

CITY COUNCIL
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONSUMER AFFAIRS AND
BUSINESS LICENSING

----- X

February 8, 2021
Start: 1:10 p.m.
Recess: 2:49 p.m.

HELD AT: Remote Hearing (Virtual Room 3)

B E F O R E: Diana Ayala
CHAIRPERSON

COUNCIL MEMBERS:

Justin Brannan
Margaret Chin
Ben Kallos
Peter Koo
Karen Koslowitz
Brad Lander
Carlos Menchaca
Kalman Yeger

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

Lorelei Salas, Commissioner
Department of Consumer and Worker
Protection

Nicole Davis, Active Deputy Commissioner
Office of Financial Empowerment

Steven Ettannani, Executive Director of
External Affairs
Department of Consumer Affairs

1 COMMITTEE ON CONSUMER AFFAIRS AND BUSINESS LICENSING

4

2 SERGEANT-AT-ARMS: Okay. Live stream is
3 up. Sergeant Martinez, will you start the PC
4 recording?

5 SERGEANT-AT-ARMS: PC recording underway.

6 SERGEANT-AT-ARMS: Cloud recording is good.

7 SERGEANT-AT-ARMS: Backup is rolling.

8 SERGEANT-AT-ARMS: Okay. Good afternoon,
9 everyone. Welcome to today's remote New York City
10 Council hearing of the Committee on Consumer Affairs
11 in Business Licensing. At this time, would all
12 panelists please turn on your video? To minimize
13 disruption, please place electronic devices to
14 vibrate or silent. If you wish to submit testimony,
15 you may do so at testimony@Council.NYC.gov. Again,
16 that is testimony@Council.NYC.gov. Thank you for
17 your cooperation. Chair Ayala, we ready to begin.

18 CHAIRPERSON AYALA: Good afternoon,
19 everyone. My name is Diana Ayala and I am the Chair
20 of the Committee on Consumer Affairs and Business
21 Licensing. I would like to welcome you to our
22 oversight hearing today on the Office of Financial
23 Empowerment. I am joined today by my colleagues on
24 the committee, Council members Koo, Chin, Yeger,
25 Menchaca, Kallos, Brannan, and Lander. For more than

10 years, the Office of Financial Empowerment has been a vital source in the financial welfare of New Yorkers. In addition to providing free or low-cost financial education and counseling, OFE advocates for policies and legislation that will improve New Yorkers financial resiliency and work through the broad range of partners to expand access to important financial tools and services. One of the main priorities of OFE has been improving access to mainstream banking. Despite being a hub for international finance, 11 percent of New Yorkers do not have a bank account. This is nearly double the national average. In some neighborhoods, such as those in the South and Central Bronx and Northern Manhattan, the percentage of unbanked households is over 25 percent. And, now, with the pandemic, we are seeing bank branches close. So, even for those that have a bank account, getting to a physical branch is even harder. The lack of access to affordable mainstream banking is problematic at the best of times and the pandemic has only made the issue worse. Without the ability to get stimulus assistance through direct deposit, for example, people have had to wait weeks for checks or preloaded debit cards.

If the money comes by check, you then need to find a check processing center and pay to get it cashed.

The ripple effects of the economic crisis caused by Covid 19 are endless. The unemployment rate in the Bronx, for example, reflects the cascading effects of income loss and costs. Over the summer, the Bronx have had the highest unemployment rate in the city.

25 percent. That, following October, 20 percent of Bronx residents applied for SNAP benefits compared to 13 percent citywide. Further, 10 percent of Bronx residents visited a food pantry or soup kitchen in October. With 15 percent indicating that having enough food to eat was their main concern. Without a stable source of income, many New Yorkers were unable to afford the necessities. Although there are moratoriums in place at the moment, a large share of the city's residents have fallen behind on rent and mortgage payments, as well as essential utilities such as gas and electric. These residents are going to owe thousands of dollars, but it is unclear how they will afford to pay it. The economic impact of the pandemic is being felt across the city, but for those New Yorkers who are already in the precarious financial situation prior to Covid 19, the

devastation is heightened. Without substantial savings, unable to access credit, delinquent on debt, or shut out of the banking system, many New Yorkers simply do not have the financial foundation to manage a crisis without experiencing severe economic hardship. There have been various effects by all levels of government to provide assistance, but some of these relief efforts have been marred with problems and, at times, exacerbated existing racial and ethnic inequities. For example, in the initial Covid 19 relief programs administered by the city's small business services, only a small percent of businesses in the Bronx gained access to the money. Of the funds from the Small Business Continuity Loan Fund, 66 percent went to businesses in Manhattan. 18 percent went to businesses in Brooklyn. Nine percent of those in Queens. Five percent to those in Staten Island, and less than one percent of the businesses in the Bronx. There was a similar pattern with the money from the employee retention grant program. 53 percent went to businesses in Manhattan, 25 percent went to businesses in Brooklyn, 16 percent to businesses in Queens, and only three percent of businesses-- to businesses in the Bronx and Staten

1 Island. We simply have to do better. I am
2 encouraged to see that the issue of inequity and
3 existing financial struggle has been a part of the
4 focus of OFE's research over the past year or so and
5 I hope to hear today how we can help alleviate some
6 of the ongoing problems. The Covid 19 pandemic did
7 not cause all of the economic instability facing New
8 Yorkers today, but it has intensified it. And,
9 unfortunately, the negative effects are being felt by
10 those who are already marginalized. The pandemic has
11 intensified inequalities along racial and ethnic,
12 social, economic, and neighborhood lines. So, it is
13 important that we have this hearing today so that we
14 can plan a comprehensive route to economic stability
15 for all New Yorkers. I would now like to turn it
16 over to the committee counsel to go over some
17 procedural items.

19 COMMITTEE COUNSEL: Thank you, Chair
20 Ayala. My name is Josh Kingsley. I am the committee
21 counsel. Before we begin testimony today, I want to
22 thank everyone for attending and remind everyone that
23 you will be on mute until you are called on to
24 testify, at which point, you will be on muted by the
25 host. I will be calling on panelists to testify.

COMMITTEE ON CONSUMER AFFAIRS AND BUSINESS LICENSING

9

Please listen for your name to be called. The first panelist to give testimony will be the Commissioner of the Department of Consumer and Worker Protections, Lorelei Salas. The CWP will also have the following people available for questioning: Nicole Davis who is the acting Commissioner of the Office of Financial Empowerment and Stephen Ettannani who is the Executive Director of external affairs. I will: each of you shortly when it is your time to give testimony. During the hearing, for Council member would like to ask a question, please use the zoom raise hand function and then I will call on you in order. We will be limiting Council member questions to five minutes which includes the time it takes for the panelists to answer your questions. Please note that, in the case of virtual hearings, there will not be a second round of questioning outside of the questions from the committee Chair. Lastly, all hearing participants should submit their written testimony to testimony@Council.NYC.gov. Before we begin testimony, I will administer the oath to the administration. Commissioner Salas, Deputy Commissioner Davis, and Mr. Otani, please raise your hands and I will call on each of you individually for

a response. Do you affirm to tell the truth, the whole truth, and nothing but the truth before this Committee and to respond honestly to Council member questions? Commissioner Salas?

COMMISSIONER SALAS: I do.

COMMITTEE COUNSEL: Thank you so much. Acting Deputy Commissioner Davis?

DEPUTY COMMISSIONER DAVIS: I do. Yes.

COMMITTEE COUNSEL: And Mr. Otani?

STEPHEN OTANI: I do.

COMMITTEE COUNSEL: Thank you, all. And you may begin your testimony.

COMMISSIONER SALAS: Good morning, Chair Ayala and members of the committee. I am unmuted, right? Okay. I am Lorelei Salas, Commissioner for the Department of Consumer and Worker Protection. I am joined today by Nicole Davis, acting Deputy Commissioner, and Stephen Otani, executive director of external affairs. Congratulations, Madam Chair, on your appointment to lead this important committee. I enjoyed our most recent conversation and my staff and I are looking forward to working with you on a range of priority is at this critical time in our city's history. The Office of Financial Empowerment

or OFC, focuses on initiatives that support New Yorkers and communities with low incomes in building wealth and improving their financial health. OFE educates, empowers, and protects residents and neighborhoods with low income so they can build assets and make the most of their financial resources. OFC uses data and research, policy, partnerships, and convening's to advance its mission. Using this model, OFC can develop, offer, and advocate for innovative programs and products for all New Yorkers. Since its creation, though FE has been trailblazing a new pack and challenging conventional orthodoxy of what municipal government services can and must provide to its constituents. The foresight to create this office and the import of its mission can be summed up in a few ways, but wanted is particularly telling. In 2006, it was the first of its kind in the nation. To date, there are over 50 models and initiatives built in its likeness, including San Francisco, Los Angeles, Denver, Boston, and Philadelphia. Since OFC remains-- Still, OFC remains unique in that its placement within the Department of Consumer and Worker protection and recognizes interconnectedness of financial

empowerment with consumer and worker protections.

The department leverages OFC's work, ultimately, the

more completely pursue its mission to enhance the

daily economic lives of New Yorkers to create

thriving communities. As you know well, in New York

City, we are accustomed to leading NIM excited to

give the Council an update on how OFE is continuing

to do so on a range of issues, including its original

and acclaimed research, financial counseling and

coaching, outreach to the public, and free tax

preparation services. OFC is committed to

contributing to the researched-based policymaking.

This philosophy has borne out of legislative and

programmatic perspective. OFC research and reporting

of predatory lending in the secondhand auto industry

in New York City informed two pieces of legislation

passed by Council in 2017. To augment consumer

protections and bridge language access gaps for

residents citywide. Similarly, a first of its kind

report and partnership with the Federal Reserve Think

of New York informed to the start of the series of

student debt clinics in targeted neighborhoods to

help New Yorkers understand their loans and how to

repay them. In the case of student debt in

particular, its unique burden on individuals, families, and communities has fueled further study into the topic. Drawing on its findings, including a second student debt report that identified indicators of vulnerability, OFC developed a three-part series on borrower populations vulnerable to student loan debt stress. The series includes briefs on New York City veterans, black borrowers, and borrowers with low incomes. Each installment of the series provides historical and policy, and docs for these constituencies and provides conclusions and actions for them to consider as they make higher education choices. In all, OFC's commitment has inspired other cities like San Francisco and Washington DC to duplicate its research methodology and has enhanced existing citywide financial counseling and coaching modules by incorporating counselor training to manage student debt inquiries and concerns from clients. Economic shocks like Covid 19 and its consequence on low and middle income New Yorkers are stark reminders of the research-based work that remains to be done. Over the past several months, OFC developed a two-part series of briefs to illustrate the broad scale and magnified economic distress on New Yorkers during

Covid 19. The first brief, which came out this past September, looked at three key indicators of financial health preparedness. Banking access, emergency savings, and credit access. To identify the neighborhoods with the lowest level of financial preparedness, prior to the pandemic, and who it is, therefore, most vulnerable to future economic shocks. The second brief released in December, examined the impact of the pandemic induced recession on New Yorkers in the short term and what can be learned from the great recession about potential long-term impacts. These briefs have and will continue to inform advocacy at the federal level as congress considers more stimulus programs. OFE's research bears out the need for extended, enhanced unemployment and paid leave benefits and underscores the imperative of additional direct payments to those in need. As illustrated by our most recent research, the Covid 19 crisis has exposed the financial fragility of millions of vulnerable households. Whether shut out of the mainstream banking system, lacking any rainy day savings, unable to access credit, being delinquent on debt, or some combination of these, many New Yorkers lack the financial

2 foundation to manage the crisis without experiencing
3 economic hardship. Seeking out financial counseling
4 and coaching is one affirmative step New Yorkers can
5 take to help navigate financial difficulties. OFC
6 contracts with seven organizations that run five
7 different counseling and coaching programs. These
8 programs include Ready to Rent, specific counseling
9 Service for New Yorkers to prepare to apply for
10 affordable housing, Empowered NYC, a counseling
11 service for New Yorkers with disabilities and their
12 families, and Financial Empowerment Centers, the
13 largest of the programs, which provides free and
14 confidential counseling to anyone over the age of 18
15 who lives or works in New York City. Prior to New
16 York State on pause, OF he was operating 32 financial
17 empowerment centers across all five boroughs with
18 three additional sites set to open later in March
19 2020. These centers are strategically located in
20 neighborhoods where our research shows a high density
21 of where low income and under banked households
22 reside. Since the inception of the program in 2008,
23 Financial Empowerment Centers have helped clients
24 reduce their debt by over \$80 million and accumulate
25 savings over \$7 million. Today, due to ongoing

health concerns regarding Covid 19, many centers are now closed for in person services and are providing remote counseling sessions by phone. In either case, however, appointments may still be booked by the visiting NYC.gov/talkmoney or calling 311. Despite the consequences of New York State pause, counseling and coaching programs have had a steady demand. Counselors have completed nearly 10,000 appointments across all five financial counseling and coaching programs during this time and, in general, remote counseling appointments have proven to have a higher show rate they had in person appointments. In fact, from March 16th to December 31st, 63 percent of all scheduled appointments were completed which is 13 percent higher than the industry standard for financial counseling. Regarding client needs, historically, most clients seek financial counseling and coaching to help reduce their debt and improve their credit. During the pandemic, this has largely remained to be the case, however, the number of people seeking assistance with benefits, eligibility, and emergency resources such as food or rental assistance, has risen noticeably. Financial counselors have shared that clients are experiencing

acute food insecurity, among other financial and emotional crises. Financial counseling is an important resource for clients to manage their finances in uncertain times, get connected to emergency assistance, avoid scams and predatory products and services, and protect their income and assets. As a result, OFC created a Covid 19 resource guide for counselors to use to direct clients to existing and emergency resources for food, shelter, transportation, and health-related matters. OFC leverages DCWP's communications and marketing and external affairs staff to ensure its message reaches New Yorkers. Fact sheets on student loan debt payment relief are found on DCWP's dedicated landing page for information during Covid 19 crisis. NYC.gov/DCWP alerts. After the passing of the CARES Act, additional tip sheets and guidance were created to assist New Yorkers in securing economic impact statements. As usual, these resources are translated into at least 12 languages and amplified at virtual events coordinated by DCWP's staff. DCWP regularly leverages its relationship with stakeholders and sister agencies to amplify OFC's work. Events with the Department for the Beijing, New York Immigration

Coalition, and the Hispanic Federation are just some examples of the 165 financial empowerment events the agency conducted in 2020. From a marketing perspective, DCWP strategically targets constituencies that may benefit from its programs. In 2020, and in response to Covid 19, DCWP advertised that its counseling services were continuing to be made available over the phone, targeted media [inaudible 00:18:38], focusing on expanded language access to Haitian and Russian New Yorkers and advice and subway stations and link NYC kiosks. In addition to visiting numerous food pantries and food distribution centers, help to drive consistent intake for our financial counselors. One public awareness campaign that is just getting started is our annual New York City free tax prep program. NYC free tax prep is a free tax preparation service administered and funded by OFE would services delivery through contracted community partners with professional preparation provided by certified IRS tax volunteers. This year, individuals with an income of \$48,000 or less and families with an income of \$68,000 or less qualify for the program. NYC free tax prep offers a number of different options for individuals and

families to complete their tax returns, including virtual prep or assisted prep over the Internet, drop-off, and in person services. Over the last five years alone, the historically popular program has completed over 735,000 returns and saved New Yorkers over \$110 million in estimated tax preparation fees. Functionally, New York City free tax prep relies heavily on volunteer, temporary, and seasonal tax workers. Prior to the services being disrupted last March during New York State pause, NYC free tax prep providers operated more than 130 sites in all five boroughs and had completed more than 55,000 returns. When in person services were suspended in accordance with New York State pause, providers discontinued work with their volunteers and temporary employees while they awaited guidance from the IRS on delivering services remotely. While many providers adapted quickly to complete returns online, and virtually, services were limited and constituent lack of access to needed equipment and secure Internet connection stunted preparation numbers. This tax season, some of the same challenges remain. Lack of access to and comfort with online technology will limit participation of key constituencies. That

said, nine of OFE's 15 contractors this year will offer in person or drop-off services in all five boroughs to help mitigate this issue. Only one in three New Yorkers are eligible for NYC free tax prep. Most choose to pay a commercial prepare or use paid online services to complete their tax return. The increased availability and promotion of online tax preparation may attract more eligible New Yorkers to this safe and free option. New York City free tax prep providers also stand ready to assist New Yorkers in claiming the economic impact statements. In 2020, more than 1100 New Yorkers received assistance in completing the forms to claim the first round of stimulus payments and we anticipate more will be helped during this tax season. As Congress and the White House discuss additional stimulus payments, NYC free tax prep providers are ready to help New Yorkers claim these critical funds. This year, neighborhood marketing, including placing posters and establishments like convenience stores and laundromats, as well as skewing at purchases to digital outlets and investing resources in targeted Z-I-P Codes, we anticipate will drive awareness and participation. Have I mentioned at the beginning of

1 my testimony, OFC has a bold vision in research,
2 programmatic work, and outreach to the financially
3 vulnerable is a constant and indispensable duty. I
4 am asking that Counsel to join OFE as a partner in
5 supporting an inclusive and equitable approach to our
6 recovery from Covid 19, an approach that, of course,
7 addresses the public health challenges just facing
8 our city, but also importantly supports financial
9 health resiliency so that New Yorkers can better
10 withstand future economic downturns. That support,
11 of course, begins with supporting OFE's work. I look
12 forward to your questions and thank you for the
13 opportunity to testify today.

15 CHAIRPERSON AYALA: Thank you,
16 Commissioner. And I think, you know, obviously,
17 there's no doubt that OFE offers a really valuable
18 resource to New Yorkers and I'm excited for today's
19 conversation. I think that I'm really curious to
20 find out how we, as a Counsel, can help ensure that,
21 you know, our constituencies know of the resources
22 available through OFE and can help, you know, with
23 any, you know, maybe marketing opportunities through
24 our individual offices. But I have quite a few
25 questions. I will ask if you and then I will defer

to my colleagues. So, don't be surprised by that.

But I think so we are seeing, specifically, in communities like mine, for example, where I have light, in the South Bronx, I have like one bank.

That banking has become, you know, the challenge and continues to be a challenge for some communities. I think, you know, when we get out of City Hall, you know, you have access to may be seven branches, right, you know, within a couple blocks radius and in some communities you have not. And now we are seeing more and more branches closed. I'm not sure if it is Covid related. I'm not sure if it is because more people are banking online. I don't yet, you know, understand what the reason behind the closures is, but wondering if this is something that OFC is looking into and what, if anything, is OFC doing to prevent the closure of bank branches in New York City?

COMMISSIONER SALAS: Thank you for that question, Chair I left. It is definitely one that we are always concerned with. As you know, access to banking and safe products is a very important goal of our office and we are aware of some branches closing. You know, obviously, as private actors, we do not

1 have any power to require them to remain in those
2 communities. We need to have great partnerships with
3 a number of banks that are banks that have agreed to
4 accept that ID NYC card. Right? So, for a long time
5 we've been working with financial institutions that
6 want to remain in those communities. A couple of
7 things I will say and then I will see if Nicole Davis
8 can jump in and help me with the answer. That would
9 be great. But one thing that we keep an eye on it is
10 on any fatter all advocacy we can do to make sure
11 that we continue to advocate for banks to remain in
12 those communities. For instance, that community
13 reinvestment act. There were proposed changes to the
14 act in the last few months and OFE, together with, I
15 believe, HPD and City Hall in general, you know, it
16 opposed some of the changes that would have actually
17 diluted even more the requirements for these banks to
18 invest in the communities that need these resources.
19 So we are, hopefully-- we are hopeful that a new
20 administration, they may take a different approach
21 and actually strengthen the Community Reinvestment
22 Act instead of diluting it. I know, also, that in
23 the past, as part of our community wealth building
24 and as part of our neighborhood financial health

1 research, we've worked with groups in different
2 neighborhoods. We have worked in the past with
3 groups and community-based organizations in Brooklyn
4 and one in Harlem, to test out different ways to
5 encourage community members to, basically, identify
6 the challenge is they had in excess seen safe,
7 financial products, for instance. And, in Harlem, we
8 work closely with-- it wasn't a community bank.
9 Nicole, you can correct me on that. It was a CDFI.
10 I forgot exactly the term.

12 ACTING DEPUTY COMMISSIONER DAVIS: It
13 was Lower East Side Peoples Federal Credit Union.

14 COMMISSIONER SALAS: The credit union.
15 Right. To figure out, you know, what are-- what is
16 one way in which more traffic from community members
17 to the credit union and we engage with what we call
18 peer promoters or promotoras in Spanish, who are
19 they, themselves, are members from the communities
20 that are under banked or non-banked and they opened
21 their accounts and they were bringing information to
22 their neighbors, to the people they encounter at the
23 schools, to talk about the importance of opening an
24 account in a credit union where there may be very low
25 fees and accessing your money and take away that

1
2 incentive to go to a check cash or, for instance,
3 right? And it was a pilot program, but we compared
4 the numbers of new accounts opened in during the
5 period that the promotoras were working in the
6 community, versus the year before. And the numbers
7 were great. I think the increase was close to 50
8 percent more accounts opened. So, it is something
9 that works, right? At least it worked for that
10 community for that specific medium wanting to drive
11 more traffic to the credit union. But, Nicole, if
12 there is anything else you want to add to this issue-
13 - to this question?

14 ACTING DEPUTY COMMISSIONER DAVIS:

15 Absolutely. You know, one of the products that
16 the Office of Financial Empowerment helps to create
17 was the NYC Safe Start account which is a safe and
18 affordable bank account with terms that were
19 identified, you know, before and then, you know, an
20 RFP to help, you know, collect participants in it.
21 It was to help New Yorkers set up a savings account
22 with no overdraft fees, no monthly fees, provided
23 that a minimum balance was kept. Low minimum
24 balance requirements, 25 dollars or less, and an A-T-
25 M card. And so, our work with financial institutions

1 to provide that it was one way that we can, you know,
2 advocate for New Yorkers to have access to banking.
3 Other ways, you know, in addition to what that
4 Commissioner shared about the CAR comments is
5 partnering with community-based organizations and
6 looking at different research. So, there are groups
7 that have looked at the presence of CDFI's in a
8 community has leading to more investment in small
9 businesses. And so, working with them to learn from
10 their research and also advocate whenever we have the
11 opportunity to. In speaking to our peer, you know,
12 offices at the state level and hopefully, under this
13 administration, the federal level, as well.
14

15 STEVEN ETTANNANI: I also just want to
16 mention one thing since Nicole was speaking about
17 state-level advocacy is that our 2015 partnership
18 with the urban Institute that really fueled a lot of
19 the statistics about un and under banking in New York
20 City, that report was often cited not only in our own
21 advocacy in Albany, but also amongst our partners
22 like New Economy Project and others that, for the
23 first time in, I believe, a couple-- since its
24 founding in 2007, the CDFI fund was appropriated
25 money in the New York State budget just a couple

1 years ago. So, that is just a tangible example of
2 how our research has led to real, you know, results
3 to kind of close gaps. In this case, particularly un
4 and under banking.
5

6 COMMISSIONER SALAS: And let me just
7 finish this part by connecting it to the financial
8 counselors, right? Opening a bank account is one of
9 the number one things that a counselor can assist a
10 client who is working on their financial health,
11 right? So, it is part of what the counselors do all
12 of the time. Helping individuals begin to build
13 assets and opening a savings account or a bank
14 account is one of the first steps they help clients
15 with.

16 CHAIRPERSON AYALA: And I think the
17 credit counseling is obviously really important. I
18 find that, you know, most people that, you know-- in
19 my community are not opening bank accounts because
20 either a bank is nonexistent, credit union is
21 nonexistent, or because they also maybe have credit
22 issues, right, and that prevent them from being able
23 to open an account in the first place because they
24 are afraid, and rightly so, that their accounts would
25 be frozen because maybe they have credit card debt.

1
2 Maybe they have, you know, child support issues. Are
3 these some of the issues that you are encountering?
4 Are these some other reasons for why a person would
5 be coming in contact with OFE? And also if you can
6 explain to me how does the person know that these
7 services exist in the first place? You mentioned
8 community-based organizations being a source of
9 referrals, but how do you ensure that you are
10 connecting with individuals that should know that
11 these services exist? Like are you partnering with
12 HRA? Are you and wake offices? Are you, you know,
13 you able to do, maybe, hair salons and just places
14 where you would come in contact with the community
15 that we would want to make sure knows and understands
16 that these services are available?

17 COMMISSIONER SALAS: Yes. The first of
18 all say that a number of our clients come to us when
19 they are at a time where they have to make a decision
20 or they are in crisis, right? Clients come to us
21 when they just cannot manage their debt anymore.
22 That is one of the big drivers for seeking financial
23 counseling. I can't manage my debt or my credit is
24 really terrible. I want to buy a house or I want to
25 even just apply for an apartment and be able to show

1 I have good credit. To do-- the counselors are
2 almost like the bread-and-butter for them to work on
3 helping people reduce their debt and tackle their dad
4 and also improve their credit scores, build savings
5 and so, certainly, that is one of the-- I think the
6 biggest concerns for clients coming into our centers
7 and managing our debt. Our counselors, they will get
8 on the phone if they have to if they can be of help
9 with sometimes negotiating some of the medical debt
10 our clients bring with them, right? These are
11 individuals who are professional, confidential
12 services. It is really fantastic. It really is
13 fantastic. I tell people I went through that service
14 many years ago when I worked for a nonprofit
15 organization because that issues of economic
16 instability are affecting a lot of people. Not just
17 people who are earning very, very low incomes, but
18 people who are bandaging, you know, both large
19 student loan debt in an annual salary that should be
20 paid for your expenses, right? So, I visited someone
21 who is part of this network, actually, and I have
22 seen myself and what it means to have someone
23 handhold you through that process when you feel
24 judged, when you feel like, you know, embarrassed

1 that you are tackling all of these financial
2 problems. So, it is certainly an amazing resource
3 and we need to the average for the program in a
4 million different ways. I mean, if you have any
5 suggestions, we are happy to take them. We are doing
6 both marketing campaigns. We are doing really great
7 public awareness campaigns in our subways, and our
8 buses. We always work with elected officials and
9 make sure that they all have the information that
10 they can provide to their constituencies. One thing
11 that I always tell people when I am talking to people
12 one-on-one and over this past summer when, you know,
13 you would see those very, very long lines of people
14 waiting for food distribution. We went to those
15 lines and talked to every single person standing on
16 the line and gave them the information about our
17 financial empowerment centers because that is who
18 needed it the most, right? So we use one-on-one, you
19 know, on the ground outreach. We use communicating
20 via elected officials, community boards, you name it.
21 And so, definitely working with other agencies in
22 partnership. You know, in fact, you know, the core
23 financial counseling and coaching program has, in the
24 last few years, we've sort of gone into more depth
25

1 into certain like issues or specific populations that
2 needed even a program that was even more nuanced with
3 respect to their needs. So, for instance, we have,
4 as I mentioned earlier, our Empower NYC program where
5 we work very closely with the Mayor's Office of
6 People with Disabilities to make sure that people
7 with disabilities who are interested in, you know,
8 earning an income or finding a job are able to do
9 those things to improve their financial health
10 without putting at risk their eligibility for key
11 medical benefits, right? So, our counselors would
12 trade to be able to identify those very important
13 issues that they need to watch out for like-- Yeah.
14 Anyway, that is one program. We have a program, as
15 Nicole mentioned, the Ready to Rent program which is
16 funded by the Council where we help people get ready
17 to apply for affordable housing. That is a program
18 that we definitely have seen a lot of demand even
19 during the last year. We have our counselors like
20 fully scheduled for those appointments, so there are
21 a lot of interests in that. And then, the student
22 loan debt program is another way in which we, you
23 know-- we search to help identify those
24 neighborhoods where we have a lot of distress, a lot
25

1 of defaults. The Bronx was one. You know, house
2 like four or five different neighborhoods where we
3 saw a lot of stress from student loan borrowers and
4 we spent a lot of time in the community to gain
5 listening sessions and talking to people, but also
6 then putting together student loan debt clinics where
7 all we did was first, you know, help you with that
8 immediate issue that you have. You want to be able
9 to access some of the existing repayment programs
10 that exist at the federal level that are very
11 complicated to navigate, right? So, we have a
12 counsel are who can handhold you through that and
13 then make sure that you continue to work on your
14 financial health by looking at your budget, looking
15 at whether you have a savings account, right? So,
16 definitely a very strong partnership. The tax
17 [inaudible 00:39:00] Commission is another agency
18 with whom we are partnered very closely for the
19 driver's resource Center. So, while TLC manages the
20 daily operations of the center, the contracts for the
21 legal services provider and for the coaching Arthur
22 our office. So, that is another more recent program
23 and variation of the financial counseling.

CHAIRPERSON AYALA: Commissioner, do you work with local-- you know, with community colleges, for instance? I remember when I was a student at community college, I was, you know, on public assistance and, you know, not in debt yet, but I remember being very vulnerable to institutions that would sit and camp out in front of the campus, right? And I remember and I share this story frequently of coming out of school one day when a few schoolmates and they were offering credit cards in front of the school. They were giving away-- I think it was like skittles and M&Ms and, you know, as an incentive or applying. And we thought, well, let's apply. Nobody is going to, in their right mind, give us a credit card. Like we don't have any money. So, we applied. We get the free candy. We walk away and then, viola, like a few weeks later, I got, you know, my first credit card in the mail. It was like \$700 and I remember thinking, oh, wow. You know, I didn't think I would qualify and I really, really needed a sofa and I bought a sofa with my 700 dollars and then, you know, I attempted to make, you know, regular payments, but, as a parent, a single parent on public assistance, it became harder and harder and that is

1 where my credit card debt, you know, history started,
2 right? I was not really knowing. I was 19 or 20
3 years old and, you know, I wonder like would it be--
4 I would fight and I think that it would be really
5 helpful to have these services, right, offered at the
6 community college or colleges period where he a lot
7 of young people that are not yet, right, experienced
8 enough to understand the impacts. The long-term
9 impacts, right, of continuing to borrow, you know,
10 will have on their lives.

12 COMMISSIONER SALAS: Yeah. Thank you
13 for that question. Certainly so one thing I would
14 say is the only requirement to be eligible for free
15 financial counseling in New York City is if you work
16 and live in New York City and you have to be 18 years
17 of age or older, right, because you need to consent
18 to us having access to your credit score and your
19 private information. And we do believe that
20 financial literacy and financial education needs to
21 start very young, right? You had before one goes off
22 to college. In fact, making the decision to go to
23 college is a huge financial decision that may have
24 consequences for a lot of people who, you know, have
25 to borrow money to go to school. So, we are very

1 interested in working and collaborating and have done
2 so in the past. LaGuardia community college comes to
3 mind just because I, myself, have gone there to
4 present in front of the students in the classes, but
5 also talked to the leadership about making sure that
6 we are either-- even if we don't have a counselor at
7 the center-- at the college campus itself, that
8 there is a very easy connection and a relationship of
9 referrals to our centers and I believe we may have
10 the center very close to LaGuardia community college,
11 for instance. But the idea is that our centers are
12 in places where our communities-- you know, where
13 there is the highest need. So, you know, it is
14 likely that, for instance, that in the Bronx, that
15 even if you don't have a center at your school or a
16 counselor at your school-- like right now I can tell
17 you that there are four in person sites that are open
18 in the Bronx because her counselors are very
19 committed to this work and they know they want to be
20 present for their communities. So, it is definitely--
21 - we also have a huge interest in higher public
22 education because we have seen a big devastating
23 effect of students who, you know, sometimes enter
24 into-- they borrow a lot of money, you know, to go
25

1
2 to school and it sometimes-- you know, the increase
3 in therein, after graduation is not really going to
4 result in an increase in income in general because of
5 the debt that they carried.

6 CHAIRPERSON AYALA: In my opening
7 remarks, I referenced the fact that so little love
8 that businesses in the South Bronx and in northern
9 Manhattan qualified for small business relief funds
10 and I wonder how has OS he worked with the individual
11 and small businesses in getting access to the various
12 government assistance programs? And are you focusing
13 on those communities specifically that did not
14 qualify and that received so little of these funds?

15 COMMISSIONER SALAS: So, I will tell you
16 first about-- I will answer your second question
17 first. Our centers-- I mean, for the last 10 years
18 that we have been focused on the financial health of
19 New Yorkers and we have been working on our research
20 around under banked and un-banked communities, right,
21 our priorities have always been to be present in
22 those communities where we need to be bringing more
23 interventions and opportunities for residents to,
24 again, become financially stronger. So, it is no
25 surprise that actually, during Covid 19, when we saw

1 additionally during the first phase, the 27
2 neighborhoods that were the highest impact by Covid
3 19 infection rates, are some of the same
4 neighborhoods where we have our financial empowerment
5 centers and where our counselors are working every
6 day. So, there is a lot of commonality between like
7 what we have seen post-Covid 19 are the neighborhoods
8 where we need to be investing more in order to really
9 think about a recovery that is equitable and those
10 neighborhoods where we already knew we needed to be
11 investing our resources in. So, there is that. Like
12 I think we start from the premise that our work has
13 been already directed to these areas. In terms of
14 small businesses, so I know that we have a small
15 program that actually does help small businesses with
16 financial counseling and we also have the investment
17 in the TLC driver resource Center, but I'm not sure
18 that Nicole-- Nicole, if we have had any other sort
19 of touch with small businesses with respect to their
20 ability to access some of these small business loans
21 or the relief from the federal government.

23 ACTING DEPUTY COMMISSIONER DAVIS: So,
24 that financial counselors at the Financial
25 Empowerment Centers have mentioned that there is

1 either confusion or questions or a need for
2 assistance in applying for some of these small
3 business specific, you know, relief programs. And
4 so, we were able to get some great information from
5 other partners in the city about where exactly we
6 should be referring those small businesses. Our
7 financial counselors could not help someone complete,
8 you know, that type of application or like a benefits
9 application, for example. So, there have been
10 referrals out. As the Commissioner mentioned, with
11 the driver resource Center. There has been, you
12 know, because of that centers purpose, there has been
13 significant work with medallion owners and other for
14 higher vehicle drivers to apply for and receive those
15 benefits and those resources. The Commissioner
16 mentioned we have a very small program that is mostly
17 about raising an awareness with small business owners
18 that financial counseling is available to them. And
19 so, we have had some small business owners come to
20 the financial empowerment centers, you know, to, you
21 know, look at, for so many small business owners,
22 micro-entrepreneurs, they use their own personal
23 credit in order to qualify for business credit. And
24 so, that can be a difficult to untangle. So, we have
25

1 seen some of that, but given up complexity of these
2 applications, we have had to refer out to resources
3 or, you know, directly to their bank for the PPP
4 loans. The financial counselors are great at helping
5 someone pull together all of the documents that they
6 may need in learning how to like access different
7 documents that they may have trouble finding or
8 needing to get replaced.

10 CHAIRPERSON AYALA: It's okay. You can
11 leave him. We love cats. But does OFC play a role
12 in advocating on behalf of the like-- in
13 communicating the complexities of these applications
14 and, you know, how difficult it is for small business
15 owners or taxi medallions, you know, holders to
16 understand and kind of navigate? Because I think
17 that that was one of the issues. That there really
18 was not the support system built into our communities
19 and so, you know, you can see the disparities are
20 very clear. You know, the fact that Manhattan small
21 businesses received 66 percent, you know, of these
22 grants and loans. It is pretty significant and I
23 would wager that, you know, the bulk of this 66
24 percent were on the southern part of the island and
25 not on the northern part of the island. Because that

1 COMMITTEE ON CONSUMER AFFAIRS AND BUSINESS LICENSING
40

2 is what I am hearing from small businesses. But I
3 have a bunch of questions, but I don't want to be
4 dismissive of my colleagues and I want to be aware of
5 their time. I believe that Council member Koo is
6 next with a question?

7 COUNCIL MEMBER KOO: Thank you, Chair
8 Ayala. Yeah. Hello, Commissioner. How are you?
9 Yeah.

10 COMMISSIONER SALAS: Hi, Council member.

11 COUNCIL MEMBER KOO: Yeah. I have a
12 question. You said your Office of Financial
13 Empowerment, OFE, right, how many staff do you have?
14 I mean, how many counselors or how many different
15 offices do you have?

16 COMMISSIONER SALAS: Yeah. So, on staff
17 we have-- the department, the division, is small.
18 If 20 staffers in my office. There are actually five
19 vacancies right now including the Deputy Commissioner
20 role. So, we're down to 15 people in the office, but
21 the work that we are doing of financial counseling
22 and the free tax preparation services, for instance,
23 is all work done via contracts with community-based
24 organizations and service providers. Right? So, the
25 counselors are hired by these organizations that

1 participated in the RFP process with the city and who
2 were awarded contracts, right? Typically, they are a
3 three year contracts and the role that we provide on
4 staff is our office does a lot of the coordination.
5 We do a lot of the program supervision trainings of
6 the counselors. We're always trying to make sure
7 that our services are accessible to all of the
8 communities and that there is a uniformity to it.
9 And, obviously, another very important role is to
10 continuously update the counselors on new
11 developments, especially post-Covid 19. There were a
12 lot of relief programs, as we all know, and many of
13 them had complicated application processes and so our
14 counselors were alarmed with, you know, the most up-
15 to-date information on available city level and state
16 level and the federal level. So, there are 35, at
17 least, before Covid 19, there were 35 centers across
18 the city. Right now, like I said, most of them are
19 doing virtual services, but many are anxious to go
20 back to you in person. And so, that is how the
21 program runs.

22
23 COUNCIL MEMBER KOO: So, what is the
24 budget for this office?

1 COMMITTEE ON CONSUMER AFFAIRS AND BUSINESS LICENSING 42

2 COMMISSIONER SALAS: Yes. So, there is
3 about-- let me just look at my notes. 7 million or
4 so-- yes. \$7.8 million is the total OFE budget. 99
5 percent of the budget is going to programs and
6 contracts, right? So, 99 percent of the budget
7 actually goes into the communities, right? Most of
8 that money is either with the Financial Empowerment
9 Centers or the free tax preparation service providers
10 that get the funding through our office.

11 COUNCIL MEMBER KOO: So, how many like
12 contractors do you have? Like community-based
13 organizations?

14 COMMISSIONER SALAS: yeah. So, let me
15 just get my notes. So, for the Financial Empowerment
16 Center, right, because they are two distinct
17 programs. Like I said, for the Financial Environment
18 Center, we have 35 centers, right. Again, like right
19 now it is a combination of some that are open in
20 person and others that are doing virtual. Right? 35
21 centers. But I believe it is seven organizations
22 that have this funding and they operate the different
23 centers. Is that correct, Nicole?

24 ACTING DEPUTY COMMISSIONER DAVIS: We
25 have five organizations--

COMMISSIONER SALAS: Oh. Five.

ACTING DEPUTY COMMISSIONER DAVIS:

under the Financial Empowerment Center contract that operate those 35 locations. We have-- work with two additional non-profit providers-- excuse me. Two additional to run the other financial counseling programs that we have and then, under the NYC free tax prep program we have, we have 15 providers across the city.

COUNCIL MEMBER KOO: Oh, okay. Because it's kind of like I haven't heard too much about this OFE, you know. I'm here today because I know we have a Consumer Protection Agency. I didn't know we had an Office of Financial Empowerment. So, I was thinking about like how you-- how do we best use the money to educate the public about your services. You know? And how do we measure the performance? You know, whether we are using the money correctly. You know?

COMMISSIONER SALAS: Uh-hm. Uh-hm.

STEPHEN ETTANNANI: So, I think-- I just want to note that, as the Commissioner mentioned, an overwhelming majority, 99 percent, of the budget of this office goes directly to contracts

1 and community providers that are actually delivering
2 the services to various constituencies in all five
3 boroughs. A small number of that budget includes
4 campaigns and marketing and then a critical piece,
5 which I oversee and external affairs, is working with
6 Council members like yourself, Council member Koo,
7 the kind of put on virtual evidence. So, I am here
8 to give you an offer. We are happy to put on an
9 event, you know, given all Covid 19 protocols and
10 everything, virtual to let folks in your constituency
11 know about these programs, right? You know, right
12 now we have free tax prep happening and, you know,
13 one into New Yorkers qualify. Flushing is no
14 exception to that, for sure. So, we would love to
15 let folks know about our programs and make sure that
16 our services are being communicated to your
17 constituents directly.

19 COUNCIL MEMBER KOO: Thank you. Yeah.
20 Because Flushing is a really particular, special
21 area. We have a lot of people who live here that
22 were out-of-state and they come back here and like
23 once a week on their day off and so a lot of them,
24 the work surface. You know, they don't really have a
25 paycheck. I mean, they don't have a W-2 form. So, a

COMMITTEE ON CONSUMER AFFAIRS AND BUSINESS LICENSING
45

lot of them, they have a problem during this pandemic because you know, [inaudible 00:56:09] massage parlors. You know? Hairdressers. A lot of times they don't get a real W-2 form. So, they cannot claim whatever the-- would you call it? The federal stimulus money, right? So, I hope you guys can tell them how to apply for their entitled share. You know? It's really confusing because they don't really like have a W-2 and then their businesses closed now, right? So, I hope you guys can help them. The small individual people that are looking for jobs and they are under tremendous financial hardship. Yeah. So, thank you very much for your service. Yeah.

COMMISSIONER SALAS: Thank you, Council member.

COUNCIL MEMBER KOO: I will make sure I contact you to arrange something virtually--

COMMISSIONER SALAS: Definitely.

COUNCIL MEMBER KOO: So, that we can do something for the Queens area.

COMMISSIONER SALAS: We would be happy to. We would be happy to into thank about like the

specific needs in the Flushing residents. Happy to do that.

COUNCIL MEMBER KOO: Thank you.

CHAIRPERSON AYALA: Council member Chin?

SERGEANT-AT-ARMS: Time starts now.

COUNCIL MEMBER CHIN: Thank you, Chair.

I just-- And thank you for the testimony. What I wanted to follow up on his that I know, you know, you have the so your budget cut and I hope that your department will be spared so that these kinds of programs will continue, especially when you talk about 99 percent of the budget goes to community organizations to help different communities. My question is that, you know, in the Asian community, we have a lot of banks, right, but the problem is that they don't really provide that much investment back into the community the small businesses were not able to get that PPP loan or they were having problems versus it was the CDFI that really helped a lot of the small business is taxed as these government benefits or to provide them with low-interest loans which is critical. And I know that you talked about and already mentioned, you know,

1 about advocating with the state and the first time
2 they allocated the money. But that money hasn't come
3 down yet. That 25 million that I hear, you know, our
4 representative talk about, not had time has come down
5 to New York City. So the CDFI is something that is
6 the organization that we really have to support an
7 advocate and I think the city needs to also make some
8 investments because they are really the ones that are
9 helping out a lot of the small businesses. And so,
10 I think that is critical. The other thing I wanted
11 to ask is was there any study done by your office
12 about fees that these banks charge? Like for
13 expandable call we have a lot of banks in the Asian
14 community, but there are all these hidden fees. You
15 know, and when people ask them to write a letter,
16 that they need to apply for affordable housing, they
17 have to pay a fee to get a letter saying how much
18 money they have in the bank or so, I mean, those
19 things are hidden and it is really causing a lot of,
20 you know, money for low income families and
21 especially for seniors. And often times, you know,
22 they have to get some documentation. And so, I think
23 we have to look at-- one is that the others that in
24 terms of some of your programs, how are you working

1 with NYCHA residents on these issues? Because, for
2 example, for example, in lower Manhattan-- in
3 Chinatown, we have so many thanks, but the NYCHA
4 residents are not utilizing them because a lot of
5 them don't have, you know, special programs catered
6 to low income residents that may be a credit union
7 with you.
8

9 COMMISSIONER SALAS: Thank you, Council
10 member Chin. You raised very, very important points.
11 If we had our dream at OFE, resources in the CDFI's
12 has been the number one priority with us. It is
13 something we continue to advocate again then,
14 obviously, we would be very interested in seeing a
15 huge influx of funding for them because, you're
16 right. They are the ones who will be providing loans
17 to small businesses. Right? And I would say that,
18 in terms of fees charged by banks, we certainly have
19 looked at that in detail. I'm not sure that we have
20 ever published something, but we have some internal
21 work that we've done evaluating sort of like what
22 fees are-- what seems like certainly there are
23 institutions that are more generous and don't charge
24 as many fees as others, right? And we can talk about
25 that. Maybe about whether we can [inaudible]

01:01:50] on what have found. And then, Nicole, I don't know if there is something you want to add to that and to the NYCHA working relationship.

COUNCIL MEMBER CHIN: Okay. I think I'm hearing-- I don't know if it's like some interference. Are you hearing that, as well, Martinez?

SERGEANT-AT-ARMS: I am. I'm not sure where it's coming from. Sounds like a news report going on in the background.

COUNCIL MEMBER CHIN: Yeah. Okay.

ACTING DEPUTY COMMISSIONER DAVIS: So, in addition to what the Commissioner shared, we do work with NYCHA in a number of ways. So, first, would be in the Empowered NYC program, most specifically, when we look and did research to understand where New Yorkers with disabilities lived, the majority of New Yorkers with disabilities to also reside in NYCHA. And so, a lot of our work has been targeted at meeting those New Yorkers, you know, in those communities near where they reside. That is one area. Another area is with Jobs Plus. So, we work with NYCHA, HRA, and NYC Opportunity on the Jobs Plus program. We provide technical assistance--

SERGEANT-AT-ARMS: Time expired.

ACTING DEPUTY COMMISSIONER DAVIS: on
the financial counseling inside of Jobs Plus. And we
also work closely with NYCHA [inaudible 01:03:06] to
distribute a lot of information on the services and
we included tax prep information on a NYCHA rent bill
every year.

CHAIRPERSON AYALA: Are you done? Can
we unmute Council member Chin?

COUNCIL MEMBER CHIN: Yeah. I mean, I
can follow up with your office, because I also need
to get on a briefing call, which is happening at the
same time. Because this hearing was originally
scheduled for 10 o'clock in the morning and then it
got changed on my schedule. But thank you,
Commissioner. We definitely will follow up with your
office and may be doing summer virtual programming
and then the other thing is really utilizing our
ethnic newspaper to really publicize information, you
know, good news stories and sort of like case studies
so that people will get the information and say, oh.
I could do that, too, if somebody got some, you know,
good counseling advice and that could also help them.
So, that is the resource that could be helpful.

COMMISSIONER SALAS: Thank you.

COUNCIL MEMBER CHIN: Thank you, Chair.

COMMISSIONER SALAS: Good seeing you.

Thank you.

CHAIRPERSON AYALA: Are there any other Council members with questions? Okay. Seeing none, okay. So, has OFC seeing an increase of people that are reaching out to the office since the shut down or are you seeing a decrease?

COMMISSIONER SALAS: mean, we saw a steady demand for our services across all of the financial coaching programs. I mentioned earlier that, especially in the Ready to Rent program funded by the city, we saw a lot of interest in individuals who wanted to get ready to apply for affordable housing. So, certainly the demand is there. I think what-- like I said, what has changed a little bit has been the nature of the concerns, right? That individuals bring to the counseling. In the past, you know, we were talking to people about building their savings, right? Tackling their debt. And now it is much more about survival mode, right? Where can you get food for free? Where, you know, is there-- you know, what programs are here to help you

1 right now? A big piece of the counseling is also
2 about educating consumers and New Yorkers do not fall
3 prey to actors who may be trying to take advantage of
4 a crisis, right? We have heard about people being
5 told, oh, you can't-- I can get you this benefit if
6 you pay a fee. You should not have to pay at all for
7 any type of government benefits. So, we provide that
8 role to saying like, look. What is it that you are
9 hearing? Are you getting offers for this? Well, let
10 me like, you know, explain it to you. Let's go over
11 this together. Right? Or people didn't know that
12 they can access food at a school or a center and no
13 one would ask them for any proof of identity, right?
14 So, these are-- have been really important. Other
15 things like-- like I said, the student loan debt
16 relief as part of the CARES Act, is information that
17 our New Yorkers need. We also, during the pandemic,
18 with our consumer protection arm, we decided to put
19 together a template for New Yorkers that were getting
20 calls and letters from debt collection agencies
21 during the pandemic and we have a rule in place that
22 says that consumers can request a collection agency
23 to cease communicating with them for specific
24 reasons. And, because of the pandemic, we decided

1 this is obviously a moment when we don't want New
2 Yorkers to be even more burdened by these collection
3 agencies. So, we put this template together so
4 people could just print that and send that and, in
5 that way, if any agency then tried to contact you to
6 collect on a debt, they would be in violation of the
7 rule, right? So, this is something that, again, our
8 counselors were trained to help people with and
9 another way to really help alleviate the most
10 immediate urgent needs of New Yorkers during Covid
11 19.

13 CHAIRPERSON AYALA: Great. I
14 appreciate that, Commissioner, but according to the
15 fiscal 2020 may or all management report, the number
16 of New Yorkers served by OFC financial counseling
17 programs had decreased over the past few years. In
18 fiscal year 2018, over 10,000 New Yorkers were served
19 well, and fiscal year 2020, under 7000 were served.
20 Can you explain why the numbers are trending downward
21 when the need for such services has drastically
22 increased because of the pandemic?

23 COMMISSIONER SALAS: Yeah. So, I mean,
24 certainly with the pandemic in March, a lot of our in
25 person services closed, right? And we had a period

1 of time where we had to work with our centers to both
2 adapt to virtual online services. I mean, it is not
3 something that we were doing before. It is not
4 something that we were used to as part of our own
5 services that the agency, but certainly the Financial
6 Empowerment Centers relied on in person counseling
7 sessions is also the process of building trust. A
8 lot of our clients really were initially very, very
9 reluctant to engage in virtual counseling because
10 there is no way to connect with an individual in
11 person. There are a number of forms that you need to
12 sign, actually, and be able to at least now we are
13 set up to be able to do that virtually, but in order
14 to provide consent so we can access your personal
15 information, individuals need to sign paperwork and,
16 like I said, there was definitely a transition. Done
17 when our counseling services were suspended, right?
18 And a period of time where we finally adapted to the
19 virtual counseling work. So, we have--

21 CHAIRPERSON AYALA: So, what were you
22 doing-- So, how do you connect with individuals that
23 are not-- that don't have access to the Internet or
24 that may not have a smart phone? Because we-- you
25 know, and we share a similar issue, right? Our

1 office is provide, you know, constituent services
2 through hundreds of, you know, thousands of families
3 annually and wine, you know-- transitioning the
4 virtual services was a little bit tricky at first,
5 but, you know, we were able to have a phone line that
6 redirected to the staff so that the staff was able to
7 communicate. And a lot of the city agencies were
8 very accommodating. So, if you needed to submit
9 documentation, then, you know, they were being very
10 flexible on what they were requiring of people
11 because, you know, we also understand that there is a
12 real digital divide in the city which further, right,
13 adds to the complexities of, you know, trying to
14 reach out to people, especially the neediest of
15 people and, you know, in time of need, right? More
16 specifically during the pandemic. So, for me, it was
17 really important that, as soon as we could open,
18 right, that there was someone here physically. And I
19 found that, you know, we were one of the only offices
20 that were open citywide. And so, we were getting
21 constituents that were coming in from as far as
22 Queens because they had documents that they needed to
23 fax to someone and they couldn't-- and they didn't
24 have access to a fax machine. They didn't have
25

1 access to the Internet. They didn't have access to,
2 you know, the equipment necessary and the unfortunate
3 part of it is that these are families that were
4 dependent on government aid, right? And so, you
5 know, they were afraid that they were going to lose
6 their SNAP benefits, right? At a time when food
7 insecurity is like at its highest. People were
8 losing their jobs and they could apply for
9 unemployment, right? So, you know, there was a real
10 value in opening the office, albeit we had to draw
11 out creatively how to reopen in office in the midst
12 of the pandemic and do it in an environment that is
13 safe for the staff and for the, you know, individuals
14 coming in to seek services, but there was a need.
15 So, I just wonder if that has contributed to the
16 decrease that you are seeing and how, you know, as
17 OFC, you know-- has OFC even considered, you know,
18 I'll turn it is for addressing those disparities?

20 COMMISSIONER SALAS: Yes. Then I will
21 start with addressing the issue of-- a lot of our
22 services, like I said, most of these contracts are
23 provided by organizations on the ground in those
24 neighborhoods that need it most, right? Quite a
25 number of those post sites, the sites where the

1
2 counselors were giving counseling before, the sites
3 themselves closed, right? So, these are nonprofit
4 organizations who quickly shifted many cases to only
5 providing food distribution where every other service
6 was canceled and suspended because they, themselves,
7 were trying to adapt to this new world of how do we
8 do this safely, right, in a way that is going to
9 protect people's safety and health, without
10 discontinuing the services. So, that was definitely
11 a challenge. Where having a combination of like
12 safety health concerns and then the host sites
13 closing down and shutting down for months. And, in
14 that case, and not having that space available in the
15 community so way client could walk in and bring their
16 paperwork and sit down with someone face-to-face,
17 right? So, we, right now, we are really happy to be
18 able to say that, you know, we have begun reopening
19 those centers in addition to having the virtual and
20 the full on counseling sessions. Our partners
21 recognize how important it is to provide the in
22 person services. So, four opened in the Bronx,
23 wanting Queens, and more well be reopening as we go
24 forward, but that is certainly some pain that we need
25 to keep working towards. And we've done a lot of

1 work to help them to make sure that they know, you
2 know, like following the social distancing
3 guidelines, washing hands. All of the things that we
4 have to do in our own office to be able to provide
5 services to our licensing center, for instance. We
6 have to see the public, right? So we have to be
7 open. So, trying to convey to them these are safe
8 ways in which you can reopen and they were always
9 essential business organizations. So, you know, they
10 had a mission to meet. But, Nicole, do you want to
11 say anything else about how we kind of adopted our
12 services to make sure that clients who don't have
13 access to technology are able to access the services?

15 ACTING DEPUTY COMMISSIONER DAVIS:

16 Absolutely. So, in addition to what the
17 Commissioner shared, you know, for NYC free tax prep,
18 thankfully, we have been able to provide a level of
19 what we call drop-off tax prep so you can leave your
20 documents. You signed the IRS forms that you need to
21 and you can do it in and out rather quickly. Several
22 groups are even scheduling appointments for that so
23 you can even spend less time in lines. We recently
24 just approved and our Financial Empowerment Centers
25 are looking for ways to implement a similar idea for

1 financial counseling for calling intake meetings
2 where you can meet your financial counselor. Perhaps
3 you were there for tax prep already and it is a good
4 idea for you to meet with a financial counselor. So,
5 that was just approved. We want to try it out for
6 the next couple of months and see if that is an
7 option. And, of course, if the New Yorker calls 311,
8 they can learn about the services, but we are hoping
9 that these sort of drop-off options will really help
10 reduce some of those barriers that were keeping New
11 Yorkers who either don't have the technology, aren't
12 comfortable with the technology, or maybe you don't
13 have access to stable Wi-Fi, or Internet, help them
14 access the services.

16 STEVEN ETTANNANI: I also just want to just
17 make a note. I would definitely want to caution the
18 Council to reading too much into the recent numbers.
19 I mean, I think Covid 19 present tense such a unique
20 challenge, particularly as it affected programs like
21 financial counseling. I mean, when you have already
22 barriers to entry to get folks to enter into
23 counseling and coaching and then, on top of that, you
24 have places where people congregate to have services
25 like Internet access or access to a computer that are

1 closed, namely our public libraries in New York City
2 that are still closed, those to affect the numbers.
3 It is, no way, a reflection of the viability of that
4 program, the popularity of that program. And
5 whatever advertising numbers that we had most
6 recently in Covid, those numbers-- those financials
7 were dedicated correctly to targeted communities, as
8 the Commissioner mentioned, particularly to Russian
9 and Haitian communities to reflect our expanded
10 access in those constituencies, but also to drive
11 awareness that those services were offered over the
12 phone. So, as I mentioned to Council member Koo, and
13 I would-- you know, the offer is obviously standing
14 for any Council member, including you, Chair, for,
15 you know, folks in my division and external affairs,
16 certainly the Commissioner and Nicole and whomever
17 else to have a continued dialogue and certainly
18 present to your constituents to make them aware of
19 services that are currently happening in your
20 constituencies and that they can take advantage of.

22 CHAIRPERSON AYALA: I appreciate that
23 and in no way do I think that, you know, OFC does not
24 have the capacity and, you know, I get it that, you
25 know, times have changed and, you know, we're all

1 trying to adapt. My concern is that, even, you know,
2 as I-- and I love this program. I think that, you
3 know, it should be everywhere. Right? Every
4 district should have in office. However, you know,
5 my concern is, right, that as we are adapting to the
6 virtual and if we are, in fact, seeing a decrease--
7 and the decrease can easily be explained away by the
8 fact that we are all transitioning virtually, that
9 offices have been closed. What is the strategy,
10 right? Is somebody saying, okay. There is a group
11 of people in these communities that, you know, we
12 have lost, you know, contact with or that, you know,
13 can no longer find us because now they may be going
14 to this specific office and the office is closed? I
15 will, you know-- In all honesty, I don't have-- I
16 don't ever remember having had a conversation about
17 services and benefits offered through OFE at my
18 office, right? And like we engage with, you know,
19 thousands of people annually, so it is a missed
20 opportunity to not engage with the local elected
21 officials in that way. You know, I think it's no
22 criticism, but just, you know, the way that I have
23 just realized that, you know, we are all aware of the
24 inequities that exist in communities of color, but if
25

1 we have learned anything, it's like we were starting
2 to-- you know, I sit here and, you know, I don't sit
3 in meetings all day. I like to engage with my
4 constituents, as well. And I find that the families
5 that need the resources the most are at the biggest
6 disadvantage because they don't have access to the
7 computer because they show up to an office in the
8 office is closed and there is no notification that
9 says, hey, you know, we are not here anymore if you
10 don't have-- you know, but you can call us at this
11 number, right? You don't need a computer. You don't
12 need-- you know? You can easily call us at this
13 number and we will, you know, try our best to work
14 with you. I think that a lot of that, you know, kind
15 of disappeared and it's unfortunate, right, because
16 we are the institutions that are put in place in
17 these communities, right, to offer those resources.
18 And so, when we left, we took that option from them
19 and, you know, I understand like there were health
20 concerns for staffers, for, you know, ourselves.
21 Like everybody wanted... for the people that were
22 seeking services and we wanted to make sure that we
23 did that and we provided services safely. And I
24 applaud you because, I mean, if you went from-- and
25

1 it means we still serviced 7000, right? That's still
2 7000 people that were able to gain access, but we
3 want to be able to help build off of that and now
4 that we're coming into a year, right, of this
5 pandemic, that hopefully we have stabilized enough
6 that we're, you know, broadening our marketing
7 approach so that we are communicating in those
8 communities where the office hasn't opened with those
9 constituencies, as well. So, I offer my services,
10 as well. You know, I'm happy to help share the
11 information. I'm happy to host virtual to have--
12 you know, to share information with my nonprofit
13 organizations, but, you know, I've been there. I've
14 been on the receiving end and I know that, you know,
15 the last thing on my mind is to, you know, look up
16 and google information, right? That when you're
17 trying to survive when you're trying to feed your
18 family and you're trying to work that, you know,
19 sometimes it takes that chance encounter with
20 information and that's why it's important that the
21 information be plastered, right, in all of those
22 places that we frequent, whether that be check
23 cashing institutions, whether that be the laundry,
24 you know, mats-- places that people frequent so that
25

1
2 they do come in contact with it and that they have an
3 option because for too many of them, we remove the
4 option because we just simply were not there. That's
5 all that I-- you know, I will say. But in terms
6 of-- so, just one of the things that we've also seen
7 during the pandemic is that the number of scams seems
8 to have increased, specifically in the older adult
9 population and around stimulus payments. A lot of,
10 you know, our constituents are getting calls and text
11 alerts. Hey, call this number. You know, we owe you
12 money. Have you seen an increase in those types of
13 complaints?

14 COMMISSIONER SALAS: I wouldn't say
15 that-- you know what? We see them all the time,
16 unfortunately, right? I think-- I don't have
17 numbers for you on the numbers of, you know,
18 complaints, so I can't tell if they have increased,
19 but we see them all the time and, like I said
20 earlier, every time there is a crisis or an
21 opportunity, you also see the potential for a scam to
22 surface, right? And so we certainly do a lot of work
23 with DIFTA, both in cross training, right, our
24 counselors to make sure that they are aware of like
25 elder abuse and other issues that seniors may be

1 facing. The telephone scam about the nephew or the
2 grandchild that is potentially going to jail unless
3 you send all this money. All of those things are
4 things that we are very aware of and always trying to
5 do education in our communities because,
6 unfortunately, for some of these scams, it isn't easy
7 to find a remedy for. It's better to prevent them,
8 right? So, we have all these materials that we will
9 be happy to, you know, work with your office and
10 other Council members to distribute them. We have
11 done a lot of outreach at senior centers and always
12 just showing people, you know, the tools that they
13 need to have in place in order to prevent themselves
14 from falling into scams that, you know, anyone could
15 fall prey to, right? And both our financial
16 counselors and even our free tax prep volunteers have
17 been key during this pandemic. And the one thing
18 that I wanted to say is that, you know, while we may
19 have seen like less numbers and coming to
20 counseling-- or coaching-- we did see an increase
21 in the number of people who needed help with the
22 economic stimulus payment, right? And we certainly--
23 like, you know, we served over 10,000 individuals
24 access. You know, make sure that they have the right
25

1 information so they qualify for the full payment that
2 they were eligible for, people who maybe in the past
3 didn't file taxes because their income wasn't high
4 enough to require them to file taxes, but because of
5 that, they were invisible to the government. So we
6 did a lot of that work. And there are times when,
7 you know, a city leaders will have to be willing to
8 respond to the most urgent needs. The most urgent
9 crisis. And I think that is certainly something that
10 was in a lot of people's minds, right? Not
11 necessarily coaching right away, but maybe how do I
12 get the funds I need to survive, right? And so I can
13 see why people would prioritize that and say I'm
14 going to make time to talk to someone about this
15 versus something else where I find out what budget am
16 I working with if I don't have any money? So,
17 definitely I think we need to keep working on ways of
18 outreach. We do have a partnership with both AARP
19 and with Fed Cap doing work to make sure that seniors
20 are accessing these tax counseling for the elderly
21 program. So they are able to both get those economic
22 stimulus payments and also, you know, file their
23 taxes for free and these organizations, obviously,
24 that have a lot of expertise on sort of how to meet
25

that financial divide-- the tech divide, right?

Like seniors who need access to these services, but

may not have, as you said, a computer at home or a

way to manage that technology on their own. So,

certainly, very open to any other suggestions you may

have and another thing is to do that-- a lot of

times I know OFE-- like when I did my counseling,

financial coaching 10 years ago, I did not know of

OFE. I only knew about the counselor at the

nonprofit organization I was in and that was the

person I knew, right? And so, sometimes OFE is a

little bit out of the radar for people and that's

fine. We want them to recognize that community-based

organization or provider as the one that they go to

and they trust because, to us, that is sort of

bridging that gap between the government who some

people find intimidating or just unresponsive and the

organization that is there right next to your house

or next to your job.

STEVEN ETTANNANI: I think, like also one

of the key aspects that we use to prevent scams--

and as the Commissioner mentioned in testimony is

like there's a reason why OFE is in DCWP. Consumer

Protection and financial health go hand in hand. So,

1 in addition to the programs that, you know, Nicole
2 and the Commissioner oversee in OFE, including free
3 tax prep and financial counseling, we also are able
4 to leverage the resources of our work as a consumer
5 protection agency. That includes our landmark
6 consumer protection law. So, it's a complement to
7 the work, particularly with free tax prep. Our
8 enforcement staff will go out to paid preparers, for
9 example, and enforce various consumer disclosures
10 that prevent scamming. And I think and I know,
11 Chair, that you are a cosponsor of Introduction 1622
12 which would be an update to our consumer protection
13 law. That is a key piece to financial health. You
14 know, to have affirmative programming that the city
15 is putting out to the constituents, but also in cases
16 that require it, having strong laws that protect
17 consumers when they go into the marketplace from
18 being victims of predatory information, whether that
19 is online ads or whether they are walking into a
20 brick and mortar store and are affected by price
21 gouging or some other fashion of a predatory scam.
22 So, I just wanted to zoom out and make sure that, you
23 know, the Council is aware that OFE's work and our
24
25

consumer protection work are really hand in hand partnership.

CHAIRPERSON AYALA: Okay. Thank you for that. I have two more questions. And absolutely the moratorium, obviously, the-- is weighing heavily on renters, right? The eviction moratorium. I'm sorry. Let me clarify. Does the OFE play any role or-- you know, in helping New Yorkers kind of prepare for what that may be or what the impact will be to their families? You know, we expect it to be pretty detrimental unless we kind of come up with creative ways to either cancel the rent or to help people access-- renters access government funded programs to help pay rental arrears. But, you know, if you don't have a job, you don't qualify for most of those programs. So is OFE playing any role in terms of preparing New Yorkers for what may come?

COMMISSIONER SALAS: It's a good question. I don't think that I can say we have, but maybe we have. And I don't know about it because my team sometimes does a lot more than I know, but let me say one thing about this, though. I know that for the existing programs which I know are very limited, right, and have a lot of restrictions, but even those

1 programs from HRA like the One Shot and I forget what
2 the other names are, are definitely things that we
3 had our counselors trained on so that they could, if
4 someone comes in like I can't pay the rent. Well,
5 have you even tried this? Let's even-- let's try
6 this. Right? Let's go for this. Let's try this.
7 Right? So, anything that is available, our
8 counselors are aware of and are routing people to
9 those programs. But, Nicole, can you think of
10 anything else? Yeah.

12 ACTING DEPUTY COMMISSIONER DAVIS: So,
13 to add on to what the Commissioner shared, ever time
14 a new option, whether it was the state eviction or,
15 excuse me, the state rental assistance that was open
16 for a short time or there were several large like
17 mutual funds or rental arrears privately funded
18 funds, we would push those out to the financial
19 counselors so that they could then share them with
20 their organization or clients they were meeting with
21 to help them put together those applications so the
22 client themselves could apply for those things. We
23 also, for a long time, if someone came into HRA and
24 applied for a One Shot deal, they would refer them
25 directly to a Financial Empowerment Center. They go

hand in hand with that process. We still do that whenever possible. We have also done work to connect with home base and, in fact, we have a contract with Bronx Works and they run a home base in the Financial Empowerment Centers collocated with that home base specifically about drawing that connection and trying to build off of that. And then we do our best to connect to any public benefit or public assistance, you know, benefit specialist if someone comes in and has like a need for that. We have been working with groups like CACS and honestly even some of our contracted providers. Bronx Works is another example. They provide benefits assistance, as well, and so it's a great nice synergy between, you know, the financial counseling and the other programs that they offer. The last thing I would call out is that we have a very small legal contract that's attached to the Financial Empowerment Centers to provide consumer financial-- to address finance issues. And we can do that whether it be scans, whether it be bankruptcy, whether it be like, you know, fraud or debt cancellation that they may need to pursue to again try to fill in those needs. But we agree with you that the eviction moratorium is quite concerning

and if and when there are options to help New Yorkers avoid eviction or apply for rental assistance, we will do our best to incorporate those into our tax prep and financial counseling programs however possible.

CHAIRPERSON AYALA: And last question. In OFE's report, [inaudible 01:32:02] at risk, the New Yorkers struggling economically before Covid 19, you provide background on the precarious financial situations that many New Yorkers were experiencing prior to the pandemic. What, in your opinion, must the city do after the pandemic eventually subsides, to ensure that New Yorkers do not find themselves in that situation again and what steps must be taken to ensure that future emergencies do not cause as much financial damage as the pandemic has?

COMMISSIONER SALAS: That is--

CHAIRPERSON AYALA: A loaded question. Sorry. It's the last one.

COMMISSIONER SALAS: A big and loaded question. I mean, certainly as we have seen, the communities that have been the most impacted that are disparately impacted, right, are communities that need huge, huge investment from our city government.

1 And I know that is going to take a lot more than the
2 resources that our agency, obviously. People need
3 affordable housing. People need access to food and
4 education and healthcare. There are just so many
5 things that we need to bring to make sure that
6 everyone has access to, right? There are the larger
7 problems of like debt that we have been carrying
8 like our communities carry. A lot of our research
9 around student loan debt and other debt have shown
10 that a lot of black borrowers and Latino borrowers
11 are just never able to build wealth because they are
12 carrying such large debt. Part of it also has to do
13 also with the choices we make sometimes because we're
14 subject to advertisements, right? Targeted
15 advertisements that try to draw us into making some
16 investments that are necessarily as wise. So, I
17 mean, whatever we can do as an agency to do a lot of
18 awareness for consumers on how to make those
19 decisions that are going to benefit you for financial
20 health, are great, but we will need bigger
21 interventions, right? Like student loan debt is not
22 going to go away unless we have bigger action from
23 the federal government. I don't know if you are
24 familiar with some of the numbers that we have in the
25

1 Bronx, in particular. We have a lot of borrowers
2 that have-- their loans are in default or into
3 stress and they owe less than \$5000. It is not a lot
4 of money when you think about it, right? But it is
5 money that is getting in the way of them being able
6 to have a credit score that allows them to qualify
7 for affordable housing, for instance. So, for many
8 months already, we have been looking at, you know, is
9 there a way to the pilot a program to target student
10 loan debt borrowers who are maybe carrying a very
11 small debt, but that, alone, is just getting really
12 in the way of them building aspects, right? So,
13 there may be some interventions that would maybe take
14 funding resources from the city, but could really
15 help people who are, right now, you know, just not
16 able to get out of that situation. And I don't know
17 if, Nicole, you want to say something like broader to
18 like the work that OFE is doing. Yeah.

20 ACTING DEPUTY COMMISSIONER DAVIS:

21 Yeah. You know, we have always known the
22 importance of savings and emergency savings. Of
23 course, the ability to save it is absolutely
24 connected to one's income and one's expenses. And
25 so, you know, whenever there are opportunities to

1 think about equity, to think about opportunities for
2 asset building, which can, then, allow someone to
3 have a larger sort of safety cushion, those are
4 really important to us. Looking at ways, you know,
5 back to some of your earlier questions, Chair, when
6 you were mentioning things like banks and access to
7 banking or even some of the other Council members
8 talking about fees that banks are charging, every fee
9 adds that. Especially for a family living on a fixed
10 income. So, what can we do to help New Yorkers
11 understand those fees, you know, avoid those fees.
12 We think about Empowered NYC, one of the most common
13 issues was in excess overpayment and so that means
14 that someone, typically through paperwork issue, had
15 more income than Social Security new and then Social
16 Security then requires money to be paid back. So,
17 again, that is fees. It is sort of that layering on
18 of fees that, for us, is a piece of financial health,
19 knowing that you can avoid fees, that is also having
20 access to those, you know, low cost, no cost
21 financial options. All of that sort of plays
22 together. So, when we think about, you know, and
23 equitable city, I think about our collaborative for
24 neighborhood financial health research that really
25

1 showed the opportunity for childcare to have a
2 trusted financial institution in your neighborhood
3 really leads to a financially healthy year
4 neighborhood and financially healthy year, you know,
5 constituents or New Yorkers. And so, I think, as
6 often as we can advocate for some of those very
7 positive changes, we can, you know, work to update
8 basic banking requirements. That is advocacy with
9 the state, expand other options, I continued to get
10 the message out that there are trusted resources.
11 Because it does feel like no matter how many people
12 we talked to about free tax prep, we will always meet
13 someone who just filed their taxes and paid several
14 hundred dollars to do it. And it is just a matter of
15 the scale of our city. And so, every opportunity to
16 get the word out, I think, is an additional help to
17 that advocacy.

19 CHAIRPERSON AYALA: Absolutely. And I
20 appreciate that. I want to just recognize that we
21 were also joined by Council member Perkins and I will
22 now turn it over to CJ.

23 COMMITTEE COUNSEL: Thank you, Chair.
24 My name is CJ Murray. I will be filling in for Josh
25 as committee counsel for the remainder of the

1 hearing. We will now turn to public testimony. I
2 don't see any of our registered witnesses on the
3 call, so, at this time, if you are on the call and
4 you wish to testify, please raise your hand using the
5 zoom raise hand function. Seeing no hands raised,
6 I will now turn it back to Chair Ayala for closing
7 remarks.
8

9 CHAIRPERSON AYALA: Well, thank you all
10 for coming to testify. I think that this is all--
11 This has been a really great hearing. I think I have
12 learned a lot and I hope that the viewers have
13 learned a lot and I look forward to being one of many
14 conversations as we, you know, move away from, you
15 know, the impact of this pandemic and, more
16 specifically, on communities that have been impacted
17 and are on the list of the 27, which I would assume,
18 at some point, will be 32 and then, you know, will
19 continue to grow within the next few months. But
20 thank you all for coming today, with that, this
21 meeting is adjourned.

22 COMMISSIONER SALAS: Thank you so much.
23 Have a good day.

24 CHAIRPERSON AYALA: Thank you.

25 COMMISSIONER SALAS: Take care. Bye.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

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



Date March 9, 2021