

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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MAY 24, 2022
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B E F O R E: Justin L. Brannan, Chairperson

COUNCILMEMBERS:

- Speaker Adrienne Adams
- Diana Ayala
- Charles Barron
- Gale A. Brewer
- Selvena N. Brooks-Powers
- David M. Carr
- Amanda Farias
- Kamillah Hanks
- Crystal Hudson
- Ari Kagan
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- Chi A. Ossé
- Keith Powers
- Lincoln Restler
- Kristin Richardson Jordan
- Pierina Ana Sanchez
- Althea Stevens
- Marjorie Velázquez
- Kalman Yeger

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

Jacques Jiha, PhD
Director
NYC Office of Management and Budget

Kenneth J. Godiner
First Deputy Director
NYC Office of Management and Budget

Brad S. Lander
Comptroller
NYC Office of The Comptroller

Francesco Brindisi
Executive Deputy Comptroller for
Accountancy, Budget, and Public Finance
NYC Office of The Comptroller

Krista Olson
Deputy Comptroller for Budget
NYC Office of The Comptroller

George Sweeting
Acting Dictor
NYC Independent Budget Office

Elizabeth Brown
Communications Director
NYC Independent Budget Office

Robert Callahan
NYC Independent Budget Office

1 <INSERT TITLE OF MEETING>

3

2 SERGEANT POLITE: Okay Sergeants, please start
3 your recordings.

4 SERGEANT BRADLEY: PC recording is up.

5 SERGEANT PÉREZ: Sergeants, if you can please
6 pause for a moment, have we confirmed the stream?

7 SERGEANT LEONARDO: The stream is good.

8 SERGEANT PÉREZ: Thank you for that. You can go
9 ahead.

10 SERGEANT POLITE: Okay, great. Good morning and
11 welcome to New York City Council fiscal 2023 budget
12 hearing on the Committee on finance. For
13 verification purposes, all members and staff, please
14 turn on your videos.

15 Thank you. To minimize disruption, please place
16 all electronics to vibrate or silent mode. As a
17 reminder, for the viewing public on Wednesday, May
18 25, the public portion of this hearing will be held.
19 Again, that's Wednesday, May 25. Thank you all for
20 your cooperation. Chair. We are ready to begin.

21 CHAIRPERSON BRANNAN: Good morning.

22 DIRECTOR JIHA: Good morning.

23 CHAIRPERSON BRANNAN: And welcome to the first
24 portion of our 10th Day of executive budget hearings.
25 My name is Justin Brannan. I have the privilege the

2 privilege of Chairing the Committee on Finance. I'm
3 joined this morning by Speaker Adrienne Adams. I'd
4 like to welcome Dr. Jacques Jiha, Director of the
5 Office of Management and Budget. Good morning.
6 Welcome to you and your team. I look forward to a
7 good hearing today.

8 First though, I want to turn to Speaker Adams for
9 her opening remarks.

10 SPEAKER ADAMS: Thank you to Brannan and good
11 morning, everyone. I want to thank Budget Director
12 Jacques Jiha, of course, and his staff for joining us
13 here today. Thank you again Chair Brannan and
14 members of our Council's Finance Committee. Today is
15 the last day that we will meet with the heads of our
16 city agencies and offices for our Council hearings on
17 the mayor's executive budget for FY 23. It is also
18 the day that the rubber hits the road. This is our
19 last public discussion with the Administration on the
20 budget. Our committees and staff have worked hard
21 during these hearings getting important information
22 on agency programs and needs. This morning, we will
23 speak publicly with our budget director to ask
24 questions and share our goals before we hear from the
25 public tomorrow and get down to the hard work of

2 finalizing this budget. We're heartened by the
3 progress we've made thus far. The executive budget
4 contained funding for a number of needs the Council
5 outlined in our preliminary budget response. This
6 included funding for Council's priorities such as the
7 B-HEARD program that pairs emergency medical
8 technicians and social workers to respond to mental
9 health emergencies, instead of relying on the police,
10 additional Parks Department maintenance workers to
11 keep our city's parks and playgrounds clean and safe,
12 and restoration to some of the cuts to the Department
13 of Sanitation's budget. However, the Council
14 believes there is still a ways to go before our work
15 is done. We must make certain that the funding
16 necessary to meet the critical needs of our city are
17 included in the final adopted budget, and the
18 economic situation over the last several months
19 positions as well to do just that. We're glad OMB
20 increased its revenue forecasts for the current year,
21 and in last week's revenue modification recognized
22 \$1.6 billion in new revenues. On Sunday, the Council
23 released a report showing that the city is an
24 additional \$1.5 billion ahead of its revenue
25 forecasts in the current year. Tax collections are

2 very strong, and we estimate that the city could end
3 up with over \$3 billion more in revenue than planned
4 by the end of the fiscal year. Additionally, we
5 believe that in the next fiscal year, the city will
6 collect \$1.9 billion more than is currently planned
7 for in the executive budget.

8 Now we know we need to roll significant amounts
9 of money into next year to balance the budget and
10 that the city faces many risks in the future. But we
11 also know that we presently have significant pressing
12 needs. We can provide ourselves with a responsible
13 cushion accounting for these risks while still
14 addressing the city's critical needs. As I've said
15 before, the last two years have made more obvious
16 what many of us have known all along: That in many
17 cases our most vulnerable neighborhoods are too often
18 further undermined by inequities in funding and
19 services. As we come back from this pandemic, we
20 have an obligation to come back in a manner that
21 addresses these inequities. This is not only the
22 right thing to do, but also the sound fiscal thing to
23 do. You don't keep repairing a house while leaving
24 structural issues that cause the damage unaddressed.

2 So what do we need to do to make sure that this
3 place that 8.5 million New Yorkers call home is a
4 place where all its residents have as fair and equal
5 a shot to thrive as we can give them? I'm going to
6 hit some critical thoughts, many of which I've been
7 speaking about over the last couple of months.

8 Health and mental health: Obviously, the first
9 systemic problem the pandemic laid bare is the
10 inequity of access to good health care in our city.
11 It's critical that we put sufficient resources into
12 health and mental health funding. We need to provide
13 access to community based health care in our
14 underserved communities. These were the communities
15 hardest hit by the pandemic, and it's no wonder why.
16 We must put in place the infrastructure to address
17 the inequality by including funding for community
18 health centers in the capital budget.

19 The extent of trauma caused by the loss of life,
20 the stress dealing with two years of a pandemic and
21 the economic dislocation is virtually unprecedented.
22 Our budget response has called for significant
23 investments in mental health, including investment in
24 trauma centers in every borough, more mental health
25 professionals and schools and an expansion of mental

2 health care to communities hardest hit by COVID-19.
3 While we're happy that the executive budget allocates
4 significant funding to B-HEARD, we think a somewhat
5 higher level is needed. Our response contains other
6 important areas that require health and mental health
7 funding which the Administration has not fully
8 addressed in the executive budget. Failure to
9 adequately fund these services now, as we come out of
10 the worst of the pandemic, will only lead to greater
11 costs in the future.

12 When it comes to housing, we must do everything
13 we can to address our housing and homelessness
14 crisis. Additional funds for supportive housing for
15 vulnerable populations, including justice involved
16 persons, youth, aging out of foster care, and victims
17 of domestic violence is critical. Additional funds
18 for converting hotels to housing for homeless people
19 is absolutely necessary. We can't afford to miss
20 this opportunity which may not continue to exist for
21 long. Ensuring a \$150 property tax rebate for
22 homeowners with total income of \$250,000 or less,
23 will provide sorely needed relief to homeowners, who
24 for years have faced increasing assessed values on
25 their homes, and are now facing significant inflation

2 as well. Finally, while the Administration did take
3 a good first step towards addressing the need for
4 affordable housing by providing additional capital
5 funding, the real need is much greater. We've called
6 upon the Administration to include \$4 billion
7 annually in the capital budget to address the city's
8 need for affordable housing. As I've repeatedly
9 said, we cannot address homelessness without creating
10 more affordable housing, because without creating
11 more affordable housing there will be more
12 homelessness.

13 When it comes to youth and education. We have to
14 act now to sufficiently fund programs for our city's
15 youth as they rebound from the dislocation of a
16 pandemic and the isolation of lockdowns and remote
17 learning. While funding added to the executive
18 budget for summer youth employment is welcome
19 additional funding for youth employment programs as
20 needed. In addition, we need more funding to address
21 pay parity for special education pre K provides
22 additional guidance and career counselors in schools,
23 and a city wide expansion of restorative justice
24 programs. And of real significance is additional
25 funding for CUNY Connect. Almost 700,000 students,

2 many of whom are black and Latino who have left CUNY
3 without finishing their degree, and it's crucial we
4 provide them with resources to complete their
5 education.

6 Public safety and supporting fairness in the
7 justice system: The Council is seeking additional
8 funding for our district attorneys and public
9 defenders and each borough, more funds for the Board
10 of Corrections and the important oversight work they
11 do is critical so that we may stop the downward
12 spiral of conditions in our correctional facilities.
13 We also need to spend more to empower youth held in
14 juvenile justice facilities. We're calling for a \$5
15 million addition to the city's efforts to prevent and
16 respond to hate crimes. The increase in hate crimes
17 is a scourge not just on New York City's communities
18 but on this entire country. And we must do
19 everything we can to stop it.

20 Sanitation: Keeping our streets clean is
21 critical to our recovery. We must restore sanitation
22 cuts and fully fund rat mitigation and litter basket
23 service. Sidewalks teeming with garbage and crawling
24 with rats are bad for business, bad for tourism, and

2 every single resident and neighborhood in this city.
3 We've got to fix this immediately.

4 Food program: It should go without saying the
5 week that we cannot let our seniors and others go
6 hungry and must expand support for senior and other
7 food programs in our adopted budget.

8 And finally, I call on the mayor and the OMB
9 director to work with us on making the city budget
10 more transparent. We all know that the charter's
11 directive that agency budgets to be structured along
12 the programmatic lines is often ignored. This leads
13 to a budget that is opaque. This is especially true
14 of the NYPD budget. We owe it to New Yorkers to
15 provide not only adequate funding levels for critical
16 programs, but to make sure the budget is presented in
17 a way that allows for proper oversight and control.

18 I know that we can work together to address these
19 and the other critical needs outlined in our
20 preliminary budget response, but we must build a
21 solid and equitable recovery from this pandemic, and
22 all of the trauma and dislocation it's caused. The
23 cost of not ensuring this type of recovery now will
24 be more for us to do in the long run, not just in
25 terms of the human toll. But in terms of real

2 dollars. Trust me if we don't take care of our youth
3 and our seniors and those who are housing or food
4 insecure, as well as the mental and physical health
5 of our residents, as we emerge from this crisis,
6 we're going to pay for it for generations to come.
7 And with that, I thank you, Mr. Chair, and I yield
8 back to you.

9 CHAIRPERSON BRANNAN: Thank you, Speaker.

10 Obviously, I echo everything you say. This is a very
11 important time for our city. And it's important that
12 we get this right.

13 The city's economy is growing and the Council
14 expects this expansion to continue through the years
15 of the city's financial plan. City tax collections
16 have been coming in strong, and the most recent data,
17 all taxes through March plus personal income tax and
18 sales tax through April, collections are more than
19 10% above the same period last year. This is despite
20 the fact that our single largest tax, the real
21 property tax is down by 5.4%. The Council believes
22 that the city will end FY 22 with tax revenues 5.1%
23 above FY 21. This will result in around \$3.26
24 billion more in revenue than in the Mayor's Office of
25 Management and Budget Executive Budget forecasts.

2 There are of course risks: The hazards of
3 controlling inflation, the situation with the
4 Ukrainian-Russian war, and COVID Obviously the
5 principal ones. There are also budgetary risks
6 including future union contracts and ongoing
7 reductions in federal aid. There is also the
8 budgetary risk of inflation. The pandemic disrupted
9 more than a decade of steady economic growth in the
10 city. At the height of the pandemic income measured
11 by gross domestic product in New York City and the
12 rest of the country plummeted. Since then the
13 national and city economies have been boosted by a
14 combination of federal fiscal support, a record high
15 stock market, pent-up consumer demand and a very
16 tight jobs market. Despite the gains of jobs in the
17 hospitality and food service industries, the pace of
18 job recovery in the city still lags behind that of
19 the rest of our country. While New York City
20 recovered close to 72% of the pandemic related job
21 losses as of March 2022, the US recovered 95% of its
22 lost jobs. This means the country is recovering
23 faster than the city of New York. The city's slower
24 pace of recovery reflects just how severely it was

2 impacted by the pandemic compared to the rest of the
3 country.

4 Being the epicenter of the virus and given its
5 population density, the city has had to reopen more
6 slowly and cautiously. After today's OMB hearing and
7 tomorrow when we hear from the public, the Council
8 will shift from examining the budget to negotiating
9 the budget with the Adams Administration. In doing
10 so, we need to recognize the strength of the City
11 economy, the needs of the people of the city while
12 practicing prudence in a risky situation.

13 My questions for OMB today will focus on the
14 property tax rebate, participation in the earned
15 income tax credit, and estimated payment collections
16 on the revenue side. Expense-wise, my questions will
17 focus on pandemic relief funding and collective
18 bargaining.

19 I want to thank all of the Council finance
20 division analysts, economists, attorneys and support
21 staff that work so hard to make these executive
22 budget hearings a success. Today is day 10 and the
23 final day of testimony from agencies, and it really
24 takes a small army behind the scenes here to make
25 these hearings possible, and we cannot let that work

2 go unnoticed. A special thanks to our CFO Tanisha
3 Edwards, Managing Deputy Director Jonathan Rosenberg,
4 of course to Jonathan Yedin on my staff, and all of
5 my district staff back home that make sure the
6 potholes get filled while I'm at City Hall holding
7 these hearings. I'll now turn to committee counsel
8 to go over logistics and to swear in the
9 Administration so we can get started.

10 COUNSEL BUTEHORN: Thank you, Speaker Adams and
11 Chair Brannan. Good morning and welcome to the final
12 portion of the executive budget hearing process as it
13 pertains to agencies. My name is Malcom Butehorn,
14 and I am counsel to the Finance Committee. I would
15 first like to acknowledge councilmembers present for
16 the record. We're joined this morning by
17 Councilmembers Brannan, Adams, Louis, Ossé, Brewer,
18 Barron, Velázquez, Sanchez, Hudson, Moya, Hanks,
19 Stevens, Farias, Ayala, Richardson Jordan, Powers,
20 and Brooks-Powers.

21 Unlike in past councilmembers and members of the
22 mayoral Administration will have the ability to mute
23 and unmute themselves. We simply ask when not
24 speaking to please remember to mute yourself to avoid
25 background noise. Councilmembers who have questions

2 should use the raise hand function and zoom, you will
3 be called on in the order with which you raise your
4 hand. We will be limiting councilmember questions to
5 five minutes. The following members of the
6 Administration are here to testify and or answer
7 questions. Dr. Jacque Jiha, Director of Office of
8 Management and Budget, and First Deputy Director
9 Kenneth J. Godiner.

10 I will first read the oath and ask each of you
11 individually to respond. Do you affirm to tell the
12 truth, the whole truth and nothing but the truth
13 before these committees and to respond honestly to
14 councilmember questions? Director Jiha?

15 DIRECTOR JIHA: Yes.

16 COUNSEL BUTEHORN: First Deputy Director Godiner?

17 DEPUTY DIRECTOR GODINER: I do.

18 COUNSEL BUTEHORN: Thank you. Director Jiha,
19 whenever you're ready.

20 DIRECTOR JIHA: Good morning, Speaker Adams,
21 Chair Brannan, and members of the Finance Committee
22 and City Council. My name is Jacques Jiha, and I'm
23 the Director of the New York City Mayor's Office of
24 Management and Budget. I'm joined by First Deputy
25 Director Kenneth Godiner.

1 The fiscal year 23 executive budget reflects the
2 continuation of a disciplined fiscal management
3 strategy that the mayor first implemented in the
4 preliminary budget to promote efficiency and make New
5 York City a safer and better place to live, work, and
6 raise a family. When this Administration took
7 office, the national economy was strong, though New
8 York City recovery was uneven. Our jobs was lagging.
9 Private employees were returning to their offices at
10 a slow pace. The commercial office vacancy rate was
11 at a record high. And on top of these issues, we
12 faced a \$2.9 billion budget gap.

13 Against this backdrop, the mayor took the
14 cautious and pragmatic approach to the preliminary
15 budget. The goal was to close the gap, generate
16 recurring savings, encourage energy efficiency,
17 reduce budgeted headcount, and make prudent of new,
18 important investments.

19 Hence, within two weeks of taking office, the
20 mayor implemented a program to eliminate the gap that
21 ultimately achieved nearly \$2 billion in savings over
22 fiscal year 22 and 23. We also reduced budgeted
23 headcount by 7000 in fiscal year 23 alone.
24
25

2 Preliminary budget investments focused on
3 eliminating everyday New Yorkers, youth, and working
4 families. We added historic levels of funding for
5 the Summer Youth Employment Program and Fair Futures,
6 and baselined Fair Fares for the first time. We also
7 increased resources for mothers and young families,
8 new family home visits which supports regular
9 healthcare visits for first time mothers in 33
10 neighborhoods hardest hit by COVID, and maternal
11 medical home and obstetric simulation training, which
12 will reduce maternal death and childbirth
13 complications are now founded angry.

14 To support public safety, the Administration made
15 efficient use of existing NYPD resources by deploying
16 officers to the subway and neighborhood safety teams.

17 Having met the strategic goals of the preliminary
18 budget, the table was set for the next step in our
19 discipline approach which would be achieved in the
20 Executive Budget. This includes maintaining focus on
21 savings, building reserves, and promoting transparent
22 budget practices to better reflect our true financial
23 condition.

24 The fiscal year 23 executive budget is \$99.7
25 billion and it is balanced. The out-year gaps of the

2 financial plan are manageable at \$3.9 billion in
3 fiscal year 24, \$3.4 billion in fiscal year 25 and
4 \$2.7 billion in fiscal year 26. These gaps are
5 within historic norms, averaging 4.9% of city
6 revenues, which is below the 20-year average of 6.5%.
7 We achieved \$411 million in savings over fiscal year
8 22 and 23, which brings total saving those years
9 under this Administration to more than \$2.4 billion.
10 Further, we have generated nearly \$4 billion in debt
11 shrinking out-year savings.

12 Building reserves is a cornerstone of this
13 Administration's fiscal strategy. In the executive
14 budget we added \$200 million to the rainy day fund,
15 bring reserves to \$6.3 billion, a historic level.
16 This includes over \$1 billion in general reserve,
17 \$1.2 billion in the rainy day fund, \$3.8 billion in
18 the retiree health benefit, and \$250 million in the
19 capital stabilization reserve.

20 We appreciate the Council's ongoing commitment to
21 building budget reserves and look forward to working
22 with you to add more at adoption.

23 As you know, most of the city's labor contracts
24 will expire by the end of the next fiscal year. In
25 anticipation of reaching agreements with our

2 employees, we have begun to replenish the labor
3 reserve. In this plan, we added nearly \$1.7 billion
4 it was fiscal year 22 through 26, representing 0.5%
5 wage increase for each of the first two years. We
6 also updated the tax revenue forecast to reflect
7 improved economic conditions. The national economy
8 remains strong, despite the first quarter decline of
9 1.4% but faces substantial headwinds. Inflation is
10 forecast to be higher and last longer than previously
11 expected. In response, the Federal Reserve has
12 adopted a tighter monetary stance, including raising
13 interest rates to cool demand, which is expected to
14 lower GDP growth from last year's impressive 5.7%.
15 Also, the Russian invasion of Ukraine as to cause
16 increase in food, gas, and oil prices and volatile
17 financial markets.

18 The resurgence of COVID in China will continue to
19 add pressure on the supply chain.

20 At the local level, the city's economic momentum
21 has picked up, and we are now poised for an earlier
22 recovery than previously expected, though we face
23 serious challenges ahead. We are now adding jobs at
24 a faster pace than initially. For instance, first
25 quarter job growth for New York City was 7% compared

2 with 4.7% for the nation. And we have now regained
3 77% of the job loss due to the pandemic. We now
4 anticipate making a complete jobs recovery by 2024,
5 two quarters earlier than previously expected.

6 Wall Street had a record year in 2021, earning
7 \$58 billion in profit. Tourism is also on the rise.
8 Since February, weekly demand for hotel rooms has
9 increased by 200,000, and we are now at 85% of the
10 pre pandemic occupancy level. While these indicators
11 collectively suggests a gradual improvement, we have
12 taken a cautious approach to the economic and revenue
13 forecast in the executive budget because the outlook
14 is cloudy. We are already seeing the impact on
15 investment banks of choppy financial markets, reduce
16 underwriting activities, and rising interest rates.
17 The five largest banks posted a collective profit
18 decline of about 36% in the first quarter of 2022,
19 which means it's unlikely that Wall Street will earn
20 the record profits of the last two years.

21 Stock market underperformance also has a major
22 impact on the city's pension costs. As of yesterday,
23 New York City pension funds lost 8%, which is 15
24 percentage points below the expected asset return
25 rate of 7%. This is significant, because each

2 percentage point below the expected return rate
3 increases our pension obligation by \$45 million in
4 fiscal year 24, \$90 million in fiscal year 25, and
5 \$135 million in fiscal year 26. This means that if
6 by June 30, the returns remain at those levels,
7 pension contributions would have to be increased by
8 \$675 million in fiscal year 24, by \$1.3 billion in
9 fiscal year 25, and \$2 billion in fiscal year 2026.

10 Another concern has been private employees'
11 slowly return to the office, but here we are
12 moving... we are heading in the right direction.
13 Since February, the percentage of employees that have
14 returned to their office was by 10 percentage points.
15 This means more employees are eating at their
16 neighborhood lunch spot and shopping at local stores.
17 However, will remain very cautious as the commercial
18 office vacancy rate still hovers at a record high of
19 20%, and is not expected to peak until 2023. These
20 factors are accounted for in our tax revenue
21 forecasts, with record Wall Street performance
22 driving a \$1.6 billion upward revision in the current
23 year over our February estimate. By contrast, we
24 added only \$400 million in fiscal year 23 related to
25 a revision of the property tax. Out year forecasts

2 have been increased modestly by an average of about
3 \$175 million. These additional revenues, along with
4 the savings I described earlier, allowed us to
5 increase reserves and funds new means that advance
6 the mayor's... the mayor's goal of making New York
7 City a better and safer place to live, work, and do
8 business. This includes boosting public health and
9 safety, increasing educational opportunity, providing
10 cleaner and more livable public spaces, fighting food
11 insecurity, and supporting immigrant communities. As
12 Mayor Adam has said, public safety is a prerequisite
13 to prosperity.

14 In the executive budget, we added \$226 million
15 for the subway safety plan. This includes funds to
16 expand the Behavioral Health Emergency Assistance
17 Response Division initiative, known as B-HEARD to
18 central Brooklyn, Eastern Queens, and uncovered areas
19 in the South Bronx. We also added 1400 new safe
20 haven and _____ beds that are projected to be online
21 by mid-2023.

22 To speed up DNA analysis that our law enforcement
23 teams need to solve gun crimes more quickly, we have
24 added \$1.7 million to create a dedicated gun crime
25 unit in the office of the medical examiner.

2 Because young New Yorkers thrive when given the
3 opportunity to learn. We invested 100 million
4 dollars to add 10,000 more spots to Summer Rising.
5 Now a total of 210,000 K-12 students will enjoy
6 enriching summer activities. We also invested \$50
7 million to expand Career Pathways for CUNY students,
8 including resources designated for Medgar Evers
9 College. This funding will increase scholarships and
10 expand career pathways in technology, healthcare, and
11 green energy. Our recovery depends on guaranteeing
12 that New York City has clean, safe and livable public
13 spaces. In the executive budget, we added more than
14 \$43 million dollars to support more than 700
15 positions at the Parks Department to keep our open
16 spaces in the best possible shape. A new investment
17 of \$488 million in capital funding will support park
18 improvement projects, including planting 20,000 trees
19 per year to reduce city wide heat vulnerability,
20 enhancing and adding new greenways in Brooklyn, and
21 Queens, and rehabilitating infrastructure including
22 neglected swimming pools.

23 We added nearly \$80 million dollars the
24 Department of Sanitation budget to expand the
25 organics program to include collections and drop off

2 sites at schools. To boost cleanliness on streets
3 and sidewalks, we included almost \$2 million to
4 restore twice-per-week alternate side street parking
5 to make room for more frequent street sweeping and
6 public waste container content pilot initiative.

7 On top of being clean, streets must be safe.

8 Therefore, we made an investment to advance the New
9 York City Streets Plan, which tackles the Traffic
10 Violence Crisis and promotes a healthier and greener
11 city. Funding for the Streets Plan is now baselined
12 in the financial plan growing to \$770 million
13 annually in fiscal year 26, on top of a capital
14 investment of nearly \$580 million.

15 The pandemic highlighted inequity in our city and
16 shined a light on food insecurity. In this budget,
17 we increase funding for emergency food assistance, or
18 EFA, by \$30 million next fiscal year, and provided
19 \$1.5 million dollars to support home delivery of
20 nutritional balanced meal for seniors. We also
21 expanded support funding for NYCHA farm programs,
22 which will provide fresh and nutritious foods to
23 residents, and added \$4 million to increase plant-
24 based Lifestyle Medicine Research in our H&H system.
25 We also expanded funding for the city's immigrant

2 community, with a \$1.6 million investment for
3 Ukrainian New Yorkers impacted by the Russian
4 invasion, another \$1.6 million to increase funding
5 for language access and transitional services within
6 city agencies. To help parents with limited English
7 proficiency, we added over \$7 million in programming
8 to help them communicate with teachers and
9 administrators about their children's education.

10 Now, I would like to discuss the capital plan,
11 which is \$94.9 billion over fiscal years 22 through
12 26.

13 As part of ongoing commitment to crafting a
14 capital plan that reflects realistic benchmarks and
15 timelines, we moved over \$5 billion in projects to
16 out years. This is a shift in timing only, not a
17 cut. And if projects are ready to come online, we
18 will accelerate their funding. Debt service payments
19 in each year of the financial plan are below 15% of
20 tax revenue, the benchmark for responsible and
21 affordable debt financing. In addition to funding
22 the Streets Plan and parks that I mentioned earlier,
23 the Administration made capital investment in this
24 plan that will benefit New Yorkers for generations to
25 come. We added \$5 billion to the capital plan to

2 support affordable housing, which is now funded at
3 \$22 billion, a record level. This investment
4 dramatically increased resources for housing
5 subsidies for HPD and NYCHA. As part of our
6 commitment to support economic development, we
7 invested \$140 million to develop the Hunts Point
8 Produce Market, which supplies 25% of the city's
9 fresh produce, and improve surrounding infrastructure
10 and neighborhood parks.

11 Before I conclude, I want to thank the Council
12 for your partnership this year in securing important
13 legislative wins in Albany. With help from the
14 governor's office, and our friends in the legislature
15 we led the fight to put more money in the pockets of
16 vulnerable New Yorkers by increasing the income tax
17 credit for the first time in 20 years. The mayor and
18 Council also prioritize expansion of childcare
19 options across the city. In this session, we secured
20 tax credits that will encourage development of
21 childcare facilities by property owners and
22 employers. Together, we secured an extension of the
23 Design Build Program for an additional five years and
24 expanded state funding for NYCHA by over \$1 billion.
25 Members of this Council testified against the

2 proposed diversion of \$200 million in city tax
3 dollars annually to the distressed hospital fund that
4 exclusively supports upstate hospitals. For our
5 combined advocacy, the legislature agreed to reduce
6 the diversion by \$50 million annually. This was \$150
7 million over three years that can now be used to
8 support the critical needs of everyday New Yorkers.

9 We look forward to working with the Council to
10 the end of session to achieve commonly stated goals,
11 including mayoral accountability for school and the
12 restoration of the Transitional Finance Authority
13 borrowing capacity to pre-pandemic levels.

14 To conclude, in the face of growing
15 uncertainties, our budget strategy gets the basics
16 right. We have remained focused on achieving
17 savings, promoting efficiency, building reserves, and
18 making cautious revenue estimates to ensure that we
19 live within our means. The mayor prioritized
20 investments that will restore equity, make the city
21 safer, and foster a community where we can all thrive
22 and prosper. Our strategy was validated recently by
23 Fitch Ratings, which revised New York City's credit
24 outlook upward to positive from stable for the first
25 time in more than a decade.

2 Thank you for inviting me to speak today. And
3 for your continued service to the city of New York.
4 I look forward to working with you to support our
5 mutual priorities as we march towards adoption. Now,
6 I look forward to your questions.

7 CHAIRPERSON BRANNAN: Thank you, Director. I can
8 always tell it's budget season because the papers on
9 your desk get larger every time we speak.

10 DIRECTOR JIHA: Yes.

11 CHAIRPERSON BRANNAN: I think the speaker is
12 going to ask the first round of questions.

13 SPEAKER ADAMS: Thank you very much, Chair
14 Brannon, and welcome again, Director Jiha. Good to
15 see you good to see that stack of papers on that desk
16 this morning.

17 I'm just going to start with... with your
18 favorite subject. And that, of course has to do with
19 units of appropriation, or U of A. All of us are
20 here to do the people's business, to manage their
21 money and hopefully provide them with the services
22 they need and want. But we know decisions can't be
23 made behind the curtain, which is why we have these
24 hearings in the first place. Budget transparency is
25 of the utmost importance. Without transparency, none

2 of us can be accountable for our decisions. But the
3 current method for budgeting does not allow for this
4 accountability to the public. This current budget
5 structured with units of appropriations, or U of A,
6 is anything but transparent. That's why in the
7 Council's budget response, we recommended the
8 creation of over 100 new units of appropriation
9 across 22 agencies to be included in the FY 2023
10 adopted budget. We didn't want to do that to make
11 your job more difficult. We wanted to do that to
12 open up transparency for the people of the city. We
13 believe that you have had sufficient time to review
14 our recommendations for new U of A's. So how many
15 new U of A's can we expect to see in the adopted
16 budget?

17 DIRECTOR JIHA: Madam Speaker, like you, we
18 believe that transparency is very important to the
19 budget process. The challenges we have to balance
20 transparency and flexibility, because the agency have
21 to manage the cash flow, and they have... we have to
22 make sure that we ensure that we are timely
23 contracting operations.

24 We are currently assessing the Council requests
25 related to the units of appropriation. And as I say,

2 we will work with you to see what additional U of A
3 would be beneficial as we move towards that.

4 SPEAKER ADAMS: Which agencies have you
5 identified that are in most need of additional U of
6 A?

7 DIRECTOR JIHA: It's... we... As I said, we're
8 in the process of doing a review, okay? And as we
9 get closer to adoption, we will communicate with your
10 staff, or work with your staff, to make sure that you
11 have all you need. Because as I said, at the end of
12 the day, like you, we are for transparency, but at
13 the same time, we are also trying to find the
14 appropriate balance between transparency and having
15 the flexibility to manage a cash flow, the agency to
16 manage a cash flow on a day-to-day basis and the
17 operations.

18 SPEAKER ADAMS: So you're... you're...

19 DIRECTOR JIHA: But we'll move... We'll work with
20 you... with your... your staff, and as we move toward
21 adoption, we will make sure that we... we make sure
22 that we provide you the necessary U of A that you
23 need to make your life easier... your job easier.

24 SPEAKER ADAMS: So you're still undergoing the
25 process. Can you explain that process? What the

2 decision making processes that goes into accepting or
3 rejecting the U of A's?

4 DIRECTOR JIHA: Well, it is... we're looking at
5 different agencies and some agencies have more
6 latitude in terms of... Wherever we see... Because at
7 the end of the day, we also like to see what's going
8 on in the agency as well, okay? And you know, it's
9 not just... we are also an oversight agency, okay?
10 We like to see what's going on in agency. So if we
11 see in an agency as we do the review, that there are
12 areas of concern, even for us, okay?, because we like
13 to see what's going on. We... we like to have a line
14 of sight into the different agencies to see what's
15 going on. So we always go and we do the review
16 ourselves to push agencies to add, you know, more
17 unit of appropriations. And as I said, we're looking
18 into DSS, NYPD, ACS. We have a number of agencies
19 that we are reviewing, okay? And as we conclude our
20 own analysis, we will discuss with your staff, and
21 come back to you with what we believe is appropriate.

22 SPEAKER ADAMS: I'll just ask one more question,
23 to see if I can dig a little deeper, get a little
24 something else.

2 Currently, there are 15 agencies that are
3 structured as program budgets, including the NYPD.
4 It will seem that these... these budgets... these
5 agencies could be most easily reorganized so that the
6 U of A's could represent these programs. So I think
7 I know the answer. But is this reorganization
8 currently in the works?

9 DIRECTOR JIHA: We... As I said, currently, the
10 department PD fund since 2014 expands a unit of
11 appropriation, _____ [84OPS and 64OCPS]. So we... I
12 believe, from my perspective, they have the highest
13 number of U of A's compared with other agencies. So
14 again, it's... it's a question of what we're trying
15 to see. And... and to the extent that we know as we
16 work with your staff, we try to listen to the
17 requests and to see exactly what they're trying to
18 achieve. And to the extent that we could help them
19 achieve, okay?, the clarity that they need, we'll
20 work with them to provide them the necessary tools
21 that they need.

22 SPEAKER ADAMS: Okay, all right, I'm going to
23 move on from that line of questioning. Let's talk a
24 little bit about investments for our older adults,
25 because they did suffer illness and death due to

2 COVID at rates higher than any other New Yorker. We
3 know this is particularly true for black and brown
4 New Yorkers in my district. At Allen Rockaway Senior
5 Center, COVID deaths seriously impacted the older
6 adult population, with our older adults becoming
7 homebound, some of them moved away, and some of them
8 just didn't want to risk any exposure at the centers.

9 How does the pursuit of equity related to COVID
10 factor into the executive budget for DFTA?
11 Specifically, how does the executive budget seek to
12 reengage older adults to seek services through DFTA,
13 given that there is no additional funding for Council
14 priorities like technology, home care, or geriatric
15 mental health?

16 DIRECTOR JIHA: And... Like you we are very much
17 concerned about food security and to make sure that
18 we provide all the assistance necessary, particularly
19 for folks who are homebound.

20 As you know, we added in baseline \$15 million in
21 the executive budget for home delivered meals and to
22 provide case management services to... This money was
23 added to the budget. Additionally, we are funding
24 geriatric mental health counselors. We are
25 increasing them up to 88 centers up from 48. But we

2 also... I also hear you with respect to homebound
3 seniors. So we have to work with you and work with
4 DFTA to see how best we could leverage technology to
5 provide services... to continue to provide services
6 electronically to folks who are homebound, okay? And
7 that should be part of the discussion as we move
8 toward adoptions.

9 SPEAKER ADAMS: Yeah, I would definitely agree
10 with that. And again, to emphasize that there is no
11 additional funding, you know, for our priorities for
12 the Council's priorities when it comes to DFTA. And
13 we're looking at technology, geriatric mental health,
14 home care.

15 I also want to touch on something that you
16 touched on in your opening statement, and that had to
17 do with the food insecurity which you just mentioned.
18 And you did mention, I believe was \$30 million of
19 additional funding for food?

20 DIRECTOR JIHA: Yes.

21 SPEAKER ADAMS: This is an issue that we can't,
22 you know, get around. It's going to be with us
23 unfortunately, for a very, very long time into the
24 future. Does the executive plan ensure that this is
25 baselined? That... that food insecurity funding is

2 baselined, that that's a baseline commitment, and if
3 not, why wouldn't it be?

4 DIRECTOR JIHA: Yeah, we... we added \$30 million
5 to expand the EFAP program and basically focus on
6 areas with food insecurity, and where also there is
7 an insufficient supply of food.

8 The... We... Currently we are funding EFAP with
9 \$52 million. But again, we will continue to work
10 with the Council and the agencies to ensure that New
11 Yorkers have all the food that they need. We added
12 money for home-delivered meals, so we could pick up
13 additional seniors. So we're doing a lot of things
14 when it comes to food. But again, as I said, this is
15 something that we are willing to work with... to work
16 with the Council to make sure that funding is added
17 and baselined into the budget. We had baselined like
18 8 million \$8 million in DFTA for seniors. So again,
19 we'll continue to add money as... as we go along into
20 this. But again, this is something that we will
21 continue to work and work with you and your staff as
22 we move forward.

23 SPEAKER ADAMS: Okay, I appreciate that Director.
24 There's also something else that I'm sure that the
25 Council would like to hear more of, and that's more

2 of an emphasis on health and mental health which...

3 You know, we hear a lot, of course, about public

4 safety and the emphasis on that, of course. But when

5 it comes to health, and health services for New

6 Yorkers, a lot of us have been, you know, or know

7 people who've been victims of violence, or have

8 experienced violence firsthand. You're aware that

9 the Council has proposed the establishment of New

10 York State's first trauma recovery centers to serve

11 victims of violence in communities with high

12 incidences of violence. Our proposal called for \$10

13 million in city funding, which would create the first

14 trauma resource centers in New York, one center in

15 each of the five boroughs. We'd like to hear your,

16 you know, your thoughts on that. Clients of TRCs are

17 71% more likely to use mental health services, 56%

18 more likely to return to employment, and 44% more

19 likely to cooperate with the legal system to solve

20 crimes and those cases. So what is the

21 Administration's position on trauma recovery centers

22 and the model that was developed to address the needs

23 of underserved crime survivors?

24 It's... We are always in support of ways that

25 connect New Yorkers to the necessary services that

2 they need after they experience a traumatic event.
3 We will work with you to explore the potential
4 models, because there are different models, when it
5 comes to creating these kind of trauma centers. But
6 more importantly, we also have to engage the state.
7 We have to get the state involved as part of that
8 discussion. But again, as I said, as we move toward
9 adoptions, this is a discussion that we should have
10 with our staff, and also with the state, to see... to
11 explore the different models and see how best to
12 proceed.

13 SPEAKER ADAMS: That was going to be my next
14 question: Have conversations already begun between
15 the Administration and the state? So I'm going to
16 say that's no, those conversations haven't...

17 DIRECTOR JIHA: No.

18 SPEAKER ADAMS: happened, right? Okay. Yeah.
19 We're going to look forward to those conversations.
20 It's really important to initiate that.

21 I'd like to ask some questions about another
22 prevailing issue in the city, and of course, that's
23 homelessness. During the pandemic, the city began
24 relying on hotel shelters to provide for placement of
25 homeless families with children. As we've begun to

2 move out of the pandemic, DHS has ended the practice
3 of placing families with children in hotel shelters.
4 DHS decreased the agency's baseline budget for... for
5 these sheltering options. In our budget response, we
6 called on the Administration to reallocate these
7 funds to being the process of converting these hotels
8 into affordable housing for homeless families
9 replicating the cluster site model. The mayor has
10 previously expressed interest in hotel conversions,
11 but we didn't see anything added in the executive
12 plan to address this proposal at all. Is the city
13 pursuing the possibility of converting hotel shelters
14 into permanent affordable housing? And if so, how
15 many units do you believe could be converted into
16 apartments?

17 DIRECTOR JIHA: We are very much interested.
18 This is a proposal that we have... we have a lot of
19 interest in. We... As you know, with any
20 Administration, things take sometimes a little bit
21 long to... because we are in the process of doing all
22 kinds of analysis to see how best to move forward
23 with this. We are... We look forward to
24 participating in the office conversion task force
25 was created by Chair winning decision to explore the

2 different options we'll bring some some of our own
3 options to the table.

4 There actions being taken right now by the state
5 -- I'm pretty sure you're aware of them -- but in
6 particular HONDA, which is the Housing Our Neighbors
7 with Dignity Act. There is \$100 million, that is
8 available now who have facilitated these conversions.
9 There is also... We also appreciate the constant
10 support in Albany from Senator Kavanaugh and
11 Assemblyman Simberwitz to ease these conversions. As
12 I said, the cost per unit will vary, but the... we...
13 we are currently exploring different options. As I
14 said, we have... it's a number of things that have to
15 come together, either, you know, you have to...
16 zoning changes. We have a number of thing that have
17 to take place, okay?, before... before all this can
18 be put together. So... But yes, we strongly support
19 the legislation in Albany, and we continue... we will
20 work with the Council to make sure that we have a
21 solid plan, okay?, that could address these issues.
22 Because to us, this is the path forward that... you
23 know, that idea has legs, because, you know, it's a
24 lot easier to convert a hotel into housing than
25 converting an office into housing, as you can imagine

2 because with a hotel, we have all the amenities like
3 bathrooms, and so on and so forth that can be used.
4 So it is an idea with a lot of potential, so
5 therefore, we should definitely explore it, and we'll
6 come back to you, and work with you through your task
7 force, okay?, as we move forward.

8 SPEAKER ADAMS: Thank you. There are there are a
9 lot of strategies that, you know, that we can employ
10 to help this, you know, especially to, you know, to
11 get this going. There are opportunities. Another
12 one is HPDs basement apartment conversion pilot
13 program, which sought to create new affordable
14 housing units in the East New York and Cypress Hills
15 areas in Brooklyn. It provided loans to help
16 homeowners convert basement apartments into safe
17 units. Is the Administration considering continuing
18 this program? I know in my own district in Richmond
19 Hill, it's something that we've been looking forward
20 to. It's safe. We've had flooding issues in Queens
21 that have taken lives, you know, because of climate
22 issues over the past year or so. So what are the
23 Administration's plans to... to continue programs
24 like this? Particularly basement apartment
25 conversion?

2 DIRECTOR JIHA: The pilot program is still
3 ongoing. And right now we're in the process of
4 collecting all the information that we need on the
5 project costs, processes, in order to understand the
6 challenges, the values, and evaluate how best to
7 assist homeowners and tenants with basement
8 apartments, you know, that are out of compliance.

9 So we are working with the different agencies to
10 finalize the assessment of this program. And as we
11 approach the upcoming reporting deadline. Again, as
12 I said, it's... the pilot is ongoing and we, you
13 know, we... we are doing our best in terms of
14 collecting the data to analyze the course, but it's
15 still ongoing, and probably, you know, most likely
16 will be expanded into other areas of the city. So we
17 could see the challenges that different communities
18 are dealing with, you know, so that we could make
19 appropriate adjustments to the program.

20 SPEAKER ADAMS: I appreciate. I'm going to
21 conclude in a minute but just, you know, state
22 something and kind of punctuate that. When it comes
23 to basement conversions, in my district a couple of
24 weeks ago, we had a fire and it was deadly. And it
25 was in a basement apartment. To me, this is low

2 hanging fruit. This is something that's a no
3 brainer. We have many, many basements that are being
4 used by students, by elderly, by single parents, that
5 merely need to be quote unquote "legalized" to make
6 them safe. So for me and a lot of other folks, this
7 is just low hanging fruit that should have happened a
8 long time ago. I'm going to like push this to the
9 front burner with the Administration and just say
10 that we need to make these apartments safe and
11 livable. There was a pilot that's been undergoing
12 for the past two years or so we need... we need to...
13 we need to make this happen to make safe spaces for
14 New Yorkers. And with that, I will conclude,
15 Director, and let my colleagues get in here. I
16 appreciate your testimony today.

17 DIRECTOR JIHA: Thank you very much, Madam
18 Speaker.

19 CHAIRPERSON BRANNAN: Thank you, Speaker.
20 Director I want to talk about estimated payment
21 collections.

22 Since your forecast came out before April
23 collections were finalized, should we expect you to
24 recognize the extra April revenues at adoption, and
25

2 how much do you believe should be put away in the
3 rainy day fund?

4 DIRECTOR JIHA: Um, yeah. As you know, since the
5 executive budget was released on April 26, the city
6 could not reflect the PIT elections for April, as the
7 filing deadline was April 18.

8 We... Collections are coming much stronger than
9 we anticipated in the executive budget. So
10 therefore, we were as part of adaption reflect the
11 increased collection for fiscal year 22 in... as part
12 of the adoption process.

13 Regarding the reserves, I don't have anything
14 specific in mind. This is something that we will
15 work with the City Council, as part of the budget
16 negotiation to see how much should be added to the
17 reserves. But our goal is try to maximize both the
18 reserves as much as possible. As you know, we are
19 facing some serious challenges ahead of us. And to
20 the extent that we could build a very strong cushion
21 in anticipation of these challenges, we will be
22 better off.

23 CHAIRPERSON BRANNAN: Can you explain what's
24 happening with the extension payments? Is the surge

2 in extensions overpayments which would have to be
3 refunded later? Or is it real money?

4 DIRECTOR JIHA: I think it's real money. It was
5 true that two solid years, back to back, I mean, \$51
6 billion in 20 and \$58 billion in 22. So from our
7 perspective, these payments in anticipation of
8 investors fronting the Federal Reserve. They think
9 the Federal Reserve _____ was reached, and that
10 would have impact on the market, so a lot of folks
11 did the capital gains... to get capital gains. And
12 as a result we're seeing it in... in this kind of
13 payments, that we get this kind of windfall that we
14 are experiencing. It's not just in New York City.
15 It's throughout the country, California, it's
16 everywhere. So it is... it is real. It's not... I'm
17 respecting to issue refunds next year as a result of
18 these payments. So from our perspective, it's real
19 payments. It's not overburdened.

20 CHAIRPERSON BRANNAN: Could you give us a total
21 of ARPA funds that have been spent by the city?

22 DIRECTOR JIHA: I'm sorry. Can you that...?

23 CHAIRPERSON BRANNAN: The total of ARPA funds
24 that have been spent by the city?

2 DIRECTOR JIHA: Yes, the total ARPA funds that
3 have been spent so far... it's like... almost \$1.3
4 billion in fiscal year 21. And we rolled \$547 out of
5 it in fiscal year 21 into 22. And so for fiscal year
6 22, we have like about \$3.8 billion, and we expect to
7 spend all that... those resources in fiscal year 22.

8 CHAIRPERSON BRANNAN: How much of what was
9 originally budgeted for FY 21 was unspent or rolled
10 into the future year?

11 DIRECTOR JIHA: Uh, \$547 of the \$1.3 in ARPA was
12 rolled into 22.

13 CHAIRPERSON BRANNAN: Can you can you tell me
14 across all agencies how much ARPA funding is
15 projected to be unspent in FY 22? And how much is
16 being rolled over?

17 DIRECTOR JIHA: Um, I'm not... We're not
18 expecting to have unspent in FY 22. You know, based
19 on the spending projections and commencements that
20 we're seeing including costs that have been incurred,
21 but require journaling or adjustments... based on
22 those things that we're seeing in the pipeline, we're
23 not expecting have any underspending of the stimulus
24 money in fiscal year 22. But again, we have to wait
25 until the end of the fiscal year to get... to have a

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2 better sense, but based on the projections that we
3 that we're doing right now, we're not seeing it.

4 CHAIRPERSON BRANNAN: Could you tell... tell us
5 what the total budget, as well as previous
6 expenditures of funds received from ARPA and the
7 Cares Act?

8 DIRECTOR JIHA: Uh, the... ARPA's money is...
9 ARPA's money was initially... let me see if I got it
10 correctly... ARPA was like... in 21, it was like
11 \$1.3. For 22 it was \$2.7, so a total of about \$5
12 billion. For CARES... the CARES ACT, it was about
13 \$1.2 In fiscal year 20, and about \$29.7 million, so a
14 total of \$1.2 billion for... for CARES.

15 CHAIRPERSON BRANNAN: And what about the
16 Coronavirus response and relief from the
17 Appropriations Act?

18 DIRECTOR JIHA: I think this is like \$1.5
19 billion.

20 CHAIRPERSON BRANNAN: So what's the total?

21 DIRECTOR JIHA: Well...

22 CHAIRPERSON BRANNAN: All three... All three of
23 those?

24 DIRECTOR JIHA: You're talking about 6... 7... \$8
25 billion.

2 CHAIRPERSON BRANNAN: Okay, I want to talk about
3 the Equal Employment Practices Commission.

4 The EEPC performs a vital function for the city,
5 ensuring that city... that city entities enact fair
6 and effective programs of equal employment. The EEPC
7 has a famously small staff with only 14 budgeted
8 positions, and we recently passed a bill... a
9 historic bill for mandating salary transparency, and
10 we expect the EEPC to be doing a lot of work there to
11 make sure it's rolled out properly, and then it's
12 enforced.

13 The EEPC has requested three additional positions
14 to increase its budgeting staff to 17 heads. This
15 would this would cost approximately \$300,000,
16 including fringe, which isn't much for such a
17 historic initiative. But curiously, this request has
18 been denied by OMB. Could you tell me why?

19 DIRECTOR JIHA: Um, our modus operandi here is
20 trying to make sure that everywhere... every agency
21 that we can see, to make sure that they use the
22 existing vacancies first before we provide them
23 additional heads. So we are working with that agency
24 to make sure that... Because currently, they have
25 some vacancies. So we want them to backfill those

2 vacancies first, and as they backfill those
3 vacancies, we add to them if there is a need if they
4 are... you know... if we have resources to do so.

5 CHAIRPERSON BRANNAN: Okay, let's talk about my
6 favorite subject property taxes.

7 So as you're well aware, the property tax bills
8 for city homeowners have outpaced household incomes
9 in the last 10 years. This makes helping homeowners
10 with a \$150 property tax rebate proposed by the
11 Council an urgent necessity while we wait for Albany
12 to get its act together and actually get something
13 done. So just to clarify, and for the record, as the
14 Administration support this rebate

15 DIRECTOR JIHA: We share the Council's concern
16 for supporting homeowners, and we are reviewing the
17 Council proposal. As... as you know, as you fully
18 are aware, the state must first authorize the city to
19 provide this tax relief. And so we are also working
20 with the Council and the state. And so this, along
21 with other priorities that will be discussed as part
22 of the adoption process. Okay, because we cannot do
23 it in a vacuum. We have limited resources. And
24 there are unlimited needs. So therefore, this should
25 be part. So we support the concept itself, okay?

2 But... but the question of it is, you know,
3 funding... funding is going to be... has to be part
4 of the discussion with the Council as part of the RFP
5 process... adoption process.

6 CHAIRPERSON BRANNAN: Okay, you know, I agree. I
7 mean, I think we can get Albany to get it done. I
8 think that a rebate-while-you-wait, so to speak, is
9 the way to go to show that the city acknowledges the
10 pain that homeowners are dealing with right now and
11 what they've been dealing with and it's gone
12 unchecked for so long. So have you made your
13 position clear to the legislature?

14 DIRECTOR JIHA: Yes. We made it clear to the
15 legislature that we conceptually support the concept.
16 It's just a question of as part of budget
17 negotiation, again, we have to make decisions in
18 terms of... We have made choices, you know. So
19 therefore, as part of discussion with... with your
20 team, as we negotiate the budget, we'll come back and
21 make a decision one way or another.

22 CHAIRPERSON BRANNAN: Okay. So on the Earned
23 Income Tax Credit participation, now that the EITC
24 has been expanded, you know, we believe it's more
25 important than ever to make sure the funds get into

2 the right hands, into the hands of low income New
3 Yorkers, which is why we're fighting for this. So
4 what is the Administration's plan to increase its
5 outreach program to ensure that all local income...
6 all low income families that qualify for the credit
7 are made aware of it and provided with the means to
8 apply for it?

9 DIRECTOR JIHA: Yeah, this is very important for
10 us because as you as you can imagine, the mayor
11 really fought really hard to expand the EITC. So...
12 and the reason is we just want to make sure that
13 working... working class folks have the opportunity
14 and have money in their pocket. So therefore it's in
15 our best interest to work with every single agency to
16 make sure we have a high uptake when it comes to
17 this... this program. We... we funded the DCWP to do
18 a major outreach campaign, and we will also work with
19 other agencies, whether it's Department of Finance,
20 you know, with... Basically Department of Finance has
21 all the information, all the data about the different
22 folks, where they live, you know, whether or not they
23 qualify to really push really hard to make sure that
24 we do a major outreach, to increase the uptake,
25 because it wouldn't make sense, after all this work,

2 okay?, trying to put money in the pocket of people,
3 and that they do not benefit from this very generous
4 program.

5 CHAIRPERSON BRANNAN: Okay. I think one of the
6 main challenges associated with the EITC is
7 participation.

8 DIRECTOR JIHA: It is. It is a major challenge.
9 I can remember when I was at DOF, we pushed really
10 hard. Okay, we even filled out the forms for people
11 to just sign. We sent them letters with stamped
12 envelopes, asking them to just sign the applications,
13 and uptake was still very... relatively very small.

14 CHAIRPERSON BRANNAN: Yeah.

15 DIRECTOR JIHA: So it's... it's a major concern,
16 but we have to make a big, big, big, big push to
17 ensure that people aren't skipping over.

18 CHAIRPERSON BRANNAN: I mean, is there an
19 associated price tag for, you know, for that
20 outreach? Or is it baked in?

21 DIRECTOR JIHA: It's baked in. And again, if
22 needed, we will even do... But we have to find a way
23 that is effective. That's a challenge. We've been
24 spending a lot of money doing the same outreach over
25 and over.

2 CHAIRPERSON BRANNAN: Right.

3 DIRECTOR JIHA: For me, it's not the spending.

4 It's a question of whether the model that we're using
5 is the most appropriate model to do the outreach for
6 these people.

7 CHAIRPERSON BRANNAN: Okay. So since your
8 forecast came out before April collections were
9 finalized, should we expect OMB to recognize the
10 extra April revenues at adoption?

11 DIRECTOR JIHA: Yes. Yes. We will. And we will
12 make sure that, you know, particularly for fiscal
13 year 22. And, you know, because the actual data was
14 more than anticipated, so as... as again, as part of
15 the adoption process, we will update our forecast for
16 fiscal year 22 and 23.

17 CHAIRPERSON BRANNAN: Okay, I'm going to hand it
18 over to my colleagues to ask some questions. I'll
19 just... I'll just remark that a lot of the agencies
20 over the past couple of weeks of hearings have been
21 agreeing with us and saying, "Yes, please tell OMB
22 for us." So they're... they're using us as the
23 emissary here, which is funny to me. But... but, you
24 know, I think we're all in agreement, you know, sort
25 of large print, that getting more funding during

2 these hard times, given the surplus and coming back
3 strong from COVID while we can: It needs to be the
4 priority right now. And we look forward to... to
5 getting into the final stretch of negotiations here
6 and delivering a budget that brings us back strong
7 and also doubles down on the investments we need to
8 do so.

9 So I will turn it over now to my colleagues, and
10 maybe I'll come back for more later. Thank you,
11 Jacques.

12 DIRECTOR JIHA: Thank you.

13 COUNSEL BUTEHORN: Thank you, Chair Brannan.

14 We will now turn to Councilmember questions. The
15 hands that I have up so far are Barron, Brooks-
16 Powers, Brewer, Louis, and Sanchez.

17 We'll start with councilmember Barron.

18 SERGEANT AT ARMS: Starting time.

19 COUNCILMEMBER BARRON: Thank you, the Bible says,
20 "For where your treasure is, there will your heart be
21 also." Certainly the treasure in this budget is not
22 with the poor. The poor are getting poorer. The
23 rich is getting richer. Let me point it out for you.
24 We have a \$99.7 billion expense budget, a \$94.7
25 billion capital budget (and \$5 billion was taken from

2 that to do some other things), \$6.3 billion in a
3 reserve fund, and now \$3.2 billion more than
4 anticipated from FY 2022.

5 I want... My first question is: Is that \$3
6 billion going to be put on to the \$6 billion to give
7 us \$9 billion to work with?

8 And while all of that is happening in FY 2021,
9 Wall Street profited \$21 billion and in FY 2022 \$58
10 billion, while just about every agency that came
11 before us, when you deduct the federal money from
12 their budget in 2022. They have a decrease in
13 funding, just about every budget -- and you play with
14 terms that it's an increase from the preliminary
15 budget to the executive budget -- but just about
16 every budget was decreased and the city agency.
17 That's why it's a conservative, Republican, austerity
18 budget.

19 Over \$2 billion in city agencies suffered PEGS...
20 Programs to Eliminate the Gap. Oh, they call it
21 savings. That's what they call cuts now: savings.
22 And as a result of all of that, with the \$11 billion
23 NYPD budget and 50,000 officers, to this date crime
24 is up, according to police stats, 41%.

2 I want to know: Have you computed the poverty
3 rate in black and brown communities (some was 30% and
4 40%). Do you have those numbers? The unemployment
5 rate in black and brown communities is double digit.
6 Some of its going up. The area median income rate in
7 black and brown communities as it relates to income.
8 And that you destroyed the homeless encampments --
9 that was their life -- and said you were giving them
10 safe haven beds, which they rejected (why don't you
11 give them some permanent housing?), and how are you
12 defining affordable? How are you defining affordable?

13 So when we look at this budget, the Council led
14 by its speaker is going to be focusing on Council
15 initiatives, \$400 million, and then maybe another
16 \$300 or \$400 million will be added to that, and
17 they'll shake hands and say we succeeded. But you
18 know, the real deal is that it's a damn shame that we
19 have this amount of money in one state -- that's not
20 counting the \$220 billion of the state budget -- in
21 one state, there's over \$300 billion dollars. And we
22 have some of the highest poverty, because this budget
23 doesn't address that. When you talk about 100,000
24 summer youth jobs, look at the year round jobs for
25 young people: It's dismally low. And when you talk

2 about an agencies like DFTA, and Youth: All of them
3 are suffering. And if you can't hire people, you
4 say, "Okay, we're not cutting services. We're just
5 not going to allow you to fill vacancies." That's a
6 bunch of nonsense. That will hurt services.

7 So my colleagues this budget: We need more than
8 a focus negotiation on counsel initiatives. But we
9 need to look at some of these big issues. If we do
10 have around \$9 billion, why do we have to have PEGs,
11 and why not restore the federal money that's going to
12 run out... Even when I was in Albany, and we were
13 trying to get all of this federal money... With all
14 the federal money, it still was not sufficient. So
15 even though the federal money was there, it's not
16 sufficient. And that's going... And it was
17 inefficient in the first place. We got to look hard
18 on this budget. Our people are dying. The crime is
19 high. Poverty is high. Homelessness is high. We
20 need to make sure that every new development has at
21 least 20% or 30% for the homeless, and that we have
22 \$100 million in the State Assembly, which I helped
23 get, for not-for-profits to build a homeless... build
24 housing. This budget needs some serious debate and a
25 strong stance...

2 SERGEANT AT ARMS: Time expired.

3 COUNCILMEMBER BARRON: ... by the City Council to
4 say, "We're not going to just look at our
5 initiatives. We're going to look at all of the
6 contradictions in this budget, so that we don't have
7 a bloated police budget, and then all of the other
8 agencies are suffering from a serious decrease from
9 FY 2022 because of the federal money running out."

10 Thank you.

11 And if you can answer those questions,
12 particularly the poverty rate and unemployment rate,
13 because that's what causes crime: poverty,
14 unemployment, and mental health issues, not a lack of
15 police.

16 Thank you.

17 Y'all want some answers?

18 DIRECTOR JIHA: We what we'll do is I will
19 provide you the information about the unemployment
20 for... breakdown by different demographics as part of
21 my written answer to you, because we... I don't have
22 that data in front of me.

23 COUNCILMEMBER BARRON: What about the poverty
24 rate?

25

2 DIRECTOR JIHA: The same... The same poverty
3 rate for (crosstalk)...

4 COUNCILMEMBER BARRON: You see, this is why
5 (inaudible) this disingenuous conversation on the
6 budget, because we are the majority in New York City
7 now -- black and brown people -- and you don't even
8 have the respect and courtesy to come and say, "This
9 is the poverty rate in your areas. This is what's
10 causing crime. And this is what our dollars are
11 going to do to address poverty. This is without
12 Dallas are going to be doing to address double digit
13 unemployment." And I've seen some figures on
14 workforce development that is laughable. If it
15 wasn't so painful, I wouldn't laugh at the amount of
16 money... \$1.7 million and stuff like that. But
17 it's... But for you to come before City Council
18 that's predominantly black and brown and people of
19 color, and you don't even have the poverty rate, you
20 don't have the unemployment rate, you don't have a
21 plan to eradicate poverty, or at least reduce it, or
22 a plan to deal with our unemployment, and not these
23 dismally small numbers. It's incredible. And the
24 only hope that poor people happen this city is you
25 City Council. It's the only hope. Because as you

2 see this budget, and you see these numbers... Oh, by
3 the way, is it \$9 billion we have to work with or
4 just the \$6.3 billion in reserves?

5 DIRECTOR JIHA: Currently, the reserve is about
6 \$6.3 billion.

7 COUNCILMEMBER BARRON: What about the \$3 billion
8 that you didn't anticipate, that came in?

9 DIRECTOR JIHA: Uh, that's part of the
10 negotiation with the Council.

11 COUNCILMEMBER BARRON: I understand it's part of
12 the negotiation, but is that available money, /plus/
13 the \$6.3 billion?

14 DIRECTOR JIHA: That's money that is... The \$3
15 billion... Yes... That's... If you want to look at it
16 as \$9 billion, you could cut as \$9 billion
17 (crosstalk)...

18 COUNCILMEMBER BARRON: That's not how I want to
19 look at it. It's how it is. If it's \$3 billion
20 separate from the \$6.3 billion, it's \$9 billion.
21 It's not how I look at it. That's what it is. Is
22 that correct?

23 DIRECTOR JIHA: Yes.

24 COUNCILMEMBER BARRON: Thank you. Just say yes,
25 that's all. \$9 billion, y'all. And we're cutting

2 agencies and not restoring federal money. \$9
3 billion, and only \$120 million for the Violence
4 Interrupt teams that are bringing down crime in our
5 neighborhood and their catchment areas, and a
6 dismally low amount for mental health. You can
7 mention that, but when you look at the dollars
8 connected to it, this is incredibly, incredibly
9 inaccurate, and I mean... not inaccurate, but just
10 unacceptable and unconscionable that we would have
11 this kind of money, and he doesn't even know our
12 poverty rate, our unemployment rate. You know why?
13 Because that's not his focus. The focus was to clean
14 up them encampments, so Wall Street can invest more
15 and save the city looks nicer. And you know, these
16 homeless folks: That was their whole life, and
17 you're not putting up... they're not getting no safe
18 beds. It's not going to happen. So Council, I plead
19 with you once again, that you are the conscience of
20 the city, and we have to stop this conservative,
21 Republican, austerity budget with the rich are
22 getting richer -- as you see on Wall Street -- and
23 the poor are getting poorer.

24 Thank you.

2 COUNSEL BUTEHORN: Next, we're going to turn to
3 Councilmember Brooks-Powers.

4 SERGEANT AT ARMS: Starting time.

5 COUNCILMEMBER BROOKS-POWERS: Good morning.
6 Thank you, counsel. And good morning, everyone.
7 It's great to be here with Chair Brannon and the
8 Finance Committee for our second to last budget
9 hearing. Thanks to the Chair and staff for
10 facilitating, and to the Administration for being
11 here to answer our questions.

12 Expanding access to trauma care in my district is
13 a major priority for my constituents. In addition to
14 creating jobs, a new hospital would dramatically
15 improve access and would address longstanding health
16 inequities in the region. I've been engaging in
17 productive conversation with hospital operators and
18 developers who are interested in establishing a
19 trauma center. Does the city have plans to expand
20 our trauma care network? What funding if any has
21 been dedicated? What partners is the city working
22 with to identify viable sites and conduct other
23 preliminary work?

24 I'd also like to reiterate the Council's advocacy
25 for the Streets Plan. This funding initiative is

2 vital to making our city streets safer for all New
3 Yorkers in all modes of transportation.

4 Council has... The Council has called on The
5 Administration to dedicate \$3.1 billion to fund the
6 Streets Plan. The Administration has committed \$904
7 million Does the Administration plan to increase
8 this funding? What major priorities is the current
9 level of funding expected to cover?

10 And on a related note, I would like to ask the
11 Administration about its perspective on recent
12 proposals to modify our speed camera system. In
13 particular, I'd like to discuss the proposal to take
14 revenue from speed cameras and invest it in
15 communities where it was collected, and address some
16 of the systemic imbalances in our infrastructure,
17 many of which encourage drivers to speed in the first
18 place. Has the city considered the financial impact
19 of this proposal? Will the city make a commitment to
20 reinvest those dollars back into those communities
21 from the speed camera revenue?

22 DIRECTOR JIHA: Let's start with the trauma
23 centers. As I indicated to the speaker, we work with
24 the Council as part of the adoption process to review
25 the different options that... that we could see, and

2 to also engage the state to make sure that we bring
3 the state as part of the conversation about the
4 trauma centers.

5 Regarding the Streets Plan: We added about \$580
6 million to the capital budget for project within the
7 streets plans, this is an addition to \$2 billion that
8 the DOT already has in its capital plan for projects
9 with Streets Plan deliverable. Expense funding was
10 also added to address the Streets Plan requirement.
11 So again, as I said, we... we will continue to work
12 with DOT and work with the Council. It's not what
13 the Council is... has asked for, but again, we are
14 avoiding in a world of limited needs.

15 Regarding the... the speed camera: There are so
16 many unknowns about the specifics of the authority
17 would be implemented. So we cannot provide you an
18 estimate at this time.

19 Regarding dedicating revenue for a specific
20 purpose: That... You know, I understand where
21 you're coming from, but at the same time, you also
22 reduce flexibility and our ability to adjust
23 application of funding to where money is needed. But
24 we understand your point, but this is... (crosstalk)

2 COUNCILMEMBER BROOKS-POWERS: I'm sorry. I'm
3 sorry Jacques. I just take a little exception to
4 that, only because if the speed cameras are really
5 there to ensure greater safety, which is what the
6 conversation has been centered around, it shouldn't
7 be a matter of the flexibility of the dollars. It
8 should be about investing in the infrastructure to
9 support the safety that we all are trying to achieve.
10 So I just want to... I just want to underscore that
11 when you make that statement.

12 DIRECTOR JIHA: I understand that. That's a
13 valid statement, but this is... the budget is about
14 making choices, about decisions being made by the
15 City Council and the Administration. And as I said,
16 that is part of the budget negotiation, when we make
17 decisions about where money... money is allocated.

18 SERGEANT AT ARMS: Time expired.

19 COUNCILMEMBER BROOKS-POWERS: I'm sorry. If you
20 could finish your response.

21 DIRECTOR JIHA: Yeah. So where money is
22 allocated... The decision about where money is
23 allocated should be made between by the City Council
24 and working with the Administration. So again, it's
25 a... it's a question of whether or not you want to

2 have a dedicated source of funding or whether or not
3 you need the flexibility to move resources where it's
4 needed. Because you need... you may have all the
5 resources you need, and even though, you know, you
6 dedicated those resources in specific areas, but
7 where you need them the most. Okay, you cannot move
8 those revenues, because they are basically dedicated
9 to a specific area. So again, it's question of
10 balancing flexibility with... with the needs. And as
11 I said, if there is a need, that should be part of
12 the discussion, okay?, as part of the budget process
13 with the Council and the Administration.

14 COUNCILMEMBER BROOKS-POWERS: I'm looking forward
15 to having further conversations around that, because
16 I think a lot of what I'm hearing from the
17 membership, in addition to where I stand on this is,
18 you know, wanting to see greater investments in the
19 infrastructure to have true safety across the
20 districts in a more equitable way, and where we see
21 the speed cameras and the need for greater safety,
22 the dollars have to follow in the same pursuit.

23 And then just for clarification, you mentioned
24 the \$500 million with the Streets Plan is that in
25 addition to the \$904 million that the Administration

2 had already responded with, or is this included in
3 that \$904 million.

4 DIRECTOR JIHA: Included.

5 COUNCILMEMBER BROOKS-POWERS: So it's still \$904
6 million? But in conversations, we can still continue
7 to... to explore how we move the needle on that, is
8 what you're saying? Just to be clear?

9 DIRECTOR JIHA: Yes. Yep.

10 COUNCILMEMBER BROOKS-POWERS: Okay. Thank you so
11 much. And it's good seeing you.

12 DIRECTOR JIHA: Good to see you too.

13 COUNSEL BUTEHORN: Thank you. And next we'll
14 turn to Councilmember Brewer.

15 COUNCILMEMBER BREWER: Thank you very much,
16 Commissioner. Am I particularly (inaudible) on your
17 staff, and I do want to thank the Council staff for
18 all their work. So I have a few questions.

19 I'm really concerned about the nonprofit sector.
20 To the credit of the speaker, she talked about the
21 senior concerns, they need case workers, they need
22 people who know technology. You talked about food,
23 but I don't think you specifically answered her
24 questions about the other types of support
25 mechanisms. But I'm also concerned because the City

2 Council wanted more money, \$50 million, for the human
3 service workers, particularly for the folks who are
4 not getting the COLA from the state. And I have to
5 say that's the prevention staff.

6 So how are you addressing those needs? Number
7 one. Number two: It's a sort of a general question,
8 but every commissioner -- and you know, I go back a
9 long time, so I know people on the front line, the
10 middle line, and the top line -- the issue is they
11 can't hire building inspectors, HPD inspectors,
12 public health (inaudible), Consumer Affairs, the list
13 goes on. So how are you going to address this? I
14 think you need more money to pay them, or you need to
15 figure out something that isn't just to fill the
16 vacancies? Because they can't. So how are you going
17 to address this lack of what I consider inspections
18 for the city of New York?

19 Also, the Board of Corrections gave a really
20 compelling discussion yesterday about the need to
21 have more than 5 people with 5000 persons who are
22 detained, figuring out how they can be effective as a
23 Board of Corrections. And then in your testimony,
24 you mentioned that the Transitional Finance Authority
25 borrowing capacity to go back to pre-pandemic. I'm

2 not sure that the state legislature supports that.

3 So I wanted to know if you can comment on that.

4 So those are some of my questions.

5 DIRECTOR JIHA: Okay. Let's start with the not-
6 for-profit tax force, and the Mayor's Office of
7 Contract Services: We added money... funding to
8 the... to the MOCS budget basically to tackle the
9 backlog that we are dealing with when it comes to
10 payments to not for profits. And this is an area
11 where we got a lot of complaints. And we're working
12 diligently and trying to make sure that they on-board
13 all the necessary... Because we give them 42 heads
14 to... so they could deal with two hires, so they
15 could try to tackle the backlog that they are dealing
16 with.

17 Regarding food security: We discussed with you
18 that we added about \$8.8 million for DFTAs budget to
19 deal with home-delivered meals, but more importantly,
20 like you said, we also added about \$6.6 million to
21 deal with case management... to deal with case
22 management. So it's not just the food, we also added
23 money to provide other services.

24 Regarding the not-for-profit cost of living
25 adjustment that you raised: As I said we continue to

2 work with the Council, and to evaluate ways we can
3 basically support that sector.

4 And so... what else? And regarding to TFA, the
5 Transitional Finance Authority: I understand and I
6 hear you that we are not getting support from the
7 legislature in Albany, but we have to make... keep
8 making the case to them, that without the debt
9 capacity, we cannot fund a capital program. And
10 that's a major constraint that we're dealing with.
11 And we have to make sure... we will continue to push
12 to work with the legislature so that they understand
13 that we are asking them to give us authority to
14 borrow money to fund our daily operations. That's
15 not the challenge. The challenge we're dealing with
16 is on the capital side: To fund housing... To fund a
17 bunch of things, we are constrained by our debt
18 capacity. So if you don't have the ability to borrow
19 money, you cannot borrow, okay?, to do housing to do
20 more housing to do my investment. So this where we
21 are pushing to legislature so that they could
22 understand the challenges that we're dealing with on
23 the capital side, because everyone is asking for more
24 and more and more housing, but we are also limited

2 because we don't have the capacity okay to fund
3 (crosstalk) ...

4 COUNCILMEMBER BREWER: The other question I have
5 is composting and sanitation. Now obviously, if you
6 have a cut, hopefully we will restore it, because
7 maybe the basket... litter baskets, et cetera, are
8 picked up on a more regular basis. But why is it
9 that composting just in the schools is the only way
10 that you're addressing composting, when composting
11 could get rid of the rats, and could in the end save
12 money? Is there some reason why composting is not on
13 the list? Mandatory composting?

14 DIRECTOR JIHA: We understand the importance of
15 it, and that... we are doing... we are doing curbside
16 collections at school and also a drop off sites in
17 schools. So again, we're just looking for the best
18 method, the most efficient means of doing it. It
19 doesn't make any sense to have a diesel truck, okay?,
20 running around a neighborhood, and pick up maybe like
21 a 10th of the truck capacity? So I would... I
22 would... I would defer that to Ken to see if Ken can
23 provide you an answer to this question. But this is
24 the challenge of dealing with composting. Ken?

2 DEPUTY DIRECTOR GODINER: You know, the
3 Administration understands the importance of
4 organics, but our previous curbside collection
5 program was not very efficient. As the director
6 pointed out, we were sending trucks out, you know,
7 running full routes, and they were picking up around
8 an average of one ton of material. And, you know,
9 those were in districts where we thought compliance
10 would be would be relatively high from the districts
11 we started in.

12 We need to find a program, you know, to run an
13 organics program that does not have those
14 inefficiencies, and, you know, actually picks up a
15 lot of material. In the meantime, you know, we're
16 expanding curbside collection at schools, and
17 we're... we're also adding drop off sites at school.
18 So those are all in in neighborhoods. We baseline
19 the current organics program, and, you know, we're
20 looking at to explore how to make the program broader
21 in a way that... that works, to actually pick up
22 material.

23 COUNCILMEMBER BREWER: I hope you support the
24 mandated bill. Thank you very much. I know my time
25 is up.

2 COUNSEL BUTEHORN: Thank you. And next we'll
3 turn to Councilmember Louis.

4 SERGEANT AT ARMS: Starting time.

5 COUNCILMEMBER LOUIS: Thank you, Malcom. Thank
6 you cheers, and good to see you, Jacques and your
7 team. I'm going to ask my questions, and then you
8 can respond afterwards just for the sake of time.

9 So the first question I wanted to ask was
10 regarding the B-HEARD program: Mental health for
11 all, also known as the B-HEARD program is a piloted
12 program that I worked on diligently with the previous
13 Administration for a new comprehensive way to deliver
14 universal mental health support to all New Yorkers,
15 especially those that were hit hard by the pandemic,
16 as well as how we are supposed to respond as a city
17 government. I wanted to know if the \$22 million
18 subway safety plan, also known as the mental health
19 plan that you just shared: Is the B-HEARD program in
20 that particular amount of the \$22 million? Because
21 the program that I'm aware of is piloted in central
22 Brooklyn, South East Queens, and South Bronx. I
23 wanted to know if that's in the \$22 million, and will
24 it be expanded to other neighborhoods in the city?
25 And in addition to that, it would be baselined.

2 The second question is regarding food justice for
3 all New Yorkers: You mentioned \$30 million was
4 implemented for food justice, and it's been said that
5 many pandemic related food programs will be expiring
6 soon. So I wanted to know what the Administration
7 was doing to continue food support in this budget.

8 And the last question is in regards to maternal
9 health: I wanted to know how much funding is in the
10 budget for the doula initiative for maternal health?
11 And there have been many discussions on birth...
12 birthing centers, from many leaders around the city,
13 so I wanted to know with this new institution, will
14 it be included in the FY 23 budget? Thank you.

15 DIRECTOR JIHA: Let me begin with the B-HEARD
16 program: The executive budget added \$55 million in
17 funding to expand the program to the rest of the
18 Southern Bronx, Central Brooklyn and Eastern Queens
19 by the end of the fiscal year.

20 Regarding the food that you just mentioned, we
21 added that \$30 million to expand EFAP... and expand
22 the EFAP program. Now the program is funded at \$52.8
23 million. We also added \$8.8 million to the home-
24 delivered meal programs, so they good absorb
25 additional seniors.

2 What else you asked was...? The other question
3 you was about the mental...

4 COUNCILMEMBER LOUIS: Maternal health. The doula
5 initiative.

6 DIRECTOR JIHA: The doula initiative.

7 The doula initiatives in March that was in the
8 preliminary budget added \$30 million to address black
9 maternal morbidity with the new Family Home Visit
10 Program. This includes a citywide doula initiative.
11 It includes the Midwife Initiative, and Maternity
12 Hospital Quality Improvement Network. And so this is
13 work that has been taken by different agencies to
14 make sure that we improve. But the doula initiative
15 itself, I will give you a breakdown on how much
16 exactly. That's part of the \$30 million. But I will
17 provide you details later on about how much exactly
18 is the doula initiative as part of that \$30 million.

19 COUNCILMEMBER LOUIS: And is birthing centers
20 included in this budget?

21 DIRECTOR JIHA: I'm sorry?

22 COUNCILMEMBER LOUIS: Birthing centers. The
23 conversation has been had many times, but I wanted to
24 know if it was included in the budget.

2 DIRECTOR JIHA: Um, I'm not sure. Let me get
3 back to you on this.

4 COUNCILMEMBER LOUIS: All right. And last thing
5 regarding B-HEARD: So I did hear about the amount,
6 and that it would be in Central Brooklyn, Eastern
7 Queens and South Bronx, but I wanted to know if this
8 would be baselined as well.

9 DIRECTOR JIHA: Yeah, the B-HEARD is... basically
10 is baselined... is part of the baseline. The portion
11 of it that is baselined is the portion that deals
12 with H and H. We're still working with FDNY to know
13 what the exact model is going to be in out years. So
14 once we have a sense of the appropriate model, as we
15 work with FDNY, we would baseline that portion of the
16 B-HEARD Program to FDNY in the out years. But right
17 now H and H is baselined... the portion dealing with
18 H and H is baselined.

19 COUNCILMEMBER LOUIS: Okay, thank you so much.

20 DIRECTOR JIHA: You're welcome.

21 COUNSEL BUTEHORN: Thank you, Councilmember
22 Louis. Next we'll turn to Councilmember Sanchez,
23 followed by councilmembers Restler and Ossé.

24 SERGEANT AT ARMS: Starting time.

2 COUNSEL BUTEHORN: Actually, Councilmember
3 Sanchez is not in the Zoom at the moment, so we'll
4 turn to Councilmember Restler.

5 SERGEANT AT ARMS: Starting time.

6 COUNCILMEMBER RESTLER: Well, firstly, I want to
7 thank Director Jiha, who was gracious enough the day
8 before this hearing to meet with me yesterday on some
9 local issues, and I was... I promised that I would be
10 nice. So here you go, Jacques, I'm going to be nice.

11 DIRECTOR JIHA: (Laughs)

12 COUNCILMEMBER RESTLER: Always good to see you
13 and the team at OMB.

14 DIRECTOR JIHA: Good to see you too.

15 COUNCILMEMBER RESTLER: I have a great deal of
16 admiration for your deputies and for your... your
17 leadership team and appreciate you always been so
18 responsive and helpful over many years of service.

19 There were two primary things I wanted to dig in
20 on today: The first is around the Department of
21 Corrections and the decision to significantly
22 increase headcount by nearly 500 individuals between
23 prelim and exec. This is a real concern for me, and
24 I would think it's a real concern for you, because we
25 are not too far away from the borough-based jail plan

2 being realized, significant population reduction
3 happening within our jail system down to 3300 beds,
4 which is... I hope we could go further, but... but
5 those reductions are necessary and urgent.

6 We already had far too many DOC officers on
7 payroll that are going to be a... an incredible
8 burden on the city budget. With these additional
9 folks, for OMB, as you do your modeling, aren't you
10 going to have 1000s of additional headcount that you
11 need to get... you need to get rid of in just a few
12 years' time? How is this fiscally responsible?

13 DIRECTOR JIHA: Yeah. The additional headcount
14 that we provided at DOC is basically to support their
15 effort to eliminate solitary confinement, and for
16 them to implement the model _____ management
17 accountability system, which is the ARMA System,
18 because they need the staff... that level of staffing
19 to make sure to ensure the safety of people in their
20 custody and also the safety of the staff while
21 providing necessarily programming and to ensure
22 continuity of supervision within the units. So
23 again, this is you know... We understand your
24 concern. We understand the... the, the points that
25 you make, but at the same time, if we are going to

2 make such major program... programmatic changes into
3 what you know... into sort of ending solitary
4 confinement, it also requires... (crosstalk)

5 COUNCILMEMBER RESTLER: I hear a Director Jiha,
6 but you know what the best way to do that would be?
7 Would be to get the 600 officers who are sitting at
8 home today, and get them to stop their sick-out and
9 show up to work. And so what we need is for some
10 real accountability, and I realize... and the name of
11 the office is Office of Management and Budget, and we
12 need help on the management side over at DOC. We
13 need to hold these folks accountable. The strike via
14 sick-out is totally unacceptable, and we need help in
15 getting those folks back into... back into work. And
16 then we could better manage the... the elimination of
17 solitary confinement, which of course, is a noble
18 goal. I do deeply worry, though, that we are going
19 to have 1000s of additional headcount.

20 We were... When I worked for the Administration,
21 we were talking about could we transfer these folks
22 to other agencies? Could we think about creative
23 solutions? What would we do about all of these
24 thousands of additional people, and we are now adding
25 500 more headcount, I can't believe it. I mean, like

2 I really... It is reckless for us to be doing this,
3 and I really, really, really hope that we can
4 reconsider, and that you'll work with us on a
5 different path forward, where we do not add
6 additional headcount at DOC.

7 The second thing that I wanted to ask -- and this
8 is me being kind. I would... I apologize if it comes
9 across in any other way, you know that I have deep
10 affection for you. The second thing I wanted to ask
11 is about... the allocation for RAD in the HPD capital
12 budget. So I think there's \$1.2 billion dollars that
13 y'all put in an exec for more RAD and PACT
14 conversions, which I do not think is the right path
15 forward.

16 I was hoping that you might be willing to make a
17 commitment to us today. If the trust were to pass in
18 Albany, would OMB consider reallocating that \$1.2
19 billion directly to NYCHA to make capital repairs
20 themselves to improve conditions in our developments?

21 DIRECTOR JIHA: I cannot make that commitment to
22 you today.

23 COUNCILMEMBER RESTLER: It was a good try, right?
24 (laughs) But tell me you're open to it.

25 DIRECTOR JIHA: It's... (crosstalk)

2 COUNCILMEMBER RESTLER: (inaudible) what do you
3 think?

4 DIRECTOR JIHA: It's a hypothetical question.
5 And, you know, again, I don't... I do not engage in
6 these kind of, you know, exercises, for the simple
7 reason that we need to make sure that we provide the
8 appropriate funding at this moment in time, okay?,
9 for NYCHA so they could undertake all the repairs
10 that need to be made. When the choice legislation is
11 enacted, I will... we will have a different
12 conversation...

13 SERGEANT AT ARMS: Time expired.

14 DIRECTOR JIHA: ... but at this point in time, I
15 can't... we cannot make that kind of...

16 COUNCILMEMBER RESTLER: I'll be... I understand
17 you don't deal in hypotheticals, and I respect that.
18 I would just say from a political vantage point, I
19 think it's a nice carrot to offer to the folks in the
20 legislature that you'll take this \$1.2 billion of RAD
21 conversions off the table if they work with us on the
22 trust, and that you'll instead invest that money
23 directly into NYCHA and improving people's lives,
24 which is a desperately, urgently needed investment.
25 So I hope you'll consider it as a recommendation. I

2 think it would be a worthwhile thing to do. And I
3 want to thank Chairs Brannan... Chair Brannan for his
4 leadership and everyone in Council finance for their
5 great help.

6 Thank you, Director Jiha, and the team at OMB.

7 DIRECTOR JIHA: Thank you. Thank you for being
8 nice.

9 COUNSEL BUTEHORN: Thank you, Councilmember. And
10 for the record, we've also been joined by
11 Councilmembers Carr and Kagan. I see councilmember
12 Sanchez as facts. Councilmember Sanchez is back, so
13 Councilmember Sanchez followed by Councilmember Ossé.

14 SERGEANT AT ARMS: Starting time.

15 COUNCILMEMBER SANCHEZ: Thank you. Thank you so
16 much to the Chairs and Director Jiha, so good to see
17 you again. So I did... First I just want to agree
18 with... with councilmember Restler on... on NYCHA and
19 the RAD program. I think it absolutely works
20 politically. And it's something that many, many
21 residents across the city of New York and many TA's
22 would also, you know... would also be supportive of.

23 Um, so my first question is in your testimony,
24 and just a moment ago with Councilmember Brewer,
25 before our office's internet decided to cut out, you

2 were discussing the need to stay below a 15% debt-to-
3 taxes ratio... ratio. But our team internally at
4 counsel, folks from the New York Housing Conference
5 and others, they have estimated and suggested that
6 the debt service would still be below the 15% target,
7 if the Administration added another \$1.5 billion per
8 year on top of the \$500 million on average added by
9 the mayor in the Exec. So, you know, the question
10 remains: We... we at the Council are continuing to
11 push for more capital investment. This is our number
12 one challenge in the city of New York, as identified
13 by New Yorkers through the... through the B-HEARD
14 survey. You know, what... What is your response to
15 that? To adding more... more housing? What are the
16 challenges... those capacity challenges that you
17 mentioned a few moments earlier? What are the
18 challenges to doing more? And I'll just punctuate it
19 by... by saying that, you know, given the high rates
20 of inflation that we're seeing, and seeing a heating
21 national economy, we have a big concern that even...
22 even the... the investments that are being made, and
23 were made in the executive budget, they're just going
24 to keep us at the status quo, and we're not going to

2 actually be able to increase the amount of production
3 and preservation because of these increasing costs.

4 DIRECTOR JIHA: Yeah. The, the constraint that I
5 was referring to was not about the debt service
6 constraint. I agree with you. We are below 15%.
7 And we'll probably stay below 15%. The constraint I
8 was referring to was the transitional finance
9 authority. We have a limit. The cost... The state
10 constitution limits how much money we could borrow,
11 based on the value of properties in New York City,
12 okay? Because property values New York City
13 declined, because of the high vacancy... all of these
14 things that we have, that means the debt capacity of
15 New York City has declined. If the debt capacity has
16 declined, it means that we cannot... there's a limit
17 on how much money we could borrow, okay? So right
18 now, the remaining debt capacity we have... I think
19 it's around \$8 billion. So that... Because we only
20 have \$8 billion in total for all of our borrowing
21 needs left. So right now, if we were to add...
22 Okay, that's \$4 billion a year in housing, okay? We
23 cannot do that, because we wouldn't have the capacity
24 to borrow. We could not borrow money, okay?, to pay
25 for this. Okay, not even talking about School

2 Construction Authority. As you know, we have to
3 build schools. We have to make sure our
4 infrastructure isn't... we invest in infrastructure.
5 So every other investment cannot take place because
6 we are limited, okay?, by our borrowing capacity.

7 And right now, that's where we are. That's the
8 reason why we are seeing the state, okay?, to restore
9 our borrowing capacity to pre-pandemic level, okay?
10 And this is probably where we need your help, okay?
11 We need all the councilmembers help, okay?, to
12 basically push the state to restore the capacity,
13 okay?, so that we could have room in case we have an
14 emergency in case that we have to deal, okay?, with
15 things such as more housing. But right now, we are
16 very limited in terms of how much we could borrow,
17 okay?, to fund a capital program. That's the
18 constraint.

19 COUNCILMEMBER SANCHEZ: Okay, got it. Well, you
20 can absolutely count on my support for that. And you
21 know, of course, I would argue that, "Sure, let's
22 let's toss in more than \$8 billion. We don't need
23 schools. Let's just build housing." I'm kidding.
24 I'm kidding. For the record. I'm kidding.

2 But... But no, I look forward to some more
3 conversation on that, because we... we really do need
4 to do what we can.

5 And then my... my second question, I'm going to
6 ask two questions and see what you have time to
7 answer.

8 So first, just to kind of circle back on the
9 speaker's discussion with you about units of
10 appropriation: 75% of DOB's budget is in a single
11 unit of appropriation: "personnel". We have at the
12 Council have no visibility into what is going on. So
13 a lot of questions around these grounds. And so the
14 first is can I have a commitment to more transparency
15 within DOB in particular?

16 And then the last question is on homeownership...

17 SERGEANT AT ARMS: Time expired.

18 COUNCILMEMBER SANCHEZ: ... are we going to see
19 commitments from the Administration to increase
20 homeownership opportunities in the next few years?

21 DIRECTOR JIHA: Yes. As I indicated to the
22 speaker, we will... we will be working with... with
23 the Council. We are reviewing requests to see what
24 we can do in terms of providing more transparency to
25 the budget process, and so we will be making a

2 request for more unit of appropriations. Again, as I
3 said, it's a question of balancing flexibility and
4 transparency. And I understand exactly where you're
5 coming from. And so our goal is to make sure that we
6 manage this as best as we can.

7 Regarding homeownership opportunity, this is
8 something this is very important to us. This is
9 our... Our folks have built a wealth in this country
10 by leveraging you know, the ability to borrow, so
11 that you could, you know, as houses appreciate over
12 time, and family build wealth. And this is something
13 that is always of utmost important to us, okay?, as
14 part of building wealth for people for... for
15 different groups in New York City. So again, it's a
16 priority and something that, particularly in light of
17 the fact that we will be operating in an environment
18 where interest rates will be rising significantly,
19 mortgage rates will be rising significantly, so we
20 have to find ways to make sure that we keep housing
21 affordable for folks who desire to own properties.

22 COUNCILMEMBER SANCHEZ: Thank you so much,
23 Director and thank you Chair.

24 COUNSEL BUTEHORN: Thank you, and next we'll turn
25 to Councilmember Ossé.

2 SERGEANT AT ARMS: Starting time.

3 COUNCILMEMBER OSSÉ: Thank you so much. Good
4 morning, everyone. Good morning, Chair Brennan. You
5 have been killing it during these executive budget
6 hearings. It's... I'm in awe of your... your
7 leadership, and just everything that you've been
8 doing during these past couple of weeks. And hello,
9 Commissioner Jiha. I won't be as brutal or nearly as
10 brutal as Councilmember Restler. He's asking some
11 great questions, but I just have a couple of
12 questions pertaining to my district, as well as the
13 committee that I chair.

14 You know, there's \$186 million decrease in the
15 Department of Sanitation budget from fiscal year
16 2022, and it says in the executive budget, that it is
17 due to a lower allocation for uniformed operations.
18 In communities like mine, that is devastating to
19 hear, in the 36th district. We need more street
20 cleanups and waste removal. Is it the case across
21 the city as well? And why did OMB allocate less for
22 uniformed operations for this year?

23 DIRECTOR JIHA: Yeah. You know, again, I
24 would... I am going defer to Ken to answer that
25 question for you. But again, as a general premise,

2 our goal is to work with the Council to make sure
3 that as part of the adapted process, to make sure
4 that whatever is needed to make sure the city is
5 clean, okay... to maintain the cleanliness of New
6 York City. Ken?

7 You're muted.

8 DEPUTY DIRECTOR GODINER: Thank you, sorry about
9 that.

10 The reduction you're seeing on the sanitation
11 side is for a reduction in expected levels of
12 overtime, not a reduction in... in routine service.
13 We've baselined a number of initiatives, including
14 increasing from our pandemic low, almost double...
15 more than doubling the number of trucks we have doing
16 litter baskets. We've been, you know, we're
17 partnering with the BIDs to, to bring service up in
18 that way as well. And the mayor announced we invested
19 \$11.4 million in expensing capital on street sweeping
20 program, which will, you know... We talked about it
21 as alternative-side parking, but it's really about,
22 right, getting the mechanical brooms and the street
23 sweeping out more frequently.

24 So that's the, you know, that's sort of the
25 answer about both why the number is down: We don't

2 expect to see the kind of high sick leave, right?,
3 that we saw during the pandemic, which, you know,
4 fiscal 22, still covered a large portion of, and
5 we're, you know... That that's really where the
6 reduction comes from, otherwise, we're investing and
7 expanding services there.

8 COUNCILMEMBER OSSÉ: Thank you, Ken. Thank you,
9 Commissioner. And then just a quick question for my
10 second question, and then I've done for the morning.
11 But it's in regards to our Council's response to
12 funding for DCLA and our culturals. I know that
13 there was a \$50 million ask. And this may be a
14 simple question, but I just would love for it to be
15 on the record: Why did OMB not make a \$50 million
16 allocation to our culturals in DCLA as requested in
17 the budget response from the Council?

18 DIRECTOR JIHA: Yeah, we added resources in the
19 executive budget, we added \$5.2 million dollars to
20 support the Cultural Development Fund and other
21 initiatives. And we've also added headcount to the
22 agency, basically to help them speed up the
23 purchasing process for cultural organizations.
24 Because the ability to get equipment system from the
25 city is one of the key ways, this year, to support

2 the cultural community. So again, it's just a
3 question of... We may not get a full... a full ask,
4 but from our perspective, what we added was very much
5 appropriate for the agency to do... to provide the
6 support that they need to... to the cultural
7 institutions in New York City.

8 COUNCILMEMBER OSSÉ: I... Maybe I misheard you.
9 You said you added \$500 million for...

10 DIRECTOR JIHA: No. \$5.2 million.

11 COUNCILMEMBER OSSÉ: \$5.2 million. Okay.

12 DIRECTOR JIHA: Okay? For the cultural
13 development fund.

14 COUNCILMEMBER OSSÉ: I got excited.

15 DIRECTOR JIHA: (Laughs) Yes.

16 COUNSEL BUTEHORN: Thank you. We just also want
17 to say for the record, we were joined by Counselors
18 Restler and Yeger. Speaker Adams and Chair Brannan,
19 I'm going to turn it back to you both.

20 COUNSEL BUTEHORN: Is the Speaker still here,
21 Malcom. I don't see her. Oh, she is.

22 COUNSEL BUTEHORN: She is probably listening in
23 the background, so I'll turn it to you.

24 CHAIRPERSON BRANNAN: Okay. Thank you, Jaques.
25 We look forward to spending a lot of time together

2 over the next couple of weeks. I told my wife not to
3 get jealous.

4 DIRECTOR JIHA: (Laughs.)

5 CHAIRPERSON BRANNAN: I will... Look, I think
6 we're all in agreement here, and as The Speaker laid
7 out, and as we've been saying since... since February
8 really, the Council believes that New York City's
9 recovery requires real and meaningful investments.
10 We know that we can't cut our way to prosperity, and
11 I think now more than ever, New Yorkers want to know
12 that the neighbors that they elected are listening
13 and delivering tangible results. They want to
14 feel... They want to feel this budget. They want to
15 feel their lives get easier, get better, based on
16 these... these allocations and investments that we
17 make in our future. And I say it a lot, but it bears
18 repeating: If you want to know what someone cares
19 about, take a look at what they spend their money on.
20 Right, you'll you would find that I really like
21 coffee.

22 You know, and this is what it's about, right?
23 It's not just an itemized list of income and
24 expenditures, it's truly a moral manifest. And
25 everything in the Council's budget response is

2 something that the Council believes is worth fighting
3 for. We're not playing a poker game here.
4 Everything in there we feel is really worth fighting
5 for. So I'm proud of my colleagues, and especially
6 the dedicated staff behind the scenes, who works
7 countless hours, late nights and weekends, on this
8 stuff, on my side and on your side, frankly. Very
9 little glory for the guys that do this work. And
10 while much negotiation remains here, we really do
11 look forward to working with OMB to arrive at an
12 agreement that gives reality to a safer, fairer, and
13 a more prosperous city. And I think that's something
14 that we're all certainly in agreement on. So I look
15 forward to working with you. And with that, I think
16 we'll let you guys go early on good behavior. So we
17 appreciate it.

18 DIRECTOR JIHA: Thank you. Thank you very much.

19 CHAIRPERSON BRANNAN: Thank you.

20 COUNSEL BUTEHORN: Chair, we'll stand in recess.
21 We're going to email the Comptroller's team to see if
22 they would like to... if they are ready and want to
23 start now we can just keep the program moving.

24 CHAIRPERSON BRANNAN: What time did we say for?

25 12:30? No?

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2 COUNSEL BUTEHORN: One.

3 CHAIRPERSON BRANNAN: Oh one. Okay, yes.

4 COUNSEL BUTEHORN: I'll be back.

5

6 [19 minutes and 36 seconds silence]

7

8 COUNSEL BUTEHORN: Good afternoon, Mr.

9 Comptroller.

10 COMPTROLLER LANDER: Good afternoon Malcom. Nice
11 to see you.

12 COUNSEL BUTEHORN: Nice seeing you. We'll just
13 wait for Executive Deputy Comptroller Brindisi and
14 Deputy Comptroller Olson great man we can get the
15 show on the road.

16 COMPTROLLER LANDER: Wonderful. They should be
17 on shortly.

18 COUNSEL BUTEHORN: Thank you.

19 COMPTROLLER LANDER: You guys make quick work of
20 OMB?

21 COUNSEL BUTEHORN: We did. I will take ahead of
22 schedule any day.

23 COMPTROLLER LANDER: No, no sure. It works for
24 us. We're ready.

25 COUNSEL BUTEHORN: Absolutely.

2 COMPTRROLLER LANDER: I like seeing Lincoln's
3 porch there in the backyard.

4 [40 seconds silence]

5 SERGEANT LEONARDO: Good morning Executive Deputy
6 Comptroller. Oh, there we go. Okay. You coming in
7 loud and clear. Thank you

8 COMPTRROLLER LANDER: All right. I think our team
9 is here. So we are ready when you guys are.

10 COUNSEL BUTEHORN: Thank you. Deputy Comptroller
11 Olson, you should be able to unmute yourself. Just
12 make sure we have audio.

13 DEPUTY COMPTRROLLER OLSON: Yes.

14 COUNSEL BUTEHORN: Yes. Perfect. Thank you.
15 Chair Brannan?

16 CHAIRPERSON BRANNAN: Okay, all right. I'm
17 ready.

18 COUNSEL BUTEHORN: Well, you can start with
19 your... your opening and then we will swear in the
20 Comptroller, and just get started.

21 CHAIRPERSON BRANNAN: Okay, cool. Thanks Malcom.

22 Good afternoon, everyone. And welcome to the
23 second portion of today's final executive budget
24 hearing before we hear from the public tomorrow. This
25 is day 10 of the FY 23 executive budget hearings for

2 the Council. My name is Justin Brannan. I have the
3 privilege of Chairing the Committee on Finance. I'm
4 pleased to welcome my friend and former colleague-
5 turned-comptroller, Brad Lander, to this afternoon's
6 hearing. Welcome Brad to you and your team. You do
7 important work in holding city agencies accountable
8 to the people of this great city, and I thank you for
9 that, and all the work you will do throughout your
10 term.

11 I never thought I'd be so... I'd never thought
12 I'd be in a place where I'm texting the comptroller
13 about next month fiscal numbers coming out, but here
14 we are.

15 In the interest of time I am going to forego an
16 opening statement and let us hear directly from the
17 controller but before we do I want to turn it to the
18 mighty Committee Counsel, Malcom Butehorn to go over
19 some procedural items and to swear in the witnesses.

20 COUNSEL BUTEHORN: Thank you Chair Brannan. Good
21 afternoon, everyone. Welcome to the second portion
22 of today's executive budget hearing as it pertains to
23 agencies and authorities. I want to remind everyone
24 that you have the ability to mute and unmute

2 yourselves. We just ask when not speaking to please
3 mute yourself to avoid background noise.

4 Councilmembers who have questions should use the
5 raise hand function and zoom, you'll be called on in
6 the order with which you raised your hand.

7 The following members of the Office of the
8 Comptroller are here to testify and or answer your
9 questions. Brad S. Lander, Comptroller, Francisco
10 Brindisi, Executive Deputy Comptroller, and Krista
11 Olson, Deputy Comptroller for Budget.

12 I will first read the oath and ask each of you
13 individually to respond.

14 Do you affirm to tell the truth, the whole truth
15 and nothing but the truth before these committees and
16 to respond honestly to Councilmember questions?

17 Comptroller Lander?

18 COMPTROLLER LANDER: I do.

19 COUNSEL BUTEHORN: Executive Deputy Comptroller
20 Brindisi?

21 EXECUTIVE DEPUTY COMPTROLLER BRINDISI: I do.

22 COUNSEL BUTEHORN: And Deputy comptroller Olson?

23 DEPUTY COMPTROLLER OLSON: I do.

24 COUNSEL BUTEHORN: Thank you. Comptroller,
25 whenever you're ready.

2 COMPTROLLER LANDER: Thank you so much, Counsel.
3 Thank you so much, Chair Brannon and Councilmember
4 Baron, and members the Finance Committee and the City
5 Council. I appreciate the opportunity to comment on
6 the FY 23 executive budget and I am pleased to be
7 joined as you see by our Executive Deputy Francesco
8 Brandisi, and our Deputy Controller for Budget,
9 Krista Olson.

10 We are in a unique moment today. Tax revenues
11 have exceeded projections, billions of dollars of
12 federal stimulus are flowing through the budget, and
13 most economic indicators in the city have improved
14 steadily from a year ago, yet geopolitical and other
15 risks of the economy are growing by the day,
16 inflation is at the highest since 1981, the Federal
17 Reserve has begun tightening monetary policy which
18 will put a damper on growth. And while tax revenues
19 are coming in well above projections in the current
20 year, neither the mayor's office nor the
21 comptroller's office expect that trend to continue.
22 It's critical at this juncture that we invest smartly
23 in our infrastructure and our people and set the city
24 on a path for long term inclusive recovery. In
25 particular, with one time surpluses and long term

2 uncertainty, it is imperative that we shore up our
3 reserves now and we can this year afford to. We
4 recommend a significant \$1.8 billion additional
5 contribution to the city's rainy day fund, as I will
6 discuss shortly, but I'll begin with my office's
7 newly released review of the city's financial plan
8 which is available today on our websites you can get
9 all the numbers there.

10 As of April The city has regained 79% of private
11 sector jobs lost during the depths of the pandemic.
12 Over the last year private employment in the city has
13 grown 8% and tax collections have increased well
14 beyond expectations. Since the beginning of the
15 fiscal year, OMB has increased the tax forecast for
16 just this fiscal year FY 22 by \$3.3 billion. My
17 office forecasts an additional \$3.3 billion in tax
18 revenues beyond that by the end of the fiscal year,
19 primarily on the strength of tax collections in
20 April. So the city's near term fiscal position is
21 bright, but clouds are on the horizon, the Federal
22 Reserve has begun to raise interest rates and faces
23 the formidable task of controlling inflation without
24 causing a recession, a real challenge and one that
25 will affect people's lives. Recent turmoil in the

2 stock market, Russia's continued invasion of Ukraine
3 and related supply chain interruptions make this even
4 more challenging.

5 We believe that economic growth will moderate and
6 tax revenues will drop next year, but our revenue
7 forecast remains above OMB's in each year of the
8 plan. However, those additional resources will be
9 offset by additional spending not yet reflected in
10 OMB's forecast and the fiscal risk will be compounded
11 should the economy slide into recession. Some of
12 these expenditures are perennially under budgeted
13 including overtime, cases at homeless shelters but
14 others relate to the city's use of stimulus funds for
15 ongoing programs such as 3K, which places those
16 programs at risk in the longer term. By FY 26, the
17 city faces a fiscal cliff of \$1.3 billion that will
18 need to be addressed. Current stock market returns
19 decline poses an additional risk to the budget,
20 incorporating combined audited returns which were
21 0.11% through March, which is far below the actuarial
22 target of 7%. We'll add pension costs, required
23 pension contributions of \$335 million in FY 24
24 increasing to \$1 billion by the end of the plan, and
25 unfortunately, markets are continuing to fall so the

2 final returns through June could be somewhat worse.
3 Combining our assessment of revenues and spending, we
4 forecast as I say a big surplus this year of \$3.1
5 billion at the end of this year, a small surplus next
6 year, but then gaps of \$5 billion in FY 24, growing
7 to \$6.5 billion in FY 26. And even those estimates
8 exclude the risk of the large labor contracts. You
9 know, most of the city's labor contracts will soon be
10 expired, and the current plan funds only 0.5% raises
11 in the first two years of the plan. Given
12 inflationary pressures, the actual pattern may be far
13 higher, and each additional 1% wage increase will
14 cost the city \$450 million in the first year it's
15 implemented. And the city would also need to cover
16 commensurate cost of the cost of living adjustments
17 to human service contracts. So those are additional
18 risks in the long term plan.

19 This combination of baseline gaps economic risks,
20 and the unknown cost of labor contracts and pension
21 contributions makes it imperative that the city shore
22 up its reserves this year. Just yesterday, my office
23 released a new recommended framework for the city's
24 rainy day fund, which would take saving for economic
25 downturns out of the vicissitudes of the annual

2 budget process. I was there. I know how hard it is
3 to commit enough resources when it's just the annual
4 budget negotiation. So we propose a formula: We
5 believe the city needs 16% of tax revenues in the
6 rainy day fund to stabilize revenues for the whole
7 length of a recession, so you don't have to cut the
8 central services or lay off teachers, right at the
9 hardest moment. If you've got 16% of taxes in your
10 rainy day fund, then you can get through that
11 recession without harmful cuts to core services.

12 We estimate right now that if you add together
13 the Rainy Day Fund and the retiree health benefit
14 Trust, which has been used as a rainy day fund,
15 there'll be about \$5.1 billion at the end of FY 22,
16 which is only 7.3% of tax revenues, that's only
17 enough to provide budget relief for less than half
18 the length of an average recession. I'm proposing a
19 formula based on a best practice in the Commonwealth
20 of Virginia, that would require a minimum of 50% of
21 the increase in any given year in the city's non-
22 property taxes above their historical rate of growth.
23 And that's happening this year. So those guidelines
24 I mentioned, you know, we're going to recognize \$3

2 billion more revenue just between now and the end of
3 the year that is in the executive budget.

4 So we propose to put \$1.8 billion of that into
5 the rainy day fund, along with planned deposits of
6 \$700 million for a total of \$2.5 billion this year
7 into the rainy day fund. While that contribution is
8 a big number, it's still only 55% of our forecast for
9 surplus revenues beyond what was recognized in the
10 executive budget, so there still would be significant
11 amount of new revenue even beyond that contribution.

12 What that would do was help us achieve a balance
13 of 10% in the rainy day fund, enough to provide a
14 cushion for the first two years of a recession. We
15 think it's not only prudent but also reasonable and
16 achievable, and really will enable us to show up in
17 the times of most need. Going forward establishment
18 of a formal policy, including those targets and rules
19 for deposits and withdrawals, we believe should be
20 required by the Council, the Council could pass a law
21 requiring the Administration to establish a formula
22 and report every year on whether it's met.

23 Preparing for the future also means that we must
24 use every dollar of federal stimulus and
25 infrastructure funding wisely. We released a report

2 last month that found that through the first eight
3 months of FY 22, DOE had spent less than 25% of
4 planned recovery funds and the critical areas of
5 academic and instructional support and social and
6 emotional well-being. I understand that schools face
7 many barriers to implementing those programs, but we
8 cannot afford to squander this opportunity. And our
9 students, especially those with special needs or
10 trauma cannot wait for the services that they need
11 today. I'm pleased that DOE says they've spent
12 another \$500 million since our report came out. But
13 I continue to urge DOE to be more transparent and
14 provide more clear outcomes metrics on that funding.
15 I also fully support the Council's call for 100
16 additional shelter-based community coordinators to
17 better serve the 101,000 students who lack permanent
18 housing.

19 And a sustainable fiscal future also requires
20 addressing the city's broken property tax system, as
21 you guys know so well because folks in East New York
22 and Bay Ridge and the Northeast Bronx are all treated
23 unfairly as well as folks in Staten Island and
24 southeast Queens by our current property tax system.
25 If we work together, then the expiration of 421-A on

2 June 15, could give us a real chance to build that
3 broad coalition of homeowners who would benefit and
4 the exploration could provide momentum to develop a
5 more equitable, more transparent and more sustainable
6 framework, both to levy taxes fairly and produce
7 actually affordable housing, which of course 421-A
8 does not do. So let's work together on this after
9 June 15.

10 Back here in the city as the Council negotiates a
11 final budget, you have the opportunity to ensure that
12 we're adequately funding and delivering services to
13 all New Yorkers, from sanitation to public higher ed.
14 We've been doing town halls around the city and I've
15 heard loud and clear from New Yorkers about
16 sanitation issues. People from Staten Island to the
17 Bronx to Bushwick think their neighborhoods are dirty
18 and that they're overpaying for substandard service.
19 311 complaints for dirty conditions grew 73% from
20 2020 to 2021. I was happy to see some additions to
21 sanitation's budget, but the \$48 million cut to the
22 FY 23 budget from prelim remains. As Chair Nurse has
23 urged: Strengthening curbside composting and adding
24 options not curtailing them is critical to meeting
25 our climate goals and cleaning up our neighborhoods.

2 Now cleaning up our neighborhoods should not mean
3 harassing New Yorkers living on the streets or
4 subways. Throwing away someone's belongings does not
5 address their lack of a place to live or make anyone
6 safer. We won't solve the homelessness crisis nor
7 reduce crime by deploying our city's resources to
8 criminalize poverty, to incarcerate more black and
9 brown New Yorkers, or to pay correction officers for
10 not showing up to work. People need resources, peer
11 led outreach and an appealing alternative. I support
12 new funding in the executive budget for safe haven
13 and stabilization beds. I believe those new
14 facilities should provide private rooms that offer
15 true dignity. And these temporary solutions must
16 connect New Yorkers to services and to truly
17 affordable permanent housing. The need is immense
18 and the addition of affordable housing in the
19 executive budget capital plan will quickly be
20 absorbed by capital... by construction cost
21 inflation. So it's critical and I agree
22 wholeheartedly with what Speaker Adams said in her
23 state of the city and Chair Sanchez's advocacy that
24 the city commit \$4 billion dollars in each year of
25 the capital plan and restore planned headcount cuts

2 to the Department of Housing Preservation and
3 Development, as well as Department of Buildings and
4 make sure vacant positions are filled to get that
5 genuinely affordable housing built. We also need to
6 support communities by adequately funding initiatives
7 like the right to counsel, source of income
8 discrimination investigations, justice-involved
9 supportive housing, and community based solutions to
10 gun violence. These initiatives are not only the
11 right thing to do, but will also reduce the use of
12 high-cost homeless shelters and jails.

13 Since I took office, as several of you know, my
14 Administration has been working hard to do what's
15 ever in our power to speed up the contracting process
16 for nonprofits and other critical vendors that serve
17 the city. We're moving forward with clearing out the
18 backlog of unregistered contracts and I remain
19 hopeful and committed to working with all the key
20 players involved in the procurement process,
21 including the Council to make real quantifiable
22 progress. That's not all our nonprofits need. They
23 also need the resources to provide services amidst
24 rising costs. In particular childcare providers have
25 struggled amid reduced enrollment and increased cost

2 during this pandemic. Using new funds allocated in
3 the state budget, the city has the opportunity to
4 improve access for families while also addressing
5 funding deficiencies for providers and workers. We
6 should ensure that every child regardless of
7 immigration status, has access to quality early
8 childhood education and care. So I was pleased to
9 join councilmembers Cabán and Hanif yesterday in
10 calling for the city to fund child care for
11 undocumented children who are currently ineligible
12 for state and federal funding. The state ought to
13 fix that, but they have not. And so this year, a
14 relatively modest commitment could make sure all
15 undocumented kids have access to the early childhood
16 education they deserve. And finally, at this
17 important moment, I fully support the Council's
18 continued and expanded support for safe and
19 affordable abortion care. We do have some additional
20 work to make sure that that money can get spent, that
21 there's transportation and childcare that ensures
22 access to those services.

23 If you take away one thing, though, from my
24 testimony today, it really is that given the
25 combination of those excess tax revenues -- \$3

2 billion above plan -- significant increases one time
3 from personal income tax sales tax and business
4 taxes, we need to make that significant contribution
5 that we can afford at this moment to make that
6 significant contribution of an additional \$1.8
7 billion to the rainy day fund in that next economic
8 downturn, which I pray is not soon but whenever it
9 is, we're making the decision now: Will we have the
10 resources to continue to provide services like
11 childcare, to continue to keep our full complement of
12 teachers, to provide the relief that's in our budget
13 for low-income New Yorkers during that recession in
14 what we do today? This is a unique moment. And I
15 really hope the Council will be a strong advocate for
16 it, and that the mayor will agree as well. Thank you
17 so much for this opportunity to testify. And we are
18 happy to take your questions.

19 CHAIRPERSON BRANNAN: Well, thank you very much,
20 Brad. A couple of quick things. I wanted to talk...
21 There was a Bloomberg article from May 10 that
22 reported that your office had asked the General
23 Counsel to review whether a former Chief Investment
24 Officer had complied with ethics rules, as governing
25 an allowable career transition out of the city's

2 pension system after accepting a position with an
3 investment firm.

4 So are you comfortable with the current rules
5 governing those involved with our pension investments
6 and... and our their need for changes?

7 COMPTROLLER LANDER: So that's why I have this
8 review underway. You know, it was... as was reported
9 in the press, the Chief Investment Officer, Alex
10 Doñé, from the prior Administration, departed from
11 the... from the comptroller's office, and then was
12 hired by Platinum Equities, which is one of the many
13 investment funds that the city's pension funds invest
14 in. And I asked the General Counsel to look at two
15 things: Both the... the specifics of this situation,
16 were the appropriate rules followed, was, uh, you
17 know, I know conflicts of interest guidance was
18 requested, and I want to make sure that everything
19 was done according to the rules. But I did also ask
20 her to take a look at the rules themselves. We do
21 have very extensive internal processes. There's
22 multiple committees for, you know, that review.
23 We've got an investment committee that reviews every
24 proposal before it goes forward. There's consultants
25 to all five of the pension fund boards, and they

2 review them, and then the trustees themselves review
3 them. But, you know, it's appropriate for people to
4 say, "I worry about kind of revolving door issues,"
5 and I want to see whether our post-employment rules
6 should be strengthened. So when I get the results of
7 that internal review from my general counsel, I'll be
8 glad to forward them on to the City Council and work
9 with you, and if we think there's any need to tighten
10 up, or strengthen our rules to prevent not only
11 conflict but any potential appearance of conflict,
12 then we would, you know... we'll both make that
13 transparent, and we'll work with you to make any
14 changes that are needed

15 CHAIRPERSON BRANNAN: With regard to pension
16 assets: So there was a New York Post article from
17 May 14 that reported that more than half a billion
18 dollars of pension system assets previously invested
19 in Russian companies had been frozen by Vladimir
20 Putin. So will the pension system be required to
21 cover the cost of these frozen assets?

22 COMPTROLLER LANDER: So a couple of things about
23 that Post article: That number combined the city and
24 the state. So the city's Russian... The city's
25 holdings of Russian securities were about half that.

2 I think about \$271 billion prior to the invasion.
3 That was less than 1% of total holdings in the
4 pension funds. Were talking about a pretty modest
5 percentage. All five funds move quickly. We were
6 the first public pension funds in the country to move
7 to divest Russian securities, but that was right at
8 the same time when all the sanctions were applied,
9 and when Russia froze its stock market. So it hasn't
10 been possible to sell your Russian securities since
11 the invasion began. So those monies are frozen,
12 they're hard to value what they're actually worth,
13 and we are committed to divesting them, as soon as we
14 can.

15 You know, in the meantime, they sit on our books,
16 and we don't need to put new money in to cover them.
17 You know, we've got \$265 billion, you know, currently
18 in the pension funds. Now, it is a concern, as I
19 mentioned in my testimony, that stock market returns
20 are down. Last year, we had an amazing year 26%
21 returns. This year, as of the first quarter, it's
22 basically flat, you know, 0.1%, and we've got this
23 actuarial target of 7%. And assuming those numbers
24 you know, stay low or get lower, it will mean that
25 the city over time has to contribute more into the

2 pension fund. Now, last year, those 26% returns
3 meant the city had to contribute less... about \$8
4 billion less, and these amounts are smoothed over
5 five years. It's a pretty wise system, that in a
6 good year, you reduce the amount the city has to
7 contribute, but you smooth that over five years. In
8 a bad year. You increase the amount the city has to
9 contribute, but you smooth that over five years. So
10 as I mentioned, this will add, you know, the... the
11 returns, the stock market decline will add some long
12 term cost to the city to make sure we can meet our
13 obligations to our retirees, but the pension fund is
14 well funded, and we've got a great team making sure
15 that we do a little better than... than our peers a
16 little better than the markets do. And then this
17 long-term system for smoothing returns, both when the
18 markets are up or down to make sure we can meet our
19 long term obligations.

20 CHAIRPERSON BRANNAN: How do you think going
21 forward should we be engaging with pension boards on
22 the issue of vetting geopolitical risk of investments
23 in developing markets and the issue of investing
24 retirement funds in countries with human rights
25 violations?

2 COMPTRROLLER LANDER: Well, let me, you know,
3 separate those two questions. You know, I mean,
4 how... You know, we, we do an asset allocation that
5 looks across a broad set of categories, and you
6 really want to be diversified because you don't know
7 where problems are going to arise. And so you want a
8 good strong mix of US public equities, of US fixed
9 income, of global equities, and global fixed income,
10 and of private markets as well in infrastructure, and
11 real estate and, and private equities. And I think
12 we've got a good asset allocation. We talked at the
13 prelim, and I'm glad to talk some more today about
14 our efforts in Albany to get a little more
15 flexibility.

16 But yeah, look, there's going to be geopolitical
17 risks, and it's hard to predict where they will
18 arise, you do your best to be wise about where you're
19 investing and where you're not. And then we have a
20 very active, responsible investing program, in which,
21 on some rare occasions, we make decisions not to
22 invest in something at all we've divested fossil fuel
23 reserves, we've divested private prisons, we've
24 divested gun manufacturers. But you know, if you
25 divest all of the activities about which there are

2 problems, you wouldn't have an awful lot to invest
3 in, and so we also take a very active approach.

4 So we do a lot of shareholder activism. Last
5 year, I joined the investors who were pushing at
6 Wendy's, for example, the only remaining fast food
7 company that doesn't meet the Fair Food pledge or
8 good conditions for immigrant tomato picker workers
9 in Florida. And we're one of the leads helping push
10 change there. Similarly, in Amazon, we are leading a
11 proxy campaign to encourage investors to vote no on
12 the two Amazon directors who are supposed to be
13 providing oversight of the company's workforce
14 management. And clearly, they're not because of high
15 injury rates, high turnover rates, and union busting
16 activities. So we try to combine this shareholder
17 activism and responsible investing with broad asset
18 allocation. And then in some rare cases, as with
19 fossil fuel reserves, or Russia, with divestment.

20 CHAIRPERSON BRANNAN: Thank you very much. I
21 will turn it over to my committee colleagues.

22 COUNSEL BUTEHORN: Thank you, Chair Brannan.
23 We'll first turn to Councilmember Barron.

24 COUNCILMEMBER BARRON: Thank you very much, Mr.
25 Comptroller. How are you?

2 COMPTROLLER LANDER: Good to see you,
3 Councilmember Barron.

4 COUNCILMEMBER BARRON: Yes. I want to ask a
5 couple of questions. One: There's a formula you
6 discussed on how to get money into the reserve or
7 rainy day fund. That would take the discretion away
8 from the City Council and the mayor?

9 COMPTROLLER LANDER: It would not take the
10 discretion away. What we're propo... Let me say two
11 different things about kind of the idea of having a
12 formula, and then about what the formula we're
13 proposing.

14 COUNCILMEMBER BARRON: If you could do this...
15 Brad, I'm sorry. Hold that. I just want to get it
16 all out, because... (crosstalk)

17 COMPTROLLER LANDER: Ask your questions. I'll
18 take my notes.

19 COUNCILMEMBER BARRON: Yeah, that would be good.
20 So that's one thing I'm concerned about, you know,
21 just... just how that goes.

22 COMPTROLLER LANDER: Yep.

23 COUNCILMEMBER BARRON: And then secondly, about
24 the, what?, \$265 billion pension fund. What is the
25 state's pension fund total? And how do you determine

2 what it will be invested in, because there's a lot of
3 racism in the... in the investment of pension funds,
4 you know, Israel, Russia, but when I look at places
5 like Africa, or the Caribbean or Latin America, or
6 companies coming out of these countries, we don't see
7 the same kind of numbers even though the city is
8 majority black, Latino, and Asian. So I just wanted
9 to hear some about that. And then when you say,
10 "building more affordable housing", how are you
11 defining affordable... housing affordability? And I
12 plan on introducing some legislation for nonprofits
13 or not-for-profit organizations. You know,
14 Comptroller, we are having a big problem. If I was
15 to secure a million dollars for one of my not-for-
16 profits, they couldn't even spend it because it's
17 reimbursement. So I'm looking to put forth some
18 legislation. Would you support it to say, once they
19 get approved, then they get a contract, that they
20 should get all that money up front, and then just
21 monitor how they spend it and make sure they make an
22 accountability for it. That's been a big problem.

23 And then finally, the... the three point reserve
24 money. This is a big debate for me. I understand
25 the outer years, and I just need to get some clearer

2 numbers on that. I heard it was \$3 billion, \$3
3 billion, and \$3 billion. And you're saying the last
4 3 years, it's \$5 billion and \$6 billion. But what
5 happens if you live in communities where it's raining
6 every day? And so we don't have to save for a rainy
7 day, because it's raining today. Now, I'm not saying
8 ignore the reserves, and don't put the \$1.8 billion
9 in from the \$3.2 billion that's the current and put
10 it in reserve. But when we have... And then I heard
11 it was another \$2 billion that might be available in
12 2023. So we can have a total of almost \$11 billion.
13 When you add the \$6.3 for the, you know, reserve
14 fund, and you add the \$3 billion that we didn't
15 expect to get this year -- that's \$9 right there --
16 and then maybe another \$2 billion next year, they're
17 talking about anticipating. Let's take that off.
18 Let's just say the \$9 billion, and then at the same
19 time you have this conservative Republican austerity
20 budget, where we have the less... we have the less
21 the federal money that has that run out... out of the
22 2020. So every agency is getting less because of the
23 reduction of the federal money. And then at the same
24 time, this conservative mayor is cutting PEG
25 agencies. So when you put the PEGs with the federal

2 money gone, and can't hire new hires, I mean, this is
3 a drastic situation, you know, for the agencies,
4 and... and they're using language like, you know,
5 "Hey, you know, like, we have an increase since the
6 preliminary budget." But it's not. It's much less
7 for each agency. And so, you know, how do we say,
8 Okay, well, unless maybe use \$2 or \$3 billion to
9 restore the federal cuts -- which wasn't enough in
10 the first place, remember that? It was good to get
11 those federal money for the agency, but that didn't,
12 you know, close the gap that we have based upon
13 COVID, it just helped some.

14 So we're in a real bad situation as the economics
15 of Wall Street looks good, \$51 billion in 2021 and
16 \$58 billion profit in 2022. It's really looking bad
17 in our communities.

18 And then finally, how do you... Do you know, the
19 poverty rate and our neighborhoods, black and brown
20 poor neighborhoods, and unemployment rate? And a lot
21 of people don't understand when they do unemployment?
22 They're talking about those who are receiving
23 unemployment benefits. But when you look at who's
24 not in the... in the workforce, it is much higher.

2 COMPROLLER LANDER: Absolutely. And I don't
3 know if you're a subscriber to our monthly economic
4 newsletter...

5 SERGEANT AT ARMS: Time expired.

6 COMPROLLER LANDER: ... but we have been focused
7 on this question, you know. Unemployment nationally
8 has been up until now at historic lows, but New
9 York's average as a whole is about double that, and
10 then for black New Yorkers, it's about double the
11 city average, which means four times the national
12 average. And we've been highlighting that in our
13 monthly economic newsletters. So yes, I mean, that
14 if you're a black New Yorker, it does not feel like
15 unemployment is at historic lows. And so if the Fed
16 raises interest rates to combat inflation, and that
17 means less job creation and job cuts, yes, like
18 that's, you know, people call it soft landing,
19 because we hope to be able to reduce inflation, which
20 has taken a bite out of working class people, for
21 sure, without driving us into recession, but along
22 the way is less job creation, and in some cases,
23 potentially even some job losses. So it's worth
24 being honest and calling out. And, you know, to your
25 point about funding services, look, I mean, as long

2 as we got 50,000 homeless people, for example, we
3 should, you know... I wish we could spend more money
4 to provide them homes. That's why I recommend a much
5 more significant increase in the capital budget.

6 But the rainy day fund challenges this, like
7 whatever level of services we contract to provide
8 this year, most of that is headcount, you know, most
9 of that is teachers and social service workers and
10 the you know... and 3K folks, and you get at a level
11 that you've got to pay. That goes up a little, you
12 know, because of inflation and cost increases, and
13 then if your revenues decline, you're stuck at a
14 moment of economic downturn or recession not being
15 able to afford that base level of core services that
16 you had right at the hardest moment when you least
17 want to have to make cuts, and that's what your rainy
18 day fund is for. What you try to do is say when we
19 get revenue above expectations, some chunk of it
20 needs to go in a in that rainy day fund...

21 (crosstalk)

22 COUNCILMEMBER BARRON: I'm all right for the
23 rainy day, but there's not enough chunk for today.
24 It's raining every day in our neighborhood.

2 COMPTROLLER LANDER: Well this takes me to the
3 question of your (inaudible). And, look sometimes I
4 say the following, Councilmember. Like, on a rainy
5 day, right now, you really wish you had a better
6 sewer system, you know, like economic downturn, you
7 need a fiscal reserve on a rainy day, you need a
8 better sewer system that's not going to flood you in
9 your basement. So I hear you. But that's why I
10 actually think our formula for this rainy day fund
11 contribution you're going to like. And let me try to
12 explain it quickly, because I didn't do this too much
13 in my testimony. First, we're not proposing that the
14 state established a formula. And obviously the
15 comptroller can't establish a formula. We're
16 proposing that the Council and the mayor create a
17 long-term formula, and say this is... so that each
18 year, we're not just negotiating how do we how do we
19 come up with a more formulaic approach of how big we
20 think that fund needs to be? And in good years, what
21 we put into it? And then let's just like show that
22 in the budget docs: Were we able to do what we said
23 by that formula? So it wouldn't tie the hands of the
24 Council and the Mayor. But it would at least give a
25 rules-based formulaic guidance that took it out of

2 every year's annual budget process. And the
3 formula... And I'm going to get Francesco Brindisi,
4 who's on here, because he was the one that like, did
5 the research and found this good approach in
6 Virginia. So he came to me and said, Brad, you know,
7 the property taxes are pretty steady. They've got
8 their problems, to be sure, but they're pretty
9 steady. We use that every year to pay the cost of
10 the year before. But these non-property taxes:
11 Personal income tax, sales tax especially, they kind
12 of jump around from year to year. So we're not
13 really doing baseline budgeting. So in the good
14 years, in the years when those taxes jump up, and we
15 have a lot more this year than we did in the
16 preceding year, let's take just half of that
17 difference and put it in the reserves, you got half
18 new money in that case that you could spend on
19 contemporary needs above what you were planning and
20 take half of that increase and put it to the
21 reserves. And that's what we propose as a formula
22 for consideration by the mayor and the Council. It
23 so happens that this year, those non-property taxes
24 are well above expectations, and that's why we're
25 proposing this additional \$1.8 billion, which still

2 leaves something like \$1.3 billion more than was in
3 the executive budget for the Council and the mayor to
4 deploy while still making that big contribution...

5 (crosstalk)

6 COUNCILMEMBER BARRON: And if you will, real
7 quick Comptroller, could you speak to the legislation
8 to let not-for-profits get their... (crosstalk)

9 COMPTROLLER LANDER: Yes. I'll tell you where
10 we're doing this, because it's really interesting.
11 I've learned some things since I got here, because I
12 care so much about how long it takes to get the
13 nonprofits their resources. Obviously, I've worked
14 in the nonprofit sector. I know so many folks who
15 are providing essential services. And you're right,
16 we still have contracts, you know, that started last
17 July 1 with, you know, precarious nonprofits. And
18 they had to start feeding seniors and taking care of
19 young people and... and here we are in May... almost
20 done with May and they still don't have their
21 contracts registered. So they've been putting that
22 money out almost all year, and they haven't seen any
23 reimbursement.

24

25

2 So there is a provision for advances. I will say
3 nonprofits can, in the most cases, get a 25% advance
4 on there contracts... (crosstalk)

5 COUNCILMEMBER BARRON: I'm familiar with that,
6 but in the interest of time... I'm familiar with
7 that. I'm talking about legislation that will let
8 them receive their whole... (crosstalk)

9 COMPTROLLER LANDER: So the one question is...

10 COUNCILMEMBER BARRON: Because even when they get
11 the advances, and they have to do to bridge loans,
12 some of them might even get 50%, but then the second
13 half, they have a problem. So... And then it gives
14 the white... white not-for-profits who have millions
15 of dollars from other sources, they can always take
16 care of themselves, but our not-for-profits, I can't
17 even give them a million because they don't have a
18 million this.

19 COMPTROLLER LANDER: I like that the... the CMS
20 groups the violence interrupters get a 50% advance
21 where most of the nonprofits only get a 25%.

22 COUNCILMEMBER BARRON: They're the ones who are
23 complaining, because then when it comes to the second
24 50% they have a problem. And so they... It catches

2 them in mid year. But what do you feel about them
3 getting all that money up front.

4 COMPTRROLLER LANDER: Just to be clear, with
5 the... Well, if you get a 50% advance, don't you
6 don't have to wait till you spend it all you get the
7 50% advance and then as soon as you spend the first
8 10% actual money, you put that 10% in for
9 reimbursement.

10 COUNCILMEMBER BARRON: It sounds good, but
11 they're still having problems.

12 COMPTRROLLER LANDER: I agree. But the system is
13 broken. I'll send you our action plan because if
14 you... if the system were working, you'd get your 50%
15 advance. You'd submit that reimbursement for your
16 first 10% and you'd see it before you ran out of your
17 advance. But the system is broken because both
18 registration and payment takes too long. So we do
19 have to fix that. And we're working hard to try to.

20 COUNCILMEMBER BARRON: Would you support them
21 getting all their money upfront?

22 COMPTRROLLER LANDER: I'll...

23 COUNCILMEMBER BARRON: Think about it.

24 COMPTRROLLER LANDER: I'll think about it. I like
25 in advance, and I like us paying on time.

2 COUNSEL BUTEHORN: Thank you Councilmember
3 Barron. Next we'll turn to Councilmember Sanchez.

4 COUNCILMEMBER SANCHEZ: Thank you, and good to
5 see you Comptroller as always. So my... my
6 question... I'm a broken record, so it's great. But
7 my question is on housing, and the Council continues
8 to call for \$4 billion for the investment in
9 preservation and new construction of affordable
10 housing. I know we're aligned on this. But earlier
11 this afternoon, when we were in conversation with the
12 OMB director, the OMB Director pointed to limitations
13 due to the state constitution, the city is predicting
14 that property values will be declining, that will
15 decrease our borrowing authority... our borrowing
16 capability. And they pointed to their push or a push
17 to increase the transitional finance authorities,
18 debt capacity for New York City. And so my question
19 for you is what... what is your position on that? Do
20 you think that New York City needs to raise our debt
21 ceiling from the Transitional Financing Authority? In
22 order to... (crosstalk)

23 COMPTROLLER LANDER: No, I don't believe that we
24 need to. We are nowhere near the limits. And the
25 set of things we have to do are, are significant. So

2 I guess a couple of things here. First, the
3 Administration reduced the capital budget by about 5%
4 from prelim to exact because they don't have the
5 capacity to deliver on projects in a... in a timely
6 way. And so they cut the capital budget, not because
7 we don't have more need, but because we don't have
8 the capacity to move the projects. You know, you've
9 heard of HPD, how they don't have enough staff to
10 close the deals. And so even if the money is in the
11 capital budget, they can't get it out the door. And
12 that's true across the board. To their credit, First
13 Deputy Mayor Lorraine Grillo has created a Capital
14 Project Management Reform Task Force. She wants to
15 solve that problem. But today, the biggest limiting
16 factor on our ability to spend capital is our capital
17 projects management system. And then, you know,
18 the... the Administration earlier this year proposed
19 that \$19 billion increase, and we opposed it at the
20 preliminary budget because we thought you know what
21 they were showing -- and maybe Francesco you have the
22 numbers at your fingertips -- was that we were going
23 to have a problem because the... like... we came
24 close to hitting that ceiling about \$4 billion away
25 in four years. But even since prelim, because of

2 rising property tax values, we have a lot of room in
3 our... under our debt ceiling. So Francesco, do you
4 have those... those numbers?

5 EXECUTIVE DEPUTY COMPTROLLER BRINDISI: Yeah.
6 There were... It was the affordability statement that
7 they first talked about this. We had about \$4
8 billion in 2025 left for... for borrowing, and it's
9 now \$12 billion in 2026. So it's threefold, the
10 amount already just a few months afterwards, right?,
11 so the property values in the assessment roll have
12 rebounded. And that's one of the reasons why OMB
13 creates the tax revenues projection over the
14 financial plan.

15 COMPTROLLER LANDER: There... This... I mean,
16 there is a real set of concerns about doing capital
17 and infrastructure spending better, but like, let's
18 get the reforms that Lorraine Grillo is working on,
19 let's make more strategic use of the federal
20 infrastructure money that we're receiving. And that
21 I think OMB could do a lot to say, "Here's how we're
22 going to use it most strategically." We're far from
23 needing an increase in the in the debt limit.

24

25

2 COUNCILMEMBER SANCHEZ: So we are... or are not
3 expecting property values to decline and sort of
4 reduce our capacity to borrow?

5 COMPTROLLER LANDER: We're not. They... They at
6 one point were projecting for them... well, go ahead
7 Francesco. Why don't you give the give the economist
8 answer?

9 EXECUTIVE DEPUTY COMPTROLLER BRINDISI: The first
10 time they approached us and they brought up the idea
11 of the raising the DFA debt capacity, it was at a
12 period of time when we didn't know what the values
13 would be from DOS for 2023. Now, the property values
14 in 2023 are much better than OMB was expecting. So
15 in that sense, property values have gone up and
16 therefore they create more room for... for debt
17 without having to raise the DFA limits.

18 COUNCILMEMBER SANCHEZ: Got it, got it. And if I
19 if I can use my last 30 seconds: Is... is there any
20 amount or at any point where your office controller
21 would... would recommend that we do go to the state
22 and then and try to increase our limits with the TFA.

23 COMPTROLLER LANDER: There would be. So first, I
24 do want to say with respect to the request we both
25 share a \$4 billion into the... into the... for

2 affordable housing into the capital budget for all
3 the years of the plan, we could do that and still not
4 hit the debt ceiling. So it's not a reason not to
5 make that commitment.

6 Now, we... we may need to increase the proportion
7 of our expenditures that go to...

8 SERGEANT AT ARMS: Time expired.

9 COMPTROLLER LANDER: ... in the era of the
10 climate crisis, with aging infrastructure, with big
11 need for affordable housing, it may be that relative
12 to the past, more of our resources need to go into
13 infrastructure in the capital budget. And if that's
14 the case, we'll need to find ways to commit those
15 revenues, and that may mean that at some point, we
16 would have to go to the state to increase our
17 borrowing capacity. Before we did that, I would want
18 to do everything we could to make our capital
19 projects delivery system more efficient, so we could
20 actually deliver the projects we budget, which we
21 can't today. I would want to maximize every penny we
22 could get from the federal infrastructure bill, which
23 is this once-in-a-generation opportunity right now
24 and spend all we could, and I'd want a lot more
25 strategic approach to the capital budget. That 10-

2 year capital strategy right now doesn't build on
3 state of good repair of the infrastructure. It's not
4 really grounded in how much housing need and how to
5 get it built. To have just like a good plan, and
6 when those three things are in place, if then it
7 looks like we're going to hit the debt ceiling that I
8 would join the Administration in going to Albany to
9 seek the increase.

10 COUNCILMEMBER SANCHEZ: Got it. Thank you so
11 much, Comptroller. Appreciate it.

12 COMPTROLLER LANDER: Thank you.

13 COUNCILMEMBER SANCHEZ: Nice to see you,
14 Francesco.

15 COUNSEL BUTEHORN: Thank you, Councilmember
16 Sanchez. Chair Barron? Uh... Chair Brannan? Sorry.

17 CHAIRPERSON BRANNAN: We're all set?

18 COUNSEL BUTEHORN: Yes.

19 CHAIRPERSON BRANNAN: Thank you Comptroller and
20 your team. I look forward to continuing to working
21 with you.

22 COMPTROLLER LANDER: Thank you so much Chair
23 Brannan. As always

24 COUNCILMEMBER BARRON: Chair Brannan, this is the
25 second time they gave me the Chair,

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2 COUNSEL BUTEHORN: (laughs)

3 COUNCILMEMBER BARRON: so I just wanted to
4 whether there's something in this. Should we make
5 this switch now?

6 CHAIRPERSON BRANNAN: Malcom said that and the
7 stock market crashed.

8 COMPTROLLER LANDER: I was... I was looking to
9 see if it was April 1 when they made Charles the
10 Chair of the Finance Committee.

11 CHAIRPERSON BRANNAN: The whole market just
12 crashed when he said that.

13 COUNSEL BUTEHORN: Good seeing you Comptroller
14 Lander.

15 COMPTROLLER LANDER: Nice to see you as well.

16 COUNSEL BUTEHORN: Alright everyone, we will be
17 in recess till approximately 1:15 where the
18 Independent Budget Office will be our last and final
19 portion of today.

20 CHAIRPERSON BRANNAN: Thank you.

21

22 [6 minutes of silence]

23

24

25

2 COUNSEL BUTEHORN: Mr. Callahan, I just wanted to
3 do a mic check with you. You should be able to
4 unmute yourself, just to make sure we can get audio.

5 MR. CALLAHAN: Can you hear me?

6 COUNSEL BUTEHORN: Yes. And we're swearing you
7 in, because you may answer questions, right?

8 MR. CALLAHAN: That's my understanding, yes.

9 COUNSEL BUTEHORN: Okay. Alright, thank you. So
10 everyone, we're just waiting for Elizabeth Brown, and
11 then we can go ahead and get started.

12 SERGEANT AT ARMS: It looks like she is logging
13 on right now.

14 COUNSEL BUTEHORN: Perfect.

15 SERGEANT AT ARMS: Good after Ms. Brown. This is
16 the Communications Director. Can we do an audio
17 check please?

18 ELIZABETH BROWN: We can. Hello.

19 SERGEANT AT ARMS: Great. Alright. You're
20 coming in loud and clear. Thank you.

21 ELIZABETH BROWN: Great. Thanks.

22 SERGEANT AT ARMS: Yep.

23 COUNSEL BUTEHORN: Perfect. Chair Brannan? Make
24 sure I get the right Chair.

2 CHAIRPERSON BRANNAN: I just got back from the
3 beach.

4 COUNSEL BUTEHORN: Okay. If you are ready, we
5 can begin the third and final portion of today's
6 hearing with the Independent Budget Office. You can
7 do your opening statement and then I can swear in the
8 IBO team.

9 CHAIRPERSON BRANNAN: Great. Thank you, Malcom.
10 Good afternoon, everyone and welcome to Part three of
11 our final agency Executive Budget Oversight Hearing
12 for FY 23. This is day 10 of our budget hearings
13 this year. My name is Justin Brannan. I'm Chair of
14 the Committee on Finance.

15 We will now begin the final portion of this
16 hearing represents the last day before our public
17 portion tomorrow. A warm welcome to George Sweeting,
18 Acting Director of the IBO and his team.

19 Since Friday, May 6, this committee has conducted
20 nine days of financial oversight hearings and heard
21 from more than 20 city agencies, boards, and offices.
22 We deepened our oversight and analysis of the
23 proposed FY 23 executive plan. We vigorously
24 questioned the executive branch to see how taxpayer
25 dollars are being spent as we emerge from COVID-19

2 and begin our new normal. We've held this
3 Administration to task to make sure that all budget
4 dollars are spent wisely, efficiently, and most
5 importantly, fairly.

6 COVID-19 cast a harsh light on the inequities
7 that exist across this city. COVID-19
8 disproportionately affected black and brown New
9 Yorkers who even before COVID were faced with unequal
10 distribution of resources by our city government.
11 The Speaker and myself have consistently said that we
12 aim to not only having the FY 23 budget be sound and
13 balanced, but also fair and equitable. So we now
14 turn to budget negotiations, this Council will stand
15 up for all New Yorkers and work to have the budget
16 that reflects those priorities.

17 I want to thank again, the entirety of the
18 finance division truly for all their long hours and
19 hard work that they put into all the reports,
20 questions and briefings for the executive budget
21 hearing process since the beginning of May. I also
22 want to thank the Council's IT Division and the
23 Sergeant at Arms who are behind the scenes and
24 working every single hearing that we hold to enable
25 this committee to conduct its budget oversight

2 functions, and enable the public to follow along at
3 home. So I'll now turn it to my committee counsel to
4 swear in our final witnesses from the IBR.

5 COUNSEL BUTEHORN: Thank you, Chair Brannon and
6 welcome to the final portion of the executive budget
7 hearing process as it pertains to agencies,
8 authorities, offices, and boards. My name is Malcom
9 Buethorn, and I am Counsel to the Finance Committee.

10 I just want to remind members on the zoom that
11 you have the ability to mute and unmute yourselves.
12 We just ask when not speaking to remember to mute
13 yourself to avoid background noise.

14 Councilmembers who have questions use the raise
15 hand function and zoom you will be called on in the
16 order with which you raised your hand.

17 The following members of the IBO are here to
18 testify and/or answer questions. George Sweeting,
19 Acting Director, Elizabeth Brown, Communications
20 Director and Robert Callahan. I will first read the
21 oath and ask each of you individually to respond.

22 Do you affirm to tell the truth, the whole truth
23 and nothing but the truth before this committee and
24 to respond honestly to Councilmember questions?

25 Director Sweeting?

2 DIRECTOR SWEETING: Sorry, I was muted. I do.

3 COUNSEL BUTEHORN: That's okay. Ms. Brown?

4 MS. BROWN: I do.

5 COUNSEL BUTEHORN: Thank you. And Mr. Callahan?

6 MR. CALLAHAN: I do.

7 COUNSEL BUTEHORN: Director Sweeting whenever
8 you're ready.

9 DIRECTOR SWEETING: Okay. Thank you. And
10 greetings, Chair Brannon, and thank you for the
11 opportunity to discuss our latest economic and tax
12 revenue forecasts and our analysis of the mayor's
13 executive budget. In the interest of time, I'm going
14 to just summarize our written testimony which was
15 submitted earlier today. We also released our
16 report... a fuller report evaluating the executive
17 budget a few weeks ago.

18 So distilling that executive budget report, we
19 conclude that the recovery from the pandemic-induced
20 recession continues to pass... surpass earlier
21 expectations, including our own from just three
22 months ago. Personal income tax, sales tax, property
23 transfer taxes are all doing particularly strong this
24 year. The one big exception is that the real
25 property transfer tax fell, but... I'm sorry, Real

2 Property Tax fell but that was expected given
3 adjustments the Department of Finance had made
4 property values for 2022. Very strong income tax
5 collections in April led the IBO to raise our total
6 tax forecast for fiscal 22 to \$68 billion. That was
7 a 4.5% increase from the our forecast back in
8 February. There's also good news on employment data,
9 which showed that the annual benchmark revision
10 process that's done by the Labor Department also
11 suggested continued recovery. In fact, recovery
12 stronger and faster than, again, we had anticipated.
13 The benchmark showed the city added 100,000 more jobs
14 in calendar year 2021 than previously estimated. And
15 this puts the city on course to finally surpass its
16 pre-pandemic employment level by... in early 2024.
17 IBO had previously predicted that that would be mid-
18 2025. So again, that's... that's good news on the
19 employment front. However, not all indicators are
20 flashing green. There are many risks to our economic
21 forecast, particularly related to how the Russian
22 invasion of Ukraine ends, and what the final
23 resolution there turns out to be. There are also
24 renewed supply chain disruptions, high energy prices,
25 and perhaps most... most concerning the path of

2 monetary policy. With high inflation spurring the
3 Fed to tighten monetary policy in an effort to slow
4 the... slow growth and prevent expectations of
5 continued rapid price increases from becoming really
6 embedded in the behavior of firms and employees.
7 They've... they've began a process of tightening
8 monetary policy and raising interest rates, reducing
9 the size of their balance sheet.

10 Our forecast assumes that the Fed does succeed in
11 bringing inflation under control, and manages to do
12 it without bringing on a recession. But even success
13 here still means that growth... economic growth will
14 be slowing. The resulting slower economic growth
15 means tax revenue growth in 2023 through 2026 will be
16 slower than we forecast back in February. We now have
17 an estimate of tax revenue growth, averaging about
18 2.2% annually over that period, and had previously
19 been 2.4%. For 2023, there is good news on the
20 property tax in that revenue rebounds as assessments
21 recover, particularly from what Finance had done in
22 2022. But most other taxes are predicted to decline
23 in 2023, because of the slower growth brought on
24 by... by monetary policy.

2 We actually are projecting that total tax revenue
3 in 2023 falls by 0.6% from 2022. And it does resume
4 in 2024. But again, because of the slower economic
5 growth, the pace of tax revenue growth in our
6 estimates will be lower than we... we had anticipated
7 earlier in the year.

8 But just to compare our forecast with OMB's, even
9 though we are lowering our tax forecast, it remains
10 above OMBs throughout the plan. The difference is
11 about \$2.5 billion in 2022, \$1.5 billion in 2023, and
12 \$1.6 billion on average in 2024 through 2026. I will
13 say that these estimates are based on data that was
14 available in late April, early May, and, you know,
15 the news has continued to be quite strong on... on
16 tax revenue, and we may still be a little bit behind
17 the curve there.

18 The implications of the revenue forecast,
19 combined with our re-estimates of spending proposals
20 in the executive budget, leads IBO to estimate that
21 2022 will have a \$2.2 billion additional surplus over
22 and above what OMB had previously identified. If all
23 the additional surplus from 2022 is rolled into 2023,
24 then that year surplus grows to \$3.2 billion under
25 our estimates. And again, these are relying on tax

2 revenue estimates from about six weeks ago at this
3 point.

4 For 2024 to 2026, expenses exceed revenues. So
5 we do see a return to gaps beginning in 2024. It's
6 around \$3 billion or so for each year 2024 through
7 2026. These gaps are, given... given the city's
8 ability to deal with these in the past, we think
9 they're... they're manageable. And it's always
10 important to remember that these... each... each one
11 of those years, 2024 to 2026, has \$1.25 billion in
12 reserves already budgeted into the... into the
13 operating budget. So that... you know, is there and
14 available. It's unallocated to any other spending, or
15 any other service provision, and would be available
16 if the city faced a significant revenue shortfall or
17 the need for additional spending.

18 One factor contributing to the out year gaps is
19 that the city is increasing its use of federal COVID
20 aid on services that are likely to continue after
21 2025. And that's... 2025 is important because that's
22 when the federal funding begins to run out. And city
23 funds will be needed to replace these... the federal
24 funds that are will no longer be available. Our
25 estimate is that it's \$1.1 billion in 2026. There

2 are other areas where IBO expects greater costs than
3 the mayor. There's uniform overtime, particularly in
4 the NYPD, charter school tuition, and the costs of
5 the expanding the housing voucher program.

6 There are a number of threats or areas of concern
7 to this somewhat stable picture in terms of the
8 city's fiscal condition. One is labor contracts.

9 The executive budget did at \$1.7 billion to fund 0.5%
10 raises in each of the first two years of new

11 contracts. It had been at zero. But particularly

12 given how high inflation has been in the last year or

13 so, we think it's unlikely that the unions in a city

14 will be... will settle on a contract at those levels.

15 Just by point of comparison, the last... in the last

16 pattern that was used for... for settlements, pay

17 increased by 7.4% over 44 months. So that's

18 significantly more than what's currently allocated in

19 the labor reserve. And given inflation, which wasn't

20 really much of an issue three or four years ago, it's

21 going to be hard for the city to settle on contracts

22 that don't wind up significantly increasing labor

23 costs. There may be some offsets from healthcare

24 savings, but we don't see that that being sufficient

2 to cover what are likely to be the wage increases in
3 a contract.

4 Another significant threat or risk is that the
5 the Federal Reserve can't pull off the... the very
6 high wire act of controlling inflation while avoiding
7 a recession. The continued disruptions from what's
8 going on in Ukraine, rising interest rates, soaring
9 energy prices have already sparked sell offs in
10 equity markets. And New York City... New York City's
11 budget has benefited significantly in recent years
12 from the near-record profits and bonuses on Wall
13 Street. They were helped a lot by... by very low
14 interest rates. But there... there is a real risk
15 that the Fed can't pull this off, and we wind up in a
16 recession. The starting point of our economic
17 forecast relies on information and projections from
18 Moody's Analytics. When we started our forecasts
19 back in in March, Moody's was saying that there was a
20 one in three chance of a recession. They're now
21 saying there's a one in two chance. So that's
22 shifted under the grounds of our... of our forecast.

23 And finally, it's, you know, the impact of the
24 pandemic still remains as a... both a public health
25 threat but also an economic threat, particularly in

2 the long term demand for office space. You know, in
3 light of the general success with remote work, many
4 firms are... are moving to hybrid schedules. This is
5 likely to reduce the demand for office space. We
6 don't see this happening during the financial
7 planning period, because so many of the office... the
8 leases between tenants and landlords extend for many
9 years, in many cases, it's 10 to 15 years. And so
10 even if currently a firm is not using all its space,
11 they are -- in most cases, not all, but in most cases
12 -- they are, are continuing to pay their rent. And
13 that's allowing the city to continue to receive
14 property taxes. But this will not hold and the risk
15 of significant changes in the income generated by
16 office buildings, and therefore the market value of
17 the buildings, and therefore the tax... tax levy from
18 those buildings could definitely be significant over
19 time. And that's certainly an area we're paying a
20 lot of attention to.

21 So I'll leave it at that. Thank you again, and
22 happy to take any questions.

23 CHAIRPERSON BRANNAN: Thank you, George. So I
24 think as you outlined, and as we've been discussing
25 today with OMB, there's a considerable level of...

2 there's a tension between considerable level of
3 confidence and uncertainty regarding the city's
4 economy today versus over the next few years. And
5 the causes, you know, including the Fed raising
6 interest rates, and high inflation, and supply chain
7 disruptions, the war in Ukraine, how much of a threat
8 do you think they will likely pose to the City
9 economy?

10 DIRECTOR SWEETING: I mean, certainly, if the Fed
11 doesn't... isn't able to manage this really quite
12 difficult task of raising interest rates sufficiently
13 to, you know, slow the economy and reduce
14 inflationary pressures, that... you know, that would
15 that would mean we're into a national recession. And
16 a recession is never good for the New York City
17 economy. So that... I mean, that... that is that is
18 definitely a risk. And it's, you know, it's probably
19 the thing we're... we would list as the highest risk
20 for the city right now. So how this plays out in
21 terms of what the Federal Reserve is trying to do.

22 CHAIRPERSON BRANNAN: What's the like the
23 likelihood of a recession within the next year or
24 two?

2 DIRECTOR SWEETING: You know, as I mentioned in
3 my comments, the... the firm that we start our
4 economic forecasts with, our macro forecasts, has
5 recently changed their projection to a one-in-two
6 risk, so... which is, you know, is extremely high. I
7 guess that was... Actually our forecast was premised
8 on conditions where they were assuming a one in three
9 risk. I guess you'd have to say that that's becoming
10 pretty a pretty high... high risk position to be in.

11 CHAIRPERSON BRANNAN: And how prepared do you
12 think we are as a city for the next few years as
13 economic growth is expected to slow?

14 DIRECTOR SWEETING: You know, the city has been
15 building up reserves. I know there was a lot of
16 discussion earlier in the day about the exact size of
17 the reserves. The... You know, I think there's...
18 there's an interesting discussion, not just about
19 sort of the short term, but long term as the city
20 looks to stabilize how it's using the rainy day fund,
21 you know, what... what... exactly how much do you
22 want to routinely save there? The Comptroller's
23 Office mentioned if you had 10% of the operating
24 budget in reserve each year, you could... you know,
25 you could expect to endure the first year... or year

2 to 18 months or so of a recession, without... you
3 know, you could rely on those reserves for that.
4 They've actually argued for putting in about, I
5 think, 17%, which by their estimate would cover the
6 full duration of recession.

7 When IBO is has looked at issues around rainy day
8 funds, we've tended to focus more on a reserve that
9 would be sufficient to get you through a couple of
10 years. And that gives... It's not that you don't
11 need more money than that, but that couple years
12 would give you enough to get to... you know, to avoid
13 having to immediately impose tax increases and
14 immediately cut spending. You'd have some time to
15 work it out a little bit, to see whether there would
16 be federal assistance coming, whether there would be
17 authority from the state to change taxes.

18 You know, these are... I don't think there's a
19 simple right or wrong answer there. But I think it's
20 very important that the city began to think about
21 this. I think the... the Comptroller's recent report
22 was quite useful in laying out the questions that
23 have to be answered and suggesting how it gets set
24 up. But you know, given their estimates of what one
25 to two years would take to get through, the city

2 probably is close to that right now with its... its
3 reserves, although it gets little messy and
4 convoluted. There's some in the rainy day fund, we
5 still count the retiree Health Trust Fund as a... as
6 a reserve. There's the money in the general reserve.
7 You know, it's in... it's in various places. One of
8 the advantages of the rainy day fund is presumably we
9 could be more transparent on all this...

10 CHAIRPERSON BRANNAN: And what about inflation?
11 Has your office performed any research on currently
12 how high inflation is impacting, or is going to
13 impact our budgets in terms of revenues and
14 expenditures?

15 DIRECTOR SWEETING: Yeah, we... We've not done
16 any explicit work on that.

17 CHAIRPERSON BRANNAN: Okay. Okay, I want to
18 leave some time for my colleagues to ask questions.
19 Malcolm, I'm not sure who's up.

20 COUNSEL BUTEHORN: Councilmember Brewer is.

21 COUNCILMEMBER BREWEER: Thank you. Thank you,
22 George. Two questions: One is the borrowing in
23 Albany. When I asked the OMB Commissioner, he simply
24 said, "You know, we need it for housing," because I

2 think Albany is not willing to change the limits.

3 And I just didn't know if IBO has a position on that.

4 And second, the speaker asked so correctly this
5 morning, and we've been asking for years about the
6 units of appropriation. Is IBO ever able to break
7 those down? Or is that something we just have to
8 keep hammering away at the OMB on the units of
9 appropriation, maybe even in a charter change? So
10 those are my two questions. And thank you for... we
11 love IBO. Thank you.

12 DIRECTOR SWEETING: Thank you. So on the U of A
13 question first, I mean, you know, the... the charter
14 actually has language that is pretty specific, in
15 terms of what... what level U of A's should... should
16 be at. They're supposed to be programmatic. And
17 there are many agencies in which the U of A's are
18 much broader than single programs. So I'm not sure
19 you need more charter. It's... It's how do you get
20 how do you get the city to operate within the
21 charter, you know, on this on this topic?

22 We've done some work on... We, probably 10 years
23 ago, did a project where we created what we call a
24 program budget. And we actually at that time were...
25 that was done with considerable cooperation with OMB.

2 And OMB took most of our definitions of programs -- ,
3 they call it the functional analysis -- but they
4 actually produced a document that does break down the
5 budget into functional... functional areas for
6 selected agencies. There are some big agencies that
7 aren't included in there, but... So again, that's a
8 start that could be used. You know, there we went
9 below unit of appropriation to budget code and then
10 object code to build the... to build up what was what
11 was a program for a functional area.

12 So anyway, I... You know, there we have done
13 some work on that. I'd be happy to walk you through
14 the... what's left of it. You know, it lives on in
15 that functional analysis report that OMB does.

16 In terms of the... when you say the... you're
17 referring to the debt limit? To be frank, we... we
18 were a little surprised to see, and we still haven't
19 quite figured out... we need to discuss more with
20 OMB, but it wasn't clear to us that there was an
21 immediate need for the city to be raising its debt
22 limit. I mean, the... part of that may have been
23 motivated by the fact that, you know, Finance, The
24 Finance Department had cut the assessments, which
25 means that they started by cutting the market values

2 of properties very aggressively in 2022, in
3 anticipation of the impact of COVID. Notably, for
4 2023, they've reversed... not all... not all of that,
5 but they've reversed a significant share of those
6 cuts. And so the sort of standard growth and
7 property value that you expect in the city has
8 resumed, for the... It will be in effect for the 2023
9 assessment role and 2023 tax bills. And, you know,
10 our forecast assumes that that values continue to
11 grow, you know, somewhat slower than they were during
12 the 20-teens, pre-COVID. But, you know, that there
13 is there is growth in the in the property tax and the
14 market values, and that, you know... as that
15 continues to grow, the borrowing limit goes up. So,
16 you know, at the moment we didn't see... you know, it
17 wasn't clear why there was this move for... for
18 raising it.

19 COUNCILMEMBER BREWER: Thank you very much.

20 DIRECTOR SWEETING: Mm-hmm.

21 COUNSEL BUTEHORN: Thank you, Councilmember
22 Barron. Ah. Councilmember Brewer.

23 DIRECTOR SWEETING: A long day.

24 COUNSEL BUTEHORN: Thank you. We're going to
25 turn to Councilmember Sanchez.

2 COUNCILMEMBER SANCHEZ: He's ready to say, "and
3 it's over." No, I promise, just a quick follow up.
4 So, Hi, George, good to see you. So just to follow
5 up on your question... the... the line of
6 conversation on the on the city's debt. So do you
7 think... Is it your assessment that the city could
8 add \$4 billion of investment to affordable housing
9 capital without raising the debt limit?

10 DIRECTOR SWEETING: I don't know if we've tried
11 to answer that specific question, carrying it forward
12 every year. I mean, there's obviously a lot that
13 could be done. You know, if you were... if you were
14 concerned about it, about having the space for it,
15 you know, there are things that also could be done
16 just in the in the city's capital plan, in terms of
17 the realism of when money would actually be... be
18 used. So I think you definitely want to look a
19 little more comprehensively than just against the
20 debt limit. But we've not done that.

21 COUNCILMEMBER SANCHEZ: Thank you.

22 COUNSEL BUTEHORN: And now I know who I'm calling
23 on Councilmember Barron.

24 SERGEANT AT ARMS: Starting time.

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2 COUNCILMEMBER BARRON: I just wanted to check all
3 the numbers. Are your numbers... Are you in
4 agreement with OMB's numbers of \$3.2 billion more
5 than anticipated in terms of FY 2022 revenue? \$6.3
6 billion in our reserve fund? And then another \$2
7 billion, I think, for FY 2023. Are you in agreement
8 with those revenue numbers?

9 DIRECTOR SWEETING: Um. I get... We... I'd have
10 to see exactly how you're calculating that. I mean,
11 we... for example, we project that there will be a...
12 on top of what OMB has projected for 2022 \$2.2
13 billion in additional.

14 COUNCILMEMBER BARRON: Okay, so it's the... it's
15 really \$5.2 billion for 2022 that your projecting?

16 DIRECTOR SWEETING: Well, I think it'd be more
17 like \$7 or \$8 billion.

18 COUNCILMEMBER BARRON: Oh, that's (crosstalk)

19 DIRECTOR SWEETING: By our calculation, OMB has
20 has... has already planned... built into the plan,
21 the transfer of... in terms of pre-payments that they
22 were going to make.

23 COUNCILMEMBER BARRON: Right.

24 DIRECTOR SWEETING: And whatever...

25 COUNCILMEMBER BARRON: Actual revenue.

2 DIRECTOR SWEETING: That generates about \$5.9
3 billion by our calculator.

4 COUNCILMEMBER BARRON: \$5.9 billion. Add that on
5 to the \$6.3 billion in reserve?

6 DIRECTOR SWEETING: Well some of that is money...

7 COUNCILMEMBER BARRON: I mean in terms of
8 money...

9 DIRECTOR SWEETING: Some of that... some of the
10 \$5.9 is being used to add to the reserves.

11 COUNCILMEMBER BARRON: Yes. I mean... but
12 they... they said there is \$6.3 billion in reserves.

13 DIRECTOR SWEETING: Okay.

14 COUNCILMEMBER BARRON: And then the \$5.9 billion
15 is that added on to the...?

16 DIRECTOR SWEETING: Some of that \$5.9 is being
17 used to build those... what they're identifying as
18 the surplus.

19 COUNCILMEMBER BARRON: So how much?

20 DIRECTOR SWEETING: When they get to \$5.9, that
21 that includes, for example, you know, the additional
22 contribution to the rainy day fund.

23 COUNCILMEMBER BARRON: And this is what \$1.8?

24 DIRECTOR SWEETING: That's the current amount, I
25 believe. Robert, is that the...?

2 MR. CALLAHAN: I believe, I believe that would be
3 with the \$700 million that's being contributed this
4 year.

5 COUNCILMEMBER BARRON: So that total is...?

6 MR. CALLAHAN: If I... if I hear... if I
7 understand correctly, I believe it's with the prior
8 balance \$1.2 billion in the rainy day fund will be
9 the conclusion of this year.

10 COUNCILMEMBER BARRON: Right. So then you would
11 subtract that from the \$5.9?

12 DIRECTOR SWEETING: Yeah.

13 COUNCILMEMBER BARRON: Okay, I got it. So then,
14 it's actually about, what?, 4.7 that we can add on to
15 the 6.3? I'm just saying, you know, money
16 available... not so much just the same kind of...
17 (crosstalk)

18 DIRECTOR SWEETING: Well, some of... some of the
19 money they're planning on rolling forward to prepay
20 2023 expenses, particularly...

21 COUNCILMEMBER BARRON: Yeah, what they do with
22 it. I'm just saying, what's available.

23 DIRECTOR SWEETING: Right?

24 COUNCILMEMBER BARRON: I mean... I mean, you can
25 roll and all that. Because I'm concerned that

2 there's always a lot of emphasis -- and should be --
3 on reserve, and rainy day, as I was telling OMB it's
4 raining every day in our community. So we never have
5 a sunshine day where we can sit back and say, "Hey,
6 let's wait for the rainy day and save for that to
7 come." So how do we balance, you know, using what's
8 really needed for right now and, in communities like,
9 you know, with 30% and 40%, poverty and double digit
10 unemployment, that's raining every day. So it's just
11 looking at these numbers. And then unemployment?
12 Don't they compute that based upon who's receiving
13 unemployment benefits, and if you're not receiving
14 those benefits, you will not be included in that
15 number?

16 DIRECTOR SWEETING: The unemployment rate is
17 actually... it's based more on a survey, it's a
18 sample survey that's done on a monthly basis...

19 COUNCILMEMBER BARRON: Based upon those receiving
20 unemployment benefits, correct?

21 DIRECTOR SWEETING: While they asked, you know,
22 are you working? Are you looking for a job? Are
23 you... Are you... How many hours a week are you
24 working?

25 COUNCILMEMBER BARRON: Is the survey that loose?

2 DIRECTOR SWEETING: Well, the...

3 COUNCILMEMBER BARRON: I thought it was some deep
4 scientific stuff.

5 DIRECTOR SWEETING: It's um...

6 COUNCILMEMBER BARRON: Only because I...

7 DIRECTOR SWEETING: That's really the... that's
8 the source for the unemployment.

9 COUNCILMEMBER BARRON: Okay, because the... I've
10 seen what working with CSS, Community Services
11 Society, and we would do those who are 18 and over,
12 eligible to be in the workforce, but they're not in
13 the workforce, the numbers are astronomical in the
14 black and brown community.

15 DIRECTOR SWEETING: Yup, and again, that data is
16 coming primarily coming from the... from that survey.
17 Because they ask, you know, they ask, "Are you
18 looking for work?" And if you're, if you say you're
19 not looking for work, then you're not counted in the,
20 in the labor force.

21 COUNCILMEMBER BARRON: Right. And then there's a
22 small sampling in the survey. Well...

23 DIRECTOR SWEETING: Yeah, it's fairly reliable.
24 It's, it's the best we've got anyway.

25

2 COUNCILMEMBER BARRON: Alright. Thank you very
3 much.

4 DIRECTOR SWEETING: You're welcome.

5 COUNSEL BUTEHORN: Thank you, Councilmember,
6 Baron. And Chair Brannan, I will turn it back to
7 you.

8 CHAIRPERSON BRANNAN: Thank you, Malcom. IBO, I
9 appreciate this. I spend more time on your website
10 than I care to admit.

11 DIRECTOR SWEETING: Sorry about that.

12 CHAIRPERSON BRANNAN: I appreciate all the work
13 that you do, all the ways that, you know... that you
14 see a page of numbers differently from what other
15 people might see. It's important... It's important
16 as we negotiate this budget. It's important that we
17 learn how to traverse the next couple of years and
18 for the city and our economy. So I appreciate all
19 that you do. And I appreciate you... you joining us
20 today.

21 DIRECTOR SWEETING: Thank you.

22 CHAIRPERSON BRANNAN: Thank you, George.

23 Malcom, I think we're done, right?

24 COUNSEL BUTEHORN: We are done. That's it.

1 COMMITTEE ON FINANCE

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2 CHAIRPERSON BRANNAN: All right. I just want to,
3 before we close out, I really want to just give a
4 shout out to the entire finance team, Eisha Wright,
5 Raymond Jeski, Paul Simone, Dulhania Sempora, Emra,
6 Alia, Surilian, Chima, Jon, Sebastian, Julia,
7 Florentine, Jack, Dan Croup, Jonathan Seltzer, Neven,
8 Jack, Assis, Hector, William, Nashia, Paul, Andrew,
9 the support staff, Nicole and Maria, Malcom of
10 course. You know, we've been ride or die on this the
11 past couple of weeks, so... and of course Tanisha and
12 Jonathan and the whole crew here at 250.

13 So, this is the final portion of our 10th day.
14 Tomorrow we will hear from the public and... and I
15 will close it out now. So with that this meeting is
16 adjourned. Thank you

17 [Gavel]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date 07/12/2022