaned. The trash needs to be picked up.
22 The bathrooms need to be cleaned, and the overgrown
23 trees need to be maintained, both in our parks and on
24 our sidewalks and our streets. But the Parks
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2 Department is facing a \$55 million PEG, and we had
3 include--

4 DIRECTOR JIHA: [interposing] \$55?

5 COUNCIL MEMBER KRISHNAN: \$55 million
6 PEG. And we had included-- and again, from a Mayor
7 who had explicitly campaigned that increasing our
8 Parks budget to one percent. We've been seeing the
9 last two years steady cuts to the Parks Department.
10 Now, in our budget response we had laid out a few
11 different items as far as restoring cuts, and there
12 were no restorations in the Executive Budget. In
13 fact, the only increase with the Parks Department was
14 for several-- a handful-- I think it was probably
15 about three to five exterminators in the borough of
16 Brooklyn. I wanted to call attention in particular
17 to one program that was cut, and that is the Second
18 Shift program. It's a program that is exactly what
19 its name implies. It creates a second shift of
20 cleaning for 100 hotspot parks in our city. So,
21 making sure parks are cleaned until 7:00 p.m. We're
22 entering the warm summer months now where our parks
23 are most heavily utilized, and this program cleans
24 our parks Thursdays through Sundays, but that was
25 also cut in the Executive Budget. And of course,

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2 that's a program that directly contributes to
3 sanitation and public safety. So I just wanted to
4 get a better sense of why there wasn't any
5 restoration of funding for the Second Shift program,
6 and what discussion, if any, OMB is having now with
7 the City Hall to restore the cut to the Second Shift
8 program?

9 DIRECTOR JIHA: I don't have to tell you,
10 you know there were that the challenges that we face
11 throughout the budget cycle to fund the-- all the
12 needs, asylum-seekers to backfill [sic] stimulus-
13 funded programs. So we have a bunch of things that
14 we had to find and to make sure that this is budget
15 not only fund this program, but also at the same time
16 it's balanced. As part of that exercise, Parks
17 basically took a very aggressive attrition PEG. In
18 other words, they basically forecast the number of
19 attrition that they're going to have, and they
20 basically gave up those things as part of the PEG.
21 May-- they don't have any other choice. That's the
22 call that they make. We accepted that. But again,
23 as you said, park cleaning is very important to us as
24 well, to you and to us. As we get to move closer to
25 adoption, this is something that is a priority not

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2 only for you, but also for City Hall, to us, all of
3 us. We will work with you to see, but again, it
4 depends on the resources. Again, we monitoring
5 closely our resources to see what exactly-- whether
6 or not tax revenues going to give up the resources
7 that we need to do those things, and but also looking
8 at other areas of the budget to squeeze to find
9 resources to reallocate. We will work with you as we
10 move forward to see what can be done. I can't give
11 you any guarantee at this point in time, because
12 we're trying to prioritize. We working with the City
13 Council to prioritize what's important. This is
14 really important to us. I'm sure it's important to
15 you and the Council, and at some point we'll discuss,
16 you know, as we get closer to budget adoption, we'll
17 make a decision [inaudible] how we proceed.

18 COUNCIL MEMBER KRISHNAN: I appreciate
19 that. And I think, you know, it's important, you
20 know, and I mentioned to you before and we're
21 discussing it now as well, but it's also a values--
22 it's a reflection of values of the Administration,
23 too, because parks uniquely had no increases, has a
24 significant PEG. Part of this is-- I'm sure the
25 agency, you know, made its proposals, but there's

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2 also a value of the Administration here of, again,
3 with their larger goals of sanitation and public
4 safety, what will the investments be to parks? And I
5 think-- and I want to call on particular the Second
6 Shift program because it is quite literally a
7 maintenance program. It supports workers. What I
8 would say is the Administration willing to consider
9 not only restoring but expanding the Second Shift
10 program? Because I'm sure you'd agree there are more
11 than simply 100 greenspaces in the City that need to
12 be cleaned until 7:00 p.m. on the weekends, the
13 busiest time of the year.

14 DIRECTOR JIHA: Sure.

15 COUNCIL MEMBER KRISHNAN: I think it
16 would be help-- crucial for the Administration to
17 look at expanding that program, as well.

18 DIRECTOR JIHA: Again, looking forward to
19 working with you.

20 COUNCIL MEMBER KRISHNAN: Same.

21 DIRECTOR JIHA: Okay.

22 COUNCIL MEMBER KRISHNAN: And the other
23 question I'd ask, too, is-- you know, the cuts to
24 parks-- the Parks Department is also uniquely-- to
25 your point, you mentioned the attrition PEG before.

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2 They have not been able to hire as people are
3 leaving, whereas, other agencies don't have that
4 policy. The challenge there is if we're considering,
5 and you know, we all understand the impact of the
6 Second Shift program, the Parks Department is going
7 to see any increase in headcount if they can't
8 actually hire once people leave. And fundamentally,
9 cuts to Parks affects the parks' workers, right,
10 which affects people's jobs as we saw in the past of
11 the POP [sic] program. It also directly impacts
12 maintenance. And you really-- when we talk about
13 funding parks, we're talking about funding
14 maintenance and cleaning of parks. So, is the
15 Administration willing to consider allowing parks to
16 hire again? because in other words-- if we don't do
17 that, whatever gains we see on one side, we're losing
18 on the other side. It becomes a zero sum game at the
19 end of the day. But if we want to look at increasing
20 headcount, we got to make sure Parks as an agency can
21 do what the other agencies are doing and hiring
22 according to that two-for-one policy at the very
23 least.

24 DIRECTOR JIHA: Yeah, as you know, we
25 have a two-for-one in place, but Parks has certain

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2 titles that are excluded that are exempted from the
3 two-for-one, and I believe all the seasonal aides,
4 city park worker, urban park rangers, all of these
5 title-- again, we'll work with you. We'll work with
6 the Parks Department again, as-- again, it's a
7 question of, as I said to folks, resources, okay?
8 We're trying to do our best with the limited
9 resources that we have, and we're going to try to
10 maximize as best as we can how we're going to use
11 those limited resources.

12 COUNCIL MEMBER KRISHNAN: Well, I look
13 forward to hearing--

14 DIRECTOR JIHA: [interposing] So, we're
15 looking forward to work with you, and for you to
16 comprehend exactly where we are, the challenges we're
17 dealing with, and we'll work together.

18 COUNCIL MEMBER KRISHNAN: Well, I look
19 forward to hearing more, and again, I would just say
20 the Administration has to really do much more here
21 after the mayor campaigned on one percent for Parks
22 to be increasing the Parks budget; whereas we're
23 going backwards, and that's both funding programs and
24 allowing them to hire. Thank you very much. Thank
25 you, Chair.

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2 DIRECTOR JIHA: You're welcome.

3 CHAIRPERSON BRANNAN: Council Member
4 Restler?

5 COUNCIL MEMBER RESTLER: Thanks so much,
6 Chair Brannan. And I just want to say I think you
7 did a terrific job over this-- I don't know how many
8 weeks of hearings we had. So did you, Mike. You
9 don't get enough credit. You're here for all of them.
10 We appreciate you guys. And I want to say it's good
11 to see you, Director Jiha. It's good to see Tara up
12 on the dais. You really needed your A++ team today
13 to handle us.

14 DIRECTOR JIHA: Yes.

15 COUNCIL MEMBER RESTLER: But I appreciate
16 your answers today. I just feel like we get into
17 this conversation every year of a budget dance, and
18 you know there's-- the Administration makes threats
19 of cuts, and the Council has to play defense, but
20 this year what we experienced was not a budget dance
21 at all. It was serious, harmful cuts that are
22 communities have experienced. We saw hundreds of
23 thousands of people couldn't go to libraries every
24 Sunday. All the community compost programs around my
25 community are closed. All across the City they're

1 closed. Hundreds of people have been laid off from
2 their jobs. The impact program at the Department of
3 Probation and many other programs have been cut that
4 have led to many more young people being
5 incarcerated. We now have twice as many kids
6 incarcerated in New York City as when the Mayor took
7 office. So, we've seen deeply harmful effects of the
8 cuts that have been imposed. It's not a budget dance
9 at all. This is not a game at all, and I'm like very
10 concerned about the further cuts that are proposed in
11 this Executive Budget. The top concern for me
12 remains 3-K, and when we had the Department of
13 Education here just a few-- I don't know, last week.
14 The senior team at the DOE was not able to quantify
15 what the impact would be of another \$170 million in
16 cuts. Since the Mayor came into office, there's
17 already been over a \$1 billion of cuts to 3-K, as you
18 know well, and now we're looking at an additional
19 \$170 million in cuts. Can you tell us now that over
20 43,000 people have-- children have applied, three-
21 year-olds, have applied to 3K. Can you tell us how
22 many seats this \$170 million cut, what impact will it
23 have on our 3-K program, and how many seat-- will we
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2 be able to guarantee a seat, a convenient seat to
3 every one of those 43,000 children?

4 DIRECTOR JIHA: Council Member, you know
5 me very well. This is not something that I take
6 lightly. This is not a dance for me, okay? This is
7 not a dance for me at all. I don't take lightly the
8 notion of taking savings from [inaudible] agencies
9 likely and that's what we try our best-- you know,
10 even in the darkest moment for us when we really
11 needed every single dollar, that we managed and made
12 sure that we avoid to have any [inaudible] or
13 disruption of services to the average New Yorker.
14 This is not something I take lightly.

15 COUNCIL MEMBER RESTLER: I don't think you
16 take it lightly.

17 DIRECTOR JIHA: And so therefore-- so I
18 just want to make sure we start from-- with you know,
19 that clarification. So, it's not a dance--

20 COUNCIL MEMBER RESTLER: [interposing] But
21 I just want to-- I want to clarify that point, if you
22 don't mind.

23 DIRECTOR JIHA: This is not a dance for
24 us. This is--

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2 COUNCIL MEMBER RESTLER: [interposing] No,
3 I-- but there's--

4 DIRECTOR JIHA: [interposing] This is--

5 COUNCIL MEMBER RESTLER: [interposing]
6 According to IBO, according to Council Finance
7 Division, there are billions of dollars in surplus
8 right now for this year and for next fiscal year. So
9 the chaotic budget cuts that have been imposed, seven
10 rounds of them over this Mayor's two and a half years
11 in office, have had enormous impacts on our
12 community. Every single day I'm in my district,
13 constituents come up to me and say, "Why did the
14 Mayor cut his? Why did the Mayor cut that? I can't
15 go to the library. I can't drop my compost off. I
16 can't get my kid an early childhood education seat
17 that I desperately need." And I say, honestly, we
18 have billions of dollars in surplus. I can't tell you
19 why these cuts have been imposed. So you may not
20 take it lightly. It may not be a game. I'm not
21 saying that you do, but I don't understand the fiscal
22 management that's been imposed.

23 DIRECTOR JIHA: Well, we had to take some
24 tough measures to stabilize the City's finances. You
25 don't have to take my word for it. You can go and

1 ask Wall Street, all those folks, all rating
2 agencies, they give us good credit for the management
3 of the City's finances, because they are independent.
4 They are not getting-- you know, they-- they're not
5 biased. They give us good credit for--

7 COUNCIL MEMBER RESTLER: [interposing]

8 Even the conservative CBC said these cuts were
9 unnecessary.

10 DIRECTOR JIHA: No, nobody said these
11 cuts unnecessary. Let me give you the logical [sic]
12 distinction [sic] of your argument. We saved \$7.5
13 billion which means right now, if the cuts were not
14 necessary, we would have \$7.5 billion surplus in our
15 budget, okay? If the cuts were not necessary. So,
16 the cuts were-- so the savings were used to fund
17 something. So, if a budget is balanced and we said
18 we saved \$7.5 billion, those \$7.5 billion have been
19 used to fund something. So, saying they were not
20 necessary, it means that we would \$7.5 billion
21 surplus. We don't have that. So, again, as I said,
22 I understand where you're coming from. This is not a
23 dance for us. Okay? We had to take some tough
24 measures. This was not pleasant. We had to take
25 some tough measures because we're dealing with a

1 major crisis. Listen to this. We just met \$4.6
2 billion on the asylum-seekers. This is not a
3 forecast. This is what we actually spent. So you
4 cannot say we spent \$4.6 billion that we didn't spend
5 a year and a half ago, okay, without a new source of
6 funding, as if there's no problem. It's got to be a
7 problem. There is a reason why you spent \$4.6
8 billion. So, that \$4.6 billion, we have to find it
9 somewhere. We have to find savings somewhere. We
10 have to find savings to backfill the stimulus
11 dollars, okay, to fund those critical programs that
12 were about to go away, okay? So the funding has to
13 come from somewhere. So you can't have your cake and
14 eat it at the same time, okay? We save \$7.5 billion.
15 These are tough measures that the Mayor have to take.
16 These are the savings that allow us to fund the
17 migrant crisis, to backfill for the stimulus tax
18 dollars that were about to expire, particularly for
19 3-K. A lot of-- a big chunk of 3-K were funded with
20 stimulus dollars, okay? So the Mayor made the
21 decision to backfill those tax dollars. The money
22 had to come from somewhere. So we're not taking this
23 lightly at all. This is not a dance for us, okay?
24 This is real. This saves business. So I'm hoping you
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1
2 appreciate what we do, and like everybody else,
3 appreciate what we do, because this was a very, very,
4 very tough environment for everyone, okay?

5 COUNCIL MEMBER RESTLER: I would like for
6 clarification on the 3-K cuts and what is the impact?
7 Is there a guarantee for every one of the 43,000
8 applicants to have a seat in their community?

9 DIRECTOR JIHA: What we say, and we're
10 going to say it over and over again, currently we
11 have 23,000 empty seats. Our job is trying to match
12 capacity with demand, and if after we do go through
13 the exercise of matching capacity with demand, there
14 is additional need for resources. We will work with
15 the Council, okay, to come up with resources to
16 address that-- to address the need--

17 COUNCIL MEMBER RESTLER: [interposing] But
18 in this current school year in the majority of school
19 districts around the City of New York, there were
20 more 3-K applicants than actually kids enrolled. We
21 failed in a majority of neighborhoods in New York
22 City to actually enroll every child. Now, we're
23 seeing a further \$170 million cut to the program
24 which means that there's going to be even more
25 neighborhoods, despite 43,000 applications where

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2 people are going to be unable to get the free early
3 child-- free full-day early childhood education seat
4 that they thought that they could have. It's going to
5 lead to further displacement of working families.
6 These are the kinds of cuts that really do undermine
7 economic growth, undermine our economic recovery, and
8 I strongly and vociferously disagree with, and we're
9 not getting any commitment today that we're actually
10 going to be able to help these families. It's clear
11 from your testimony and from the Chancellor's
12 testimony that we're going to have many, many
13 thousands of families in New York City that can't
14 access the 3-K seat that they need.

15 DIRECTOR JIHA: Yes, like I indicated to
16 you earlier, the \$170 million at the time, we had
17 about 35,000 empty seats that the City was paying
18 for. With the PEG, we're down to about 23,000 empty
19 seats that we're still paying for. The City is in
20 need of a lot of resources right now. Imagine the
21 city spent for 23,000 seat, and you're asking the
22 City to pay for an additional empty seats.

23 COUNCIL MEMBER RESTLER: Nobody's asking
24 to pay for empty seats. We're asking--

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2 DIRECTOR JIHA: [interposing] You're
3 asking the City--

4 COUNCIL MEMBER RESTLER: [interposing] to
5 make sure that you fill to meet the demand.

6 DIRECTOR JIHA: But this is exactly what
7 you're saying. What we're saying to you-- we're
8 saying to you, okay, we're going through an exercise
9 of reallocation of seats, matching seats with needs.
10 When that application-- when that exercise is
11 completed, okay, if there is a demand for additional
12 seats, additional capacity, we'll address at that
13 point in time. What you're saying to us is, okay,
14 you haven't even done the analysis. You have 20,000
15 empty seats, just keep adding more. It makes
16 absolutely no sense.

17 COUNCIL MEMBER RESTLER: To be clear,
18 the--

19 DIRECTOR JIHA: [interposing] This makes
20 no sense.

21 COUNCIL MEMBER RESTLER: [inaudible] been
22 talked about that was--

23 DIRECTOR JIHA: [interposing] That's what
24 you're saying for us to do.

1
2 COUNCIL MEMBER RESTLER: It's not at all
3 what I'm saying.

4 DIRECTOR JIHA: It makes no sense.

5 COUNCIL MEMBER RESTLER: It really is
6 not. You're not responding--

7 DIRECTOR JIHA: [interposing] It of course
8 makes no sense.

9 COUNCIL MEMBER RESTLER: to the things
10 that I'm articulating.

11 DIRECTOR JIHA: We want to go through the
12 exercise first, sir. We want to go through the
13 exercise first of trying to match--

14 COUNCIL MEMBER RESTLER: [interposing]
15 It's been three school years of this Mayor in office,
16 and we haven't seen--

17 DIRECTOR JIHA: [interposing] Go ahead.

18 COUNCIL MEMBER RESTLER: the right-- Go
19 ahead Latonia.

20 DEPUTY DIRECTOR MCKINNEY: So, Council
21 Member, good afternoon.

22 COUNCIL MEMBER RESTLER: Good afternoon.

23 DEPUTY DIRECTOR MCKINNEY: We prioritized
24 this. We've been working on it for several years.
25 We're still in a state where there are empty seats,

1
2 and we're trying to match the demand with where the
3 seats are. So, we said in the exercise that we did
4 between the November Plan and the January Plan, in
5 looking at DOE's entire budget and identifying
6 savings, we said this is an area of savings until
7 we're able to right-size where the seats are and what
8 the demand is. And so between the January Plan and
9 the Executive Plan, we still have not been able to
10 identify how we'll be able to fill those seats. So,
11 therefore, we're not going to just restore those
12 savings, because there's still empty seats, right?
13 And as the Budget Director said, with all of these
14 fiscal stimulus cliffs, within DOE's budget that we
15 needed to address. So putting in the \$5 million,
16 putting in the \$15 million last year is all an
17 exercise to try to give parents what they're asking
18 for and working with providers to say can you do
19 extended day? Because sometimes parents are not
20 taking it because it's not long enough. We want to
21 get it right with regards to what people are looking
22 for, and if we have contracts and we have providers
23 that we're paying for seats where there are not
24 children, then it's hard for us to say-- you know, we
25 can't do all of these other things. We're not trying

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2 to take the feet out of the \$2 billion that's in
3 DOE's budget for ECE. Between PS and OTPS it's \$2
4 billion. So, the PEG was to say let us figure what
5 the number is, what the seat type is, and where the
6 location is, and we want to work with the Council to
7 figure that out. And in the meantime, we don't want
8 to pay a provider where there's no child,
9 particularly when you have hundreds of millions of
10 dollars of needs within DOE budget that we had to
11 find resources for because the stimulus money was
12 going away. So it's a give and take. We're
13 constantly talking to DOE. We're talking about
14 outreach. We're talking about contract evaluations.
15 Are we, you know, doing what we need to do there. So
16 it's an ongoing thing, but going from the 35,000 to
17 23,000 that's progress, right? We're happy about
18 that, but we need to put the seats in the right
19 places, and that's taking more time.

20 COUNCIL MEMBER RESTLER: I appreciate
21 that there are areas in the city where there is
22 excess seat capacity, but there are more
23 neighborhoods in the city where more families have
24 applied than have been able to access a seat. So a
25 majority of neighborhoods in New York City, this past

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2 school year, we have not been able to successfully
3 enroll those kids into 3-K and it doesn't sound like
4 we're doing anything in this budget that's actually
5 going to help us meet that demand. In fact, we cut
6 the program further by an additional \$170 million
7 which is only going to make it harder for those
8 families who are in need to find the early childhood
9 education seat that they are looking for. We have
10 not seen the extension [sic] report. We have not
11 seen the underlying analysis that is for how the DOE
12 and OMB are going to fix this, and we're going to
13 experience many thousands of families that are unable
14 to find 3-K seats, and I really do hope that we'll
15 restore this funding to make it easier for them.

16 CHAIRPERSON BRANNAN: Okay, we have
17 questions from Council Member Abreu.

18 COUNCIL MEMBER ABREU: Mr. Director--

19 DIRECTOR JIHA: How are you?

20 COUNCIL MEMBER ABREU: Thank you so much
21 for coming today. I can't begin to tell you how many
22 constituents have emailed me to talk about community
23 composting. As the Chair of the Sanitation
24 Committee, this is a big priority for us. I want a
25 handshake with you guys at the end of June. This--

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2 for me, this is what's going to get us there, at
3 least for me personally. It's very important for me.
4 It's important for my district. Just this past week,
5 over 100 people from Grow NYC lost their jobs. We
6 shouldn't have to rely on charity to make good
7 government be a thing, and we consider-- I consider
8 very personally that community composting is super
9 important as we expand curbside this fall to
10 Manhattan. It's important that we pair the expansion
11 of that infrastructure with people who are excited
12 about composting. At my hearing this past Monday,
13 even Commissioner Tish said that community composting
14 is important. So I would like to think this is
15 something the Administration finds to be a priority,
16 and I just need a commitment from you that you're
17 going to do everything you can to restore and
18 baseline.

19 DIRECTOR JIHA: Again, it is one of those
20 things that we trying to be as efficient as we can be
21 in terms of trying to make this work. As you can
22 imagine, we-- in the budget we include funding for
23 ZNY [sic] to avoid the curbside residential organics
24 collection in Brooklyn and Queens, and to expand this
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2 program moving forward. This program-- and I
3 understand, trust me. I'm not taking this lightly.

4 COUNCIL MEMBER ABREU: Sorry, what'd you
5 say?

6 DIRECTOR JIHA: I'm not taking it lightly,
7 your concern about community composting, but as a
8 city we have to move to a model where it's a lot more
9 efficient, okay. Doing it citywide-- citywide
10 program then doing it community by community.

11 COUNCIL MEMBER ABREU: If we want to talk
12 about efficiency, the curbside composting program in
13 Queens only had a 4.3 percent capture rate of all
14 compost material. You want to talk about efficiency,
15 that's an inefficient program that will only succeed--
16 - that will only succeed if we fully fund community
17 composting to get people excited about composting.
18 The education that comes with it is super important.
19 You can have all the infrastructure in the world, but
20 if people don't know how to compost-- people aren't
21 even recycling for God's sake. Then if we're going
22 to do something as big as expanding curbside
23 composting citywide, then we must fully fund
24 community composting, and I'll just leave it there.

25 DIRECTOR JIHA: Okay.

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2 CHAIRPERSON BRANNAN: Director, I want to
3 ask you one question staying on sanitation. As you
4 know, many parts of the City overflowing litter
5 baskets continue to be a quality of life issue. To
6 address the overflowing litter baskets, the Council
7 as we seem to do every year, we once again called on
8 the Administration in our budget response to provide
9 \$22 million annually baseline funding for additional
10 litter basket pickups. I don't know why every year
11 we have to fight over the litter basket pickup money.
12 It seems like getting the garbage picked up shouldn't
13 be something that's left to the whims of the budget
14 negotiation. So, can we get a commitment for these
15 funds to be baselined at adoption?

16 DIRECTOR JIHA: Again, as you know,
17 Council Member, Chairman, that it's not an issue--
18 it's looking-- finding long-term funding stream to do
19 anything is always difficult, okay? It's always
20 difficult to say, you know what-- because everything
21 that you currently have in your budget is basically
22 funded through those long-term [inaudible] to begin
23 with. So, it's extremely difficult. So it's not
24 that because we choose not to include those things,
25 you know, into-- not to baselining those programs,

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2 but it's sometimes difficult to find a long-term
3 funding stream to basically match every single
4 program that we have. So, and that's why--

5 CHAIRPERSON BRANNAN: [interposing] I
6 mean, garbage pickup is-- you don't get much more
7 essential than a municipality--

8 DIRECTOR JIHA: [interposing] No, no, I--

9 CHAIRPERSON BRANNAN: have garbage pickup.

10 DIRECTOR JIHA: I understand. I
11 understand. But again, as I said, it is something
12 that again we will work with the Council as we
13 usually do as we get closer to adoption to basically
14 review that need and see exactly what we will do at
15 adoption like we do every year. Because it's-- I
16 understand your concern. I understand your point,
17 but it's just a question of looking and finding the--
18 as I said, I was talking about the education issue,
19 same thing. Finding that long-term stream of revenue
20 is not something that is easy to find, that you don't
21 have any other resources being used by those revenue
22 streams.

23 CHAIRPERSON BRANNAN: I have to push back
24 on that, because I don't think I'd ever hear you
25 saying that for the Police Department.

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DIRECTOR JIHA: I'm sorry?

CHAIRPERSON BRANNAN: I don't think I'd ever hear you saying that for the Police Department.

DIRECTOR JIHA: What do you mean?

CHAIRPERSON BRANNAN: What you just said about how it's hard to find money for things.

DIRECTOR JIHA: No, I mean--

CHAIRPERSON BRANNAN: [interposing] We're talking about garbage pickup.

DIRECTOR JIHA: If there are-- there are certain programs that are funded one year at a time. There are programs that are funded one year at a time. It's not-- you know, it's not like-- Sanitation has-- most of Sanitation programs are funded with long-term revenue streams, but there are programs that are funded one year at a time, because of the nature of the program, and because of the fact that we don't have a long-term revenue stream basically to fund every single program that we have in the City. We have a lot of program that are funded one year at a time. They are all critical, but we can't make commitment long-term to funding because we don't have a long-term revenue stream for these things.

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2 CHAIRPERSON BRANNAN: I have Council
3 Member Won followed by Brewer.

4 COUNCIL MEMBER WON: Thank you so much,
5 Chair Brannan. Good afternoon. What along afternoon
6 you must have.

7 DIRECTOR JIHA: Yes.

8 COUNCIL MEMBER WON: So, for-- my
9 questions are for the Mayor's Office of Contracts.
10 As of the Executive Plan, MOCS budget is \$31.9
11 million in fiscal year 25 and last year at adoption
12 the agency's funding was \$47.8 million. The
13 difference in funding is close to \$16 million when we
14 compare fiscal 24 adopted to the fiscal 25 Executive
15 Budget. MOCS' budget currently shows addition to the
16 cuts, 14 positions less than the budgeted headcount.
17 The January PEGs cuts three position that were not
18 restored yet in the Executive Plan. All the reduced
19 headcount results in a significant backlog citywide.
20 We're hearing it over and over again from nonprofits
21 that they have yet to get paid and that they are
22 having issues with the current MOC system, Passport
23 as well. Can you help clarify what the
24 Administration's plan is to help support MOCS clear
25 the backlog which has been mayoral priority to get

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2 nonprofits paid on time and to support nonprofit
3 providers?

4 DIRECTOR JIHA: Yeah, let me get back to
5 the one-time funding that-- the drop off that you see
6 is because of a one-time funding associated with the
7 rollout of Passport. That's what was included, okay?
8 That's the reason why we see that drop-off because it
9 was just a one-time funding that was included in this
10 for Passport. So, it's not like there is a drop in
11 funding of MOCS. Regarding the providers, you want
12 to address those?

13 DEPUTY DIRECTOR MCKINNEY: Absolutely.
14 Good afternoon. So, MOCS has made great progress.
15 There's still more work to be done. We've
16 implemented the initiatives that came out of the
17 joint taskforce to get nonprofits to pay it on time.
18 So, that along with the timeliness initiative, you
19 know, they continue to work to try to clear the
20 backlog. We're much better than where we used to be,
21 but I get that, you know, more work to be done. But
22 Passport and the migration of Passport into the
23 system and getting rid of the HSS accelerator, it's
24 taking time. I think it's getting better. They
25 continue to work on that. I mean, Passport is where

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2 we're going moving forward. We're just continuing to
3 work with them to improve, and we've cleared
4 backlogs, and we'll just try to do more to make sure
5 that moving forward, you know, we get better at that.

6 COUNCIL MEMBER WON: So, with all
7 respect, I have a hard time understanding how we
8 expect nonprofit to be paid on time when you have
9 such a lean organization or agency like MOCS that
10 already had pretty low headcount, and now with two-
11 to-one hiring they already are going to be short
12 almost 17 staff members. We-- so, going back to what
13 the Executive Director was saying, were you referring
14 to the 10 inter-city funding from DOE for MOCS that
15 was from the previous Administration?

16 DEPUTY DIRECTOR MCKINNEY: No, our
17 understanding that there's been over 30 headcount
18 added to MOCS.

19 COUNCIL MEMBER WON: Yes, but they-- but
20 that was to fill the vacancies that were already
21 existing.

22 DEPUTY DIRECTOR MCKINNEY: Right.

23 COUNCIL MEMBER WON: And now we're still
24 going to have about 17 headcount losses, and as we
25 continue to have less and less people working, it's

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2 going to be extremely difficult to make sure that
3 contracts are being registered on time and put out.

4 DIRECTOR JIHA: As part of my conversation
5 with the MOCS director, we told them to use the
6 existing vacancies to basically backfill the DOE that
7 they have, and as the progress throughout the year
8 and their needs to put new needs request, and we will
9 address those new needs request. But we told them to
10 use the existing vacancies to basically backfill the
11 DOE headcount that we're about to lose.

12 COUNCIL MEMBER WON: Because we're also
13 in the midst of an important migration for Passport,
14 and this is better than what we had before. Paper-
15 based systems are not okay, and we're in modern day
16 era, and we're finally moving towards Passport, and
17 the-- because there were the broad cuts for five;
18 percent across the board, MOCS had no other choice
19 but to cut from that contract. So, if-- at the March
20 hearing I was told that they were going to move
21 things in house since the contract was being cut with
22 Accenture [sic], that they were going to do the
23 technology migrations in-house. Yet, now with these
24 additional headcount cuts, who is going to be working
25 on--

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2 DIRECTOR JIHA: [interposing] There's not
3 going to be any headcount cuts. As I said to you,
4 we're telling them to use their existing vacancies to
5 backfill, okay, the headcount we're about to lose
6 from DOE, and as they have needs going forward to
7 hire, to put in request for headcounts.

8 COUNCIL MEMBER WON: Okay, because 80
9 percent of late contract registrations in the first
10 half of 2024 is really unacceptable, and we continue
11 to hear testimonies from nonprofits who are
12 struggling because they're not getting paid. So I
13 really want to emphasize how important it is so we
14 continue to fund Passport, because Passport itself
15 even as an out-of-the-box solution is still out of
16 date, because of the way that we're catching up to
17 make sure that we are meeting all the requirements
18 that we have set for ourselves and the taskforce.
19 So, I really implore you to make sure that MOCS is
20 funded and that their employees are actually
21 baselined to have an N10 [sic] process, because we
22 just won the COLA. We want to make sure that people
23 are being paid on time. For Passport itself, are you
24 in support of Passport continuing to be a system for
25 our city's processing for all of our contracts?

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2 DIRECTOR JIHA: We will have a long
3 discussion about this. I don't think we have enough
4 time.

5 COUNCIL MEMBER WON: Okay, because I did
6 notice that there was an RFI released for request for
7 information on similar software systems doing this
8 work for the City to evaluate. Does that mean that
9 you are not committed to continue to work on
10 Passport?

11 DIRECTOR JIHA: I can't talk for MOCS,
12 but you should definitely talk with the director to
13 get a sense of where she's heading.

14 COUNCIL MEMBER WON: Okay, because I
15 really want to emphasize how important Passport has
16 been as a transition for our nonprofit providers and
17 our vendors, and we want to continue to have
18 continuity. As much as it has flaws, we need to
19 continue to invest in the existing system, as well as
20 the staff members of the Mayor's Office of Contracts
21 to make sure that we are paying our nonprofits on
22 time and that we have the services. My one last
23 question is for the 3-K contract with Accenture.
24 Could you help me understand where that contract
25 sits? I think-- I believe before when it was first

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2 awarded to Accenture for 3-K to do the reporting and
3 analysis on right-sizing the 3-K seats throughout the
4 City, that was during the de Blasio era under an
5 office that no longer exists under Technology
6 Development Corporation. Can you help me understand
7 who has that contract now, where it is, and why there
8 continues to be a delay in deliverable?

9 DIRECTOR JIHA: I don't know exact-- have
10 that contract, but we'll get back to you on this.

11 COUNCIL MEMBER WON: Okay.

12 DIRECTOR JIHA: But it's-- Accenture is
13 still doing the work. So, we will find what that
14 exactly-- what that contract is.

15 COUNCIL MEMBER WON: Okay, because we've
16 been waiting very long for this report.

17 DIRECTOR JIHA: We'll get back to you on
18 this. We'll get back to you.

19 COUNCIL MEMBER WON: Okay, thank you.

20 DIRECTOR JIHA: Okay.

21 CHAIRPERSON BRANNAN: Questions from
22 Council Member Brewer followed by Avilés.

23 COUNCIL MEMBER BREWER: Thank you very
24 much. My first question is on-- following up on
25 mental health from Council Member Lee. On the B-

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2 HEARD program, we asked the Department of Health--
3 what they said, they're not in charge of B-HEARD,
4 it's the Mayor's Office and that I should ask OMB.
5 So my question is, who is in charge of it? What is
6 the total budget for B-HEARD, and you know, how is it
7 broken down across agencies and what's their
8 headcount? And the reason I ask is, I think it's a
9 good program, but mental health in general, as
10 Council Member Lee said, is in disarray in my
11 opinion. So, could you just answer the B-HEARD
12 question?

13 DIRECTOR JIHA: Yeah, B-HEARD basically
14 is a coordinated effort between the Fire Department,
15 Emergency Medical Services, H+H, to some extent New
16 York Health Department, Police Department, and the
17 Mayor's Office of Community Mental Health. The
18 budget is about like \$35.8 million a year, breaking
19 down like \$25 for FDNY and about \$11 for H+H.

20 COUNCIL MEMBER BREWER: And is there any
21 plans to expand it?

22 DIRECTOR JIHA: The plan is I think so,
23 but again, as I said, it's-- they're working on it,
24 and they-- it's a great program like you said. The
25 goal is to-- we want to be deliberate about the

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2 future of the program to make sure that it works
3 properly. So, I would have to have you talk with the
4 FDNY and H+H that will give you a better sense of
5 what they're doing in terms of their future plan for
6 the program.

7 COUNCIL MEMBER BREWER: Okay. Just in
8 terms of mental health, what exactly did you say-- I
9 have a club house that did not get any funding as a
10 result of the RFP. So we would like Goddard
11 Riverside to get the \$600,000. Same thing with Main
12 Chance which is a place where people who are homeless
13 go, \$3.7 million. And the reason I ask is, just
14 generally, I don't know what you said-- I wasn't
15 clear what you said to her about that you'll follow
16 up on the headcount for mental health professionals
17 across all city agencies and what the cost is. Is
18 that what you said?

19 DIRECTOR JIHA: No, it wasn't about
20 headcount, but if you want the headcount I will--
21 we'll try to provide you that information--

22 COUNCIL MEMBER BREWER: [interposing] The
23 headcount.

24 DIRECTOR JIHA: Yeah.

25 COUNCIL MEMBER BREWER: Okay.

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2 DIRECTOR JIHA: it was about the entire
3 budget. The total budget of funding we wanted-- you
4 know, we committed to, but if you want the headcount
5 we will provide you that--

6 COUNCIL MEMBER BREWER: [interposing]
7 Okay, so both is what we would like.

8 DIRECTOR JIHA: Yeah, okay.

9 COUNCIL MEMBER BREWER: And then what
10 about the club houses that did not get funding?
11 Because obviously we don't want people on the street.
12 We want people to be served.

13 DIRECTOR JIHA: I--

14 COUNCIL MEMBER BREWER: [interposing]
15 \$600,000 Goddard Riverside.

16 DIRECTOR JIHA: Yeah, I would defer to--
17 on the club house, I would defer to DOHMH, because I
18 don't know much about the RFP.

19 COUNCIL MEMBER BREWER: Alright, okay.

20 DIRECTOR JIHA: I don't get involved into
21 the RFP. The same thing with the [inaudible]. I
22 would defer to DSS.

23 COUNCIL MEMBER BREWER: Okay. We're very
24 focused-- the state, I think, put in \$2 billion for
25 capital construction for class size. How is OMB and

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2 School Construction Authority working together on
3 allocating that funding?

4 DIRECTOR JIHA: We just got the funding.
5 We're working with them. We don't have final detail
6 yet, but as we get more information, we will share
7 them with you if you want to.

8 COUNCIL MEMBER BREWER: Okay. On the
9 Department of Investigation, a very important agency,
10 what-- I think they got more money, understandably,
11 because they have certain needs. So I wanted to know
12 in the fiscal year what additional funding did they--
13 did you get for DOI? On the other hand, there was an
14 adjustment that it removed 15 positions in FY 25 from
15 their budget, so what was the cause of that
16 reduction? And we, feeling very strongly about this
17 agency, we have been trying to baseline 18 positions
18 over the last couple of years, to be honest with you,
19 and so what's the status of that funding and
20 headcount?

21 DIRECTOR JIHA: We have had many-- we have
22 had many discussions with the Commissioner in terms
23 of the agency, the structure of the agency, what are
24 the needs of the agency, what is best for the agency.
25 At this point in time, I've been working with her. I

1
2 think she's been very satisfied with, you know-- I
3 don't know, but it's from my perspective.

4 COUNCIL MEMBER BREWER: She--

5 DIRECTOR JIHA: [interposing] We provided
6 her the resources that she needs to do her job. As I
7 said to her all the time, she's our eyes and ears.
8 We have some very significant projects, very
9 expensive projects, so we need her to be out there to
10 make sure that she would have any corruptions,
11 potential corruption if there is any from the
12 management of this project. So therefore, we've been
13 working with her providing all the resources. So,
14 sometimes she came to us with trying to repurpose
15 certain positions, okay, use those resources either
16 for promotion or for other things. So, we've been
17 working with her in terms of to provide her the
18 resources that she needs to do her job.

19 COUNCIL MEMBER BREWER: Do you have some
20 sense of what the legal cannabis store revenue is to
21 the City of New York? Not the illegal ones, because
22 they don't-- we don't know what they-- they just take
23 their money. But the legal ones, what's their
24 revenue to the City of New York?

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2 DIRECTOR JIHA: I don't have a sense. I
3 don't know if there's a study somewhere. I will try
4 to find out. I will have my folks do some research
5 to see if there's some kind of a study out there, but
6 I don't-- I don't have a sense.

7 COUNCIL MEMBER BREWER: Okay. In terms
8 of Manhattan office vacancies, what shifts does OMB
9 expect in the office market over the long-run, and
10 how would these shifts impact the tax roll or
11 property tax? And obviously, I know how you're
12 forecasting goes. Do you think a peak of a 23
13 percent vacancy rate is a conservative estimate, and
14 how much risk do you think there is in the vacancy
15 rate we're obviously concerned about in the future?

16 DIRECTOR JIHA: Yeah, this is-- this is
17 something that occupies a lot of our time, because as
18 you can imagine property tax is the largest source of
19 revenue for the city. And right now we're trying to
20 be, from our perspective, very conservative in a
21 sense of we're assuming that we're going to pick up
22 23 percent and then stay above 20 percent over the
23 life of the financial plan. You know, we're hoping
24 that all the new laws that were enacted by the state
25 would help us in term of a conversion.

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2 COUNCIL MEMBER BREWER: So, but yes, yes,
3 yes.

4 DIRECTOR JIHA: Yeah. In term of the
5 conversion, also-- in Albany, in terms of the
6 conversion, because that will basically remove some
7 of the supply from the marketplace. At the same
8 time, allows-- give us the opportunity to convert
9 many of those units into affordable housing. So,
10 we're hoping that that's going to help. But so far,
11 we-- our long-term forecast is we're going to be in
12 this for quite some time until we see some
13 significant changes in terms of the-- see a new trend
14 in the marketplace, but right now we're still
15 conservative. We're looking at 23 percent, and
16 sometimes-- something around 20, 21 percent in the
17 out-years.

18 COUNCIL MEMBER BREWER: So, like two or
19 three years, is that your estimate when you say long-
20 time?

21 DIRECTOR JIHA: Talking about the
22 Financial Plan, talking about four years right now,
23 you know, but we don't have any reason to believe--
24 even though I still believe that New Yorkers are so
25 creative and so dynamic. We're going to find a

1
2 solution to this problem, but in the short-term, we
3 think at the time of the Financial Plan, I don't see
4 it's going to happen that quickly.

5 COUNCIL MEMBER BREWER: Okay. I just want
6 to say-- fine. Just an example, PS185 in Harlem has
7 250 people on the 3-K wait list, 250 people. And
8 what the City says or DOE says, you can go to 150th
9 Street, and they're on 120th. So, just getting a
10 school is not satisfactory. They have room for
11 another classroom. So this whole 3-K thing is, as
12 you suggested, unbalanced. 250 families want to be
13 in this school in Harlem and they can't get a slot.
14 There's something wrong with whatever your or
15 supervising DOE is saying.

16 DIRECTOR JIHA: We-- that's the reason
17 why we welcome the Speaker's offer to have--

18 COUNCIL MEMBER BREWER: [interposing] The
19 meeting.

20 DIRECTOR JIHA: So that at least
21 everybody could be in the same room seeing the same
22 challenges, and knowing exactly what are problems so
23 we could hear from the different players, so we could
24 try to tackle this problem.

1
2 COUNCIL MEMBER BREWER: Thank you. Main
3 Chance and club houses, thank you.

4 DIRECTOR JIHA: Thank you.

5 CHAIRPERSON BRANNAN: Okay. Now we have
6 questions from Council Member Avilés followed by
7 Farías.

8 COUNCIL MEMBER AVILÉS: Good afternoon.
9 Thank you, Chair. I'd like to ask some questions
10 around immigration legal services. We know with the
11 massive influx of new arrivals, our legal service
12 providers have been under enormous strain. Everyone
13 has been under enormous strain. Quite frankly, we
14 know before new arrivals, legal services providers
15 had still been under enormous strain. Can you tell
16 us how much total funding is included in the
17 Executive Plan for the immigration legal services in
18 fiscal 24 and 25?

19 DIRECTOR JIHA: Yeah, we have a number of
20 programs that we currently have, and we-- I'm going
21 to give you in a minute the-- if not, we'll get back
22 to you in term of number of programs that we have.
23 But we have a number of actually \$65 million right
24 now in the budget for-- with-- broken down by
25 different programs, because--

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2 COUNCIL MEMBER AVILÉS: [interposing] So,
3 65 total for fiscal 24?

4 DIRECTOR JIHA: Yeah, at least, at least,
5 because we have a number of different initiatives
6 that I will give you a breakdown of all the
7 initiatives that we have.

8 COUNCIL MEMBER AVILÉS: Okay, you can
9 send it to us.

10 DIRECTOR JIHA: We'll send it to you.

11 COUNCIL MEMBER AVILÉS: And for fiscal
12 25?

13 DIRECTOR JIHA: Again, I will come back to
14 you with the number. But we have-- we believe we
15 have significant resources right now in the budget to
16 deal with all of these issues.

17 COUNCIL MEMBER AVILÉS: I'm sorry,
18 Director, are you saying that there is an increase
19 from 24 to 25, or you do not know?

20 DIRECTOR JIHA: I can't-- I don't know
21 exactly.

22 COUNCIL MEMBER AVILÉS: You don't know.

23 DIRECTOR JIHA: I'll come back to you on
24 this, because as I said, we funded so many
25 initiatives, because I know even last week we're

1
2 discussing-- I was discussing this myself with the
3 Commissioner to see what some of the programs, other
4 programs that can be had. But again, we will--

5 COUNCIL MEMBER AVILÉS: [interposing] I'm
6 sure there are a ton of programs, but if the number
7 is not increasing--

8 DIRECTOR JIHA: [interposing] Yeah.

9 COUNCIL MEMBER AVILÉS: it is not
10 sufficient.

11 DIRECTOR JIHA: Yeah, definitely--

12 COUNCIL MEMBER AVILÉS: And we know \$65
13 million is not sufficient.

14 DIRECTOR JIHA: We will come back to you
15 with that.

16 COUNCIL MEMBER AVILÉS: Okay.

17 DIRECTOR JIHA: All the initiatives that
18 we have and how much money is allocated for each one
19 of the initiatives.

20 COUNCIL MEMBER AVILÉS: Great, thank you.
21 And you know, in terms of immigration cases, as you
22 might know, they take several years, at least three
23 years to conclude, and in some instances even longer.
24 How much is anticipated to be budgeted in fiscal 26?
25 We have poured an enormous amount of resources into

1
2 doing some initial applications with folks, and I
3 would venture to say pigeon-holing all into one
4 solution when there are many immigration options for
5 people, and some are actually better fits, but we
6 know they take multiple years. So, how do we protect
7 that initial investment in legal services to make
8 sure that folks can make it through this pathway?
9 So, what is the projected fiscal budget in 26 for
10 legal services?

11 DIRECTOR JIHA: Again, as I said, I'm
12 going to come back to you, because as I said, we have
13 a number of programs, and I don't have the breakdown
14 in front of me to give you for each one of these
15 programs, but I empathize and I understand exactly
16 what you're saying.

17 COUNCIL MEMBER AVILÉS: Okay, I--

18 DIRECTOR JIHA: [interposing] This is a
19 long-term--

20 COUNCIL MEMBER AVILÉS: [interposing] I
21 would like to know what--

22 DIRECTOR JIHA: This is a long-term
23 process.

24

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2 COUNCIL MEMBER AVILÉS: what the
3 commitment is in 26 since I know you budget out for
4 many years.

5 DIRECTOR JIHA: Yep.

6 COUNCIL MEMBER AVILÉS: I would love to
7 see what the hard commitment is.

8 DIRECTOR JIHA: You got it.

9 COUNCIL MEMBER AVILÉS: And then if-- how
10 much funding will be directly allocated to legal
11 service vendors? You can get back to me on that if
12 you don't have the answer.

13 DIRECTOR JIHA: I will get back to you,
14 because when you say legal services vendors, because
15 we have a lot of legal services.

16 COUNCIL MEMBER AVILÉS: Well, in the
17 immigration context.

18 DIRECTOR JIHA: Oh, in immigration, okay.

19 COUNCIL MEMBER AVILÉS: Yes. Thank you.

20 DIRECTOR JIHA: We'll get back to you.

21 COUNCIL MEMBER AVILÉS: I look forward to
22 that.

23 DIRECTOR JIHA: We'll get back to you.

24 COUNCIL MEMBER AVILÉS: Similar to the
25 HIV-AIDS related to contract reductions, are there

1
2 any anticipated contract reductions for the
3 immigrants legal service vendors? If so, how much do
4 you anticipate that reduction?

5 DIRECTOR JIHA: Again, I don't want to
6 talk-- I don't want to give you an answer that is not
7 based on actual data.

8 COUNCIL MEMBER AVILÉS: Okay.

9 DIRECTOR JIHA: I don't have it, but I
10 will give you-- get back to you on this as well.

11 COUNCIL MEMBER AVILÉS: Great. Thank
12 you. In terms of-- how has any of the asylum-seeker
13 funding that the City has received from the state and
14 federal government been allocated? How much, excuse
15 me, or has-- two different questions. Has any of the
16 asylum-seeker funding that's been received by the
17 State Federal Government been allocated to
18 immigration legal services, and if so, how much?

19 DIRECTOR JIHA: Yeah, it's about \$10
20 million from the state has been used for case
21 management, and I believe immigration is a big part
22 of it.

23 COUNCIL MEMBER AVILÉS: So, case
24 management could be--
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2 DIRECTOR JIHA: [interposing] A number of
3 things, but immigration is part of it.

4 COUNCIL MEMBER AVILÉS: Okay, but that--

5 DIRECTOR JIHA: [interposing] Immigration
6 services is part of it.

7 COUNCIL MEMBER AVILÉS: Could you report
8 to us how much of that \$10 million--

9 DIRECTOR JIHA: [interposing] Yeah, I
10 would have to--

11 COUNCIL MEMBER AVILÉS: is actual legal
12 services?

13 DIRECTOR JIHA: For that particular
14 bucket of resources I would have to dig to give you,
15 because I know basically allocated for case
16 management. There's an additional \$30 million
17 committed also by the state. So, again, we will come
18 back to you with the breakdown of all these services,
19 what services are purchased, or will be purchased
20 with those resources.

21 COUNCIL MEMBER AVILÉS: Okay, and
22 distinction between case management and legal
23 services.

24 DIRECTOR JIHA: Case management and
25 immigration services.

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2 COUNCIL MEMBER AVILÉS: And just for the
3 record, you said \$10 million and then you said \$30
4 million--

5 DIRECTOR JIHA: [interposing] \$36 million--

6 -

7 COUNCIL MEMBER AVILÉS: [interposing]
8 Different state pots.

9 DIRECTOR JIHA: Yeah, there is-- yeah.

10 COUNCIL MEMBER AVILÉS: And are there any
11 federal funding allocations for this service?

12 DIRECTOR JIHA: We added-- okay, put it
13 this way. I think we have-- I'm getting this
14 information that you need right now. No, no federal.
15 We added \$36 million in fiscal year 24 to support the
16 launch of the Asylum Application Help Center, okay,
17 so that-- so could help folks with the work
18 authorization and permits, and so on and so forth.
19 Separately, the state provided \$20 million in case
20 management. And there is a \$30 million in baseline
21 for OCJ immigration. But again, we will provide you--

22 -

23 COUNCIL MEMBER AVILÉS: [interposing]
24 Sure.

25

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2 DIRECTOR JIHA: as a follow-up, a
3 breakdown of all the services.

4 COUNCIL MEMBER AVILÉS: Okay, great. And
5 lastly, does the City track the number of immigrants
6 that have applied for and been approved for work
7 permits?

8 DIRECTOR JIHA: I think they do, but I
9 don't have it in front of me.

10 COUNCIL MEMBER AVILÉS: Okay. That's
11 okay, you can report back. I want to get the
12 questions on the record.

13 DIRECTOR JIHA: I think OASO has that
14 information. I would provide that--

15 COUNCIL MEMBER AVILÉS: [interposing] So
16 we can expect a response.

17 DIRECTOR JIHA: TPS, how many TPS
18 applicants [inaudible] information.

19 COUNCIL MEMBER AVILÉS: Yeah, they have
20 the number that they've sent.

21 DIRECTOR JIHA: Yeah.

22 COUNCIL MEMBER AVILÉS: They don't have
23 the number that has been approved.

24 DIRECTOR JIHA: Oh, okay.
25

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2 COUNCIL MEMBER AVILÉS: So, that's the
3 number that we'd like to know--

4 DIRECTOR JIHA: [interposing] Okay, I got
5 you.

6 COUNCIL MEMBER AVILÉS: what the follow-up
7 is. Just quick sec if I can, Chair. In terms of
8 literacy, we have had, you know, a common theme here
9 between all my colleagues. The agencies can't
10 answer, go to OMB. OMB can't answer. Go to the
11 agencies. Such is our dance. So maybe we should
12 have all the agencies sit together with OMB, and
13 maybe we could get a full picture. So, for adult
14 literacy, what we've had is a DYCD contract in fiscal
15 24 with \$16.8 million to serve about 18,000
16 participants. I'm sorry. And almost 50 percent more
17 than was contracted for. The recent DYCD RFP
18 includes only \$11.8 million for 9,000 participants
19 which is \$5 million less than the fiscal 24 level.
20 Knowing that this need greatly exceeds the demand,
21 which is a running theme across all of our services,
22 and particularly in adult literacy where we have-- we
23 have such an enormous growing and beautiful immigrant
24 community for which literacy is foundational. So,
25 all city services in accessing support, we see a

1 trend of a decreasing amount of support for a service
2 that is actually only scratching two percent of the
3 population that needs it. So this is very
4 disconcerting, because it is not sufficient to begin
5 with, and we are decreasing it in this context. Can
6 we-- can you commit to increasing the funding level
7 and the proposed number of students included in this
8 new RFP? And I know you're going to probably tell me
9 we have a lot of needs, we don't have enough money.
10 I need to find the long-term funding. I'm listening,
11 Director.

12
13 DIRECTOR JIHA: Yes.

14 COUNCIL MEMBER AVILÉS: I would just
15 posit this as foundational. It's of \$110 billion
16 budget. I can give you at least five examples where
17 we demonstrated a lack of looking at the efficiencies
18 like the blank check for NYPD overtime or like paying
19 private vendors in immigration context for services
20 they have no-- they have inadequate or have never
21 actually provided before. They're a litany of
22 examples we can use where we have-- seem to be very
23 loose with our spending. But we need a commitment
24 here for funding adult literacy. We need \$11 million

25

1
2 to be baselined to fully restore at least the bare
3 minimum services that we have been providing.

4 DIRECTOR JIHA: Yeah, as you know, we can
5 only-- we can only use an RFP for what is in the
6 baseline now, but as-- you know, as I indicated
7 earlier, this is a program that is very critical, as
8 you said very foundational, and to-- and as an
9 immigrant I know a lot of people who are using-- who
10 have used this program and I see the benefit of this
11 program for them. So, as we move closer to adoption
12 we will work with the Council, okay, to see resources
13 that are available, what can be done?

14 COUNCIL MEMBER AVILÉS: Thank you. I
15 appreciate that. We need the \$10 million to be
16 baselined so we can at least keep-- maintain the
17 level of services. We're not even talking expanding
18 at this point which is where we need to move. So I
19 appreciate really giving it a second look, because it
20 is going in the opposite direction and is having
21 severe impacts in all our districts across New York
22 City. Thank you.

23 DIRECTOR JIHA: You're welcome.

24 CHAIRPERSON BRANNAN: Council Member
25 Farías.

1
2 COUNCIL MEMBER FARIÁS: Thank you, Chair
3 Brannan for saving the best for last. Hi everyone.
4 Good afternoon.

5 DIRECTOR JIHA: How are you?

6 COUNCIL MEMBER FARIÁS: I just want to
7 jump right into it with the limited amount of time. I
8 was really happy to see the funding for the human
9 services cost of living adjustments for contracted
10 nonprofits that was baselined in the Executive Plan.
11 This is something that's addressing a long-standing
12 priority for the Council. As we know, across 13
13 agencies with human service contracts, \$80.4 million
14 was added to fiscal year 2025, increasing to \$163.2
15 million in fiscal 2025 and then baselined at \$248.5
16 million starting for fiscal year 2027 for a total of
17 \$740.6 million across four years. To the questions.
18 What types of nonprofit providers are included in
19 this COLA?

20 DIRECTOR JIHA: Thank you. It's all the
21 not-for-profit, you know, would be part of this COLA.

22 COUNCIL MEMBER FARIÁS: Okay, do we have
23 a more comprehensive list of the folks--

24 DIRECTOR JIHA: [interposing] If you need
25 us to give you the list, we'll share them with you.

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COUNCIL MEMBER FARIÁS: Okay.

DIRECTOR JIHA: We'll share that list with you.

COUNCIL MEMBER FARIÁS: And will all the providers who receive the workforce enhancement also receive the COLA and are there any exceptions?

DIRECTOR JIHA: Yes, they will also receive the [inaudible] COLA.

COUNCIL MEMBER FARIÁS: Okay, so no exceptions?

DIRECTOR JIHA: Yeah.

COUNCIL MEMBER FARIÁS: And what's the timeline--

DIRECTOR JIHA: [interposing] [inaudible] As long as they have an active contract. They have--

COUNCIL MEMBER FARIÁS: [interposing] As long as they have a ratified contract, thank you. And what's the timeline for implementation?

DIRECTOR JIHA: They currently working on it, okay? And we're trying to be as quick as we can in terms of recommendation, but the implementation is under review. We're working with the providers. We're working every player to make sure that, you know, we get these as quickly as possible.

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2 COUNCIL MEMBER FARIÁS: Okay, do we know
3 if it'll be at any point in this year?

4 DIRECTOR JIHA: I can't give you a
5 specific-- I don't want to commit something that--

6 COUNCIL MEMBER FARIÁS: Okay. So will be
7 the COLA be included in contracted provider budgets
8 for the fiscal year 2025 so that providers can pay
9 the increases for their staff starting on July--

10 DIRECTOR JIHA: [interposing] My staff
11 just told me they're trying to get it done by July
12 1st.

13 COUNCIL MEMBER FARIÁS: Okay, great. And
14 how is the total amount allocated to a provider
15 calculated? Does this total amount only include the
16 increased wages, or does it also include fringe costs
17 that the providers might incur?

18 DIRECTOR JIHA: The calculation include
19 not only fringe, but also in direct ways as well.

20 COUNCIL MEMBER FARIÁS: Sorry, can you
21 repeat that?

22 DIRECTOR JIHA: It includes fringe and in
23 direct wage [sic].

24 COUNCIL MEMBER FARIÁS: Okay. Thank you.
25 And then under the workforce enhancement providers,

1
2 they were given flexibility on what PS expenses they
3 used additional funding for. The funds were not
4 always used to provide across-the-board salary
5 increases for employees. Will providers be required
6 to allocate these additional funds solely for salary
7 increases to all eligible employees and not for any
8 other costs?

9 DIRECTOR JIHA: Any cost that is-- any
10 fringe that is associated with salary.

11 COUNCIL MEMBER FARIÁS: Okay, so it's
12 salary only?

13 DIRECTOR JIHA: Yeah, any fringe
14 associated with salary will be covered.

15 COUNCIL MEMBER FARIÁS: Thank you.
16 Chair, I have a few more questions. Thank you so
17 much. Just quickly for the Department of Aging--
18 with-- in the Executive Plan, NYC's Aging fiscal 2025
19 budget is \$494 million, decreasing by \$72.9 million
20 to \$421.1 in fiscal year 2026. This is largely due
21 to the expiration of federal pandemic related funding
22 which totals \$44.4 million in fiscal year 24 and
23 \$68.2 million in fiscal year 25. The current older
24 adult center contracts are set to expire at the end
25 of the calendar year. When will the new RFP be

1
2 issued? And I know Speaker Adams asked a couple
3 questions around this as well.

4 DIRECTOR JIHA: I don't know. Let me--
5 I will have to get back to you. We'll have to get--
6 find out from the agency exactly when the new RFP is
7 issued.

8 COUNCIL MEMBER FARIÁS: Okay, and do we
9 know if it'll be issued at a lower amount to the
10 expiration of the federal stimulus funds?

11 DIRECTOR JIHA: Let me find out from
12 DFTA. Let me find out from DFTA.

13 COUNCIL MEMBER FARIÁS: Okay. and it's
14 also our understanding that all the pandemic level
15 related federal funding must be used by the end of
16 December 2024, but we're seeing \$4.3 million in
17 federal pandemic related budget codes for fiscal
18 years 2027 and 28. What's the source of this funding
19 and what is budgeted beyond the expiration date of
20 the calendar year.

21 DIRECTOR JIHA: Yeah, this one is for
22 the-- this one expires beyond 2024. This is not part
23 of the state and local relief. This is-- they call
24 the Older American Act.

25 COUNCIL MEMBER FARIÁS: Okay.

1
2 DIRECTOR JIHA: And it expires sometimes
3 beyond 2026.

4 COUNCIL MEMBER FARIÁS: Got it. And just
5 quickly on OMB's, are you-- are they considering an
6 increase to NYC Aging's capital budget? If so, are
7 there any details? If not, why not?

8 DIRECTOR JIHA: I don't have-- I have-- I
9 don't recall seeing a new need coming from-- to me--
10 from DFTA, but I will have to talk with my-- my staff
11 to see whether or not there's some need that I
12 haven't seen. But so far, I've not seen anything
13 that come from--

14 COUNCIL MEMBER FARIÁS: [interposing]
15 Thank you for that. I do want to express-- I had a
16 meeting with a bunch of the different providers
17 recently. They did express that the alignment of
18 where the money is showing in our adopted-- in the
19 budget right now doesn't quite align with their
20 rental leases, their service center leases, and their
21 projections might actually impact whether or not they
22 will be able to issue renewals at some of the
23 centers. So, I really urge you folks to consider
24 that, take that into consideration on whether or not
25 we show that FY 26 gap, or if those have to be pushed

1
2 out into the outer years to ensure that our centers
3 based off of their contracts and their leases, are
4 able to renew those and keep doors open. And just
5 quickly, I would like to ask some questions around
6 New York City Tourism and Conventions PEGs. So we
7 know NYC's tourist visitation has not yet fully
8 recovered from pre-pandemic levels, and tourism needs
9 continued and consistent regional, domestic, and
10 international promotion to grow and prevent decline.
11 The PEGs that are currently put on NYCTC are
12 devastating for New York City tourism and to our
13 visitor economy as a whole. Cutting the budget is
14 counterproductive to the goals that we have and to
15 the PEG as they are an organization that-- for this
16 city that is revenue-generating. And we know tourism
17 gives the city more than it takes with \$74 billion in
18 economic impact. So I just want to see if we can
19 discuss where that cut is currently and if there's
20 any pathway for restoration.

21 DEPUTY DIRECTOR BOIRARD: Sure. A total
22 of-- a total of \$680,000 was restored in FY 24 and--

23 COUNCIL MEMBER FARÍAS: [interposing]

24 Okay, great.

25

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2 DEPUTY DIRECTOR BOIRARD: [inaudible] plan
3 to mitigate some of the effects from the PEG from
4 January, and we'll continue to look at it going
5 forward.

6 COUNCIL MEMBER FARÍAS: Perfection.
7 Thank you for that. And the last thing I will say--
8 this is my final actually last thing. NYCHA capital,
9 I've asked in our NYCHA hearing, in the hearing where
10 we had the CEO and President in front of us about the
11 capital budget and its schedule, the money that came
12 down. We know they're still disseminating through
13 those dollars and where they're going to go. We do
14 care about young people. We want them to have safe
15 spaces. Would you agree? Great. And same for older
16 adults, we want them to have provided spaces where
17 they can age in place with dignity, participate in
18 events, have safety in our communities. And so with
19 that in mind, and for all of us in New York City, I
20 really urge you folks to look at where the
21 investments have to go in communities. I have a
22 NYCHA community center that was defunded by the
23 Administration. Whereas, like, a month ago we were
24 picking out the paint color and the tiles with our TA
25 president and with the seniors that are in that

1 building and young people that are supposed to be
2 receiving a renovated side of the center, and this is
3 a project that has been-- way proceeds me, two
4 Council Members that they have been waiting for. And
5 so I'm urging you folks to consider looking at that
6 capital program again across the City, but
7 particularly I'm advocating on behalf of Monroe
8 Houses, and for their community center, both for the
9 youth and seniors in my community that desperately
10 need safe, protected spaces where engaging
11 programming happens. So, thank you, and thank you,
12 Chair, for the additional time.

14 DIRECTOR JIHA: Thank you.

15 CHAIRPERSON BRANNAN: Okay, Director,
16 have-- let's just do a lightning round. I just have
17 a couple of leftover from folks who had to leave or
18 sent in questions. Talk about school foods. So, I
19 know you made some headlines last time talking about
20 chicken nuggets. The Council's understanding is that
21 the cut to menu items in February was not the result
22 of reduced funding, but rather caused by an
23 unexpected increase in meal participation, which is a
24 good thing. That's what we want. In order to
25 restore the menu items, the City utilized \$25 million

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2 of federal funding, but only for FY 24, despite the
3 fact that the budget for school food was already
4 lower in FY 25 and 24. Could you tell us why wasn't
5 the \$25 million increase in school food funded
6 baseline across the time period?

7 DIRECTOR JIHA: The \$25 million was not
8 baselined because the revenue depends on the
9 participation. So, we are monitoring the needs
10 closely, and we will address the budget as needed,
11 you know. That's what it is.

12 CHAIRPERSON BRANNAN: Okay. But can the
13 federal funds only be accessed on a lag once an
14 uptick in meal participation is-- occurs?

15 DIRECTOR JIHA: I don't see any reason
16 why to worry about-- you know, because as long as--
17 because the funding we get is based on meals served.
18 So, as long as the meals are served, I don't see any
19 reason why to worry about federal funding for this
20 particular program to be quite honest with you. As I
21 said, you know, it's more kids are eating. It's good
22 for them, and we encourage that, and as long as meals
23 are served the federal pays for it. So, it's not
24 like the city's money per say. Do you follow what
25 I'm saying to you?

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CHAIRPERSON BRANNAN: Yeah, yeah.

DIRECTOR JIHA: So, you know, it-- so we don't see any issue at this point in time with this program going forward in term of funding.

CHAIRPERSON BRANNAN: Okay, I get-- so we just want to make sure we're not going to have to cut--

DIRECTOR JIHA: [interposing] No, I don't-- I don't see. Because as I said, we get, you know, reimbursed by the Federal Government.

CHAIRPERSON BRANNAN: Okay.

DIRECTOR JIHA: For every meal that is served.

CHAIRPERSON BRANNAN: Okay. Medicaid adjustment and the Medicaid rate-- in the Executive Plan, H+H received a Medicaid adjustment of \$150 million in FY 24. Could you tell us how will the increased Medicaid be used, and why was the funding added in FY 24 only?

DIRECTOR JIHA: I don't have-- I will have to get back to you, Chair, on this question, because I believe this is a transfer to H+H. I just have to get back to you, because it's an adjustment

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2 to the Medicaid budget, and we simply don't have all
3 the information at this point--

4 CHAIRPERSON BRANNAN: [interposing] Okay,
5 I'll send it to you.

6 DIRECTOR JIHA: in front of me. I will
7 get-- I will get back to you on-- I don't want to
8 give you the wrong answer.

9 CHAIRPERSON BRANNAN: Okay. CCRB, the
10 Executive Plan includes an additional \$1.6 million in
11 FY 25 for a PS adjustment for the CCRB. Does this
12 funding support any new positions?

13 DIRECTOR JIHA: CCRB, no, to fill current
14 vacancies. We just-- I believe they just-- it's a
15 realignment to [inaudible] some structural issues
16 that they were dealing with, but that is all we need
17 at this point in time, all we know.

18 CHAIRPERSON BRANNAN: Okay.

19 DIRECTOR JIHA: So, just a realignment.

20 CHAIRPERSON BRANNAN: Okay. Let's talk
21 about CUNY. The FY 25 budget is \$167.7 million less
22 than the FY 24 budget at adoption. How does the
23 Administration plan to build on the success of CUNY
24 Reconnect, ACE, and other critical CUNY programs
25 without restoring this funding?

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2 DIRECTOR JIHA: Again, CUNY Reconnect is
3 all these critical programs, and you know, as I was
4 saying to the Speaker, CUNY Reconnect is a very
5 successful program and we'd like to see that growing.
6 And as part of budget discussion, adoption
7 discussion, we will discuss with the Council and then
8 see how to address it.

9 CHAIRPERSON BRANNAN: Okay. It's rare to
10 have something that the entire Council agrees on,
11 and--

12 DIRECTOR JIHA: [interposing] Yes.

13 CHAIRPERSON BRANNAN: CUNY is one of
14 those rare things.

15 DIRECTOR JIHA: yes.

16 CHAIRPERSON BRANNAN: Okay, hang on. I
17 have one more from the Deputy Speaker. It's
18 important to me as well. I forgot to ask it. So,
19 NYCHA announced that it's cancelling it's unarmed
20 security guard services at 55 senior developments at
21 the end of this fiscal year. The cost is only \$6.8
22 million. Is the Administration in conversation with
23 NYCHA about restoring that funding at adoption?

24 DEPUTY DIRECTOR BOIRARD: The cut to
25 NYCHA was not an OMB PEG. It's something that they

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2 chose to do in order to mitigate their \$35 million
3 projected operating reduction. We put in a little
4 bit over a million and a half in order to extend the
5 security contracts a little bit longer for them to
6 sort out what they can do in terms of security, and
7 it's one of the things that we'll continue to look at
8 going forward on the path to adoption.

9 DIRECTOR JIHA: Yeah, and this is
10 something that is part of the shortfall that they're
11 dealing with that they decided to make the cuts. But
12 again, it's-- we're trying to provide them some
13 additional resources to finance the transition [sic],
14 but it's something we're going to have to work with
15 NYCHA going forward.

16 CHAIRPERSON BRANNAN: Does the City-- the
17 City forgoes \$72 million a year in payments from
18 NYCHA to NYPD. So, our position is then why
19 shouldn't security for senior buildings be viewed in
20 the same light with the City picking up the cost?

21 DEPUTY DIRECTOR BOIRARD: The City's
22 funded a substantial amount of CCTV at many of the
23 NYCHA developments, and that--

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2 CHAIRPERSON BRANNAN: [interposing] I
3 mean, based on the testimony from NYCHA, these are 55
4 senior buildings. Some of them don't have cameras.

5 DEPUTY DIRECTOR BOIRARD: Six.

6 CHAIRPERSON BRANNAN: We're going to
7 have-- we're going to have buildings with no-- senior
8 NYCHA buildings, no security guards and no cameras.

9 DEPUTY DIRECTOR BOIRARD: A total of six
10 of the 55 buildings in question don't have cameras.

11 CHAIRPERSON BRANNAN: Okay. I think
12 that's everything. Oh, let me-- okay. Let me just
13 ask you about the TFA, the debt limit. So, with the
14 additional TFA increase, what is the City's estimated
15 debt limit for GO and TFA debt combined in FY 25?

16 DIRECTOR JIHA: It's about \$138 billion,
17 I believe. That's the-- and but you also have
18 obligation for about 109. So the net is about \$28
19 billion.

20 CHAIRPERSON BRANNAN: And how much
21 outstanding debt does the City have counting towards
22 that debt?

23 DIRECTOR JIHA: It's about \$109.

24 CHAIRPERSON BRANNAN: Say it?

25 DIRECTOR JIHA: \$109, about \$109.

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2 CHAIRPERSON BRANNAN: Okay, sorry, I
3 didn't hear. Okay, I think we are good. We'll
4 obviously have a bunch of follow up that we'll send
5 along.

6 DIRECTOR JIHA: Yes.

7 CHAIRPERSON BRANNAN: And thank you--

8 DIRECTOR JIHA: [interposing] More than
9 happy.

10 CHAIRPERSON BRANNAN: We look forward to
11 landing a good budget.

12 DIRECTOR JIHA: Yes.

13 CHAIRPERSON BRANNAN: Thank you. Okay,
14 with that our FY 25 Executive hearings have
15 concluded. Thank you.

16 [gavel]

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COMMITTEE ON FINANCE

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date June 27, 2024