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COMMITTEE ON FINANCE JOINTLY WITH THE
SUBCOMMITTEE ON CAPITAL BUDGET

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE JOINTLY WITH
THE SUBCOMMITTEE ON CAPITAL BUDGET

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May 24, 2021
Start: 10:05 a.m.
Recess: 2:51 p.m.

HELD AT: REMOTE HEARING (VIRTUAL ROOM 2)

B E F O R E: Daniel Dromm,
Chairperson for Finance

Helen K. Rosenthal,
Chairperson for Subcommittee on
Capital Budget

COUNCIL MEMBERS:

- Adrienne E. Adams
- Alicka Ampry-Samuel
- Diana Ayala
- Selvena N. Brooks-Powers
- Robert E. Cornegy, Jr.
- Laurie A. Cumbo
- Darma V. Diaz
- Vanessa L. Gibson
- Barry S. Grodenchik
- Karen Koslowitz
- Farah N. Louis
- Steven Matteo

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COUNCIL MEMBERS (CONT.):

- Francisco P. Moya
- Keith Powers
- Helen K. Rosenthal
- James G. Van Bramer
- Margaret Chin
- Brad S. Lander
- Stephen T. Levin
- Kalman Yeger

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4 A P P E A R A N C E S

3 Jacques Jiha
4 Director of the New York City Mayor's Office of
5 Management and Budget

5 Kenneth Godiner
6 First Deputy Director for the Mayor's Office of
7 Management and Budget

7 Scott Stringer
8 New York City Comptroller

8 Preston Niblack
9 Deputy Comptroller for Budget

10 Ronnie Lowenstein
11 Director at New York City Independent Budget
12 Office

12 George Sweeting
13 Deputy Director at New York City Independent
14 Budget Office

14 Jonathan Rosenberg
15 Director of Budget Review at New York City
16 Independent Budget Office

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3 SERGEANT KOTOWSKI: Computer recording started.

4 SERGEANT BRADLEY: Cloud recording is up.

5 SERGEANT PEREZ: Backup is rolling.

6 SERGEANT LEONARDO: Sergeant Martinez?

7 SERGEANT MARTINEZ: Good morning and welcome to
8 today's remote New York City Council Executive Budget
9 hearing for Fiscal Year 2022. At this time would all
10 panelists please turn on their video for
11 identification purposes. To minimize disruption,
12 please silence your electronic devices. Thank you
13 for your cooperation. We are ready to begin.

14 [BACKGROUND NOISE 00:42] Excuse Me.

15 CHAIRPERSON DROMM: Thank you very much Sergeant
16 and thank you to all the Sergeants and of course to
17 Carl Dalva[SP?] as well for all the work that you do
18 for all of us.

19 Good morning and welcome to the City Council's
20 ninth day of hearings on the Mayor's Executive Budget
21 for Fiscal 2022. My name is Daniel Dromm and I Chair
22 the Finance Committee. We are joined by the
23 Subcommittee on Capital Budget Chaired by my
24 colleague Council Member Helen Rosenthal.

25 We are also joined by the following Council
Members. Council Member Grodenchik, Adams, Ampry-

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3 Samuel, Moya, Brooks-Powers, Matteo, Chin, Louis and
4 Gibson.

5 Today, we will hear from the Office of Management
6 and Budget and we welcome Director Jacques Jiha to
7 our hearing this morning. The release of the Fiscal
8 2022 Executive Financial Plan paints an improved
9 fiscal outlook for New York City's Budget. Since the
10 release of the Preliminary Budget, we have seen a
11 massive and much needed infusion of federal dollars
12 that help stabilize the city's budget. Specifically,
13 the federal stimulus acts passed in December and
14 March and a \$15.2 billion to the city's budget over
15 the span of the financial plan.

16 Of that, \$7 billion is designated for education
17 and \$5.9 billion is spread across 27 different
18 agencies. This funding will be used to pay for an
19 array of initiatives and programs, at which the
20 Council is broadly supportive such as 3K expansion
21 and the mental health teams at the Fire Department
22 and Health and Hospitals.

23 But while I understand that the federal stimulus
24 funding was intended to be spent quickly and the
25 eligibility rules prevented fees for things like
reserves and tax cuts. We must still think about the

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3 long-term implications of how this funding will be
4 deployed.

5 A review of the plan reveals that the
6 administration is heavily relying on the nonrecurring
7 thorough funding to pay for recurring expenses. This
8 clearly begs the question of how the city will be
9 able to foot the bill once the federal money runs
10 out. We need to know that the Mayor is focused on
11 ensuring the long-term stability of the city's budget
12 instead of just passing the buck to the next
13 administration and Council to figure out how to
14 continue funding these programs. Yet, even with all
15 the spending that the Mayor is undertaking in this
16 budget, there are some glaring omissions that the
17 Council expects the Administration to address by
18 budget adoption.

19 In our budget response, we highlighted several
20 priority areas that was simply ignored in the
21 Executive Budget. For example, while the budget does
22 spend heavily on education, there is no targeted
23 funding for class size reduction and the Council
24 seeks \$250 million for that initiative. And even
25 though food insecurity remains a widespread problem,
in my district, the food pantry line still loop

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3 around the block. The Mayor did not include the
4 Council's request for addition funding for small
5 community-based food pantries or home delivered meals
6 to seniors and the homebound.

7 On the housing front, the Mayor also did not heed
8 the Council's calls for continued funding for the de-
9 densify hotel shelters to make stabilization bed
10 sites permanent in order to increase the size of
11 rental assistance vouchers. Much of what the Council
12 is seeking could be added to the budget without
13 increasing its total size. If the Mayor got serious
14 about finding agency efficiencies and focus spending
15 on priority rather than legacy programs, there would
16 be more resources available for these vital projects
17 and there would be few risks to the budget in the
18 long term.

19 As has been the case over the course of this
20 administration, the savings plan is anemic and relies
21 mostly on none recurring [INAUDIBLE 4:56] and re-
22 estimates that do nothing to increase agency
23 efficiency. This is Mayor de Blasio's eighth and
24 final budget and for many of us, this will be our
25 last budget as Council Members. In my 12 years at
the Council and in particular during my last four

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3 years as Finance Chair, in partnership with Speaker
4 Johnson, I have always strived for a budget that was
5 equitable, that represented my values and the values
6 of the entire Council and that protected the future
7 of our city. Direct Jiha as we embarked on budget
8 negotiations together one last time, I hope that we
9 can keep these principles in mind and that we can
10 work together towards these common goals and I am
11 sure we will.

12 I will now turn it over to Chair Rosenthal for
13 her opening remarks. Thank you very much. Chair
14 Rosenthal.

15 CHAIRPERSON ROSENTHAL: Thank you. Hang on one
16 second, here we do. Chair Dromm, I echo the comments
17 you just made to Director Jiha, it's been a pleasure
18 to work with him over the last seven and a half
19 years. So, thank you Chair Dromm.

20 My name is Council Member Helen Rosenthal. I am
21 Chair of the Subcommittee on Capital Budget. In
22 Fiscal Year 2021, the city's capital program endured
23 a uniquely frustrating and yet encouraging year. The
24 first six months of the fiscal year was mired in
25 pandemic related slowdowns and outright pauses of

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3 many of the city's capital projects for all for good
4 reason.

5 But by the midpoint of the year, actual capital
6 commitments, while they were extremely low, the city
7 realized that the infrastructure and the economy
8 needed help and really jump started the capital plan.
9 So, the city's economic health received a shot in the
10 arm in the form of \$15.2 billion in federal stimulus
11 funding and this in part allowed the city to restart
12 the capital process with renewed vigor and we have
13 seen some encouraging signs that these efforts are
14 already paying dividends. Between January and March
15 of this year, the city committed \$3.1 billion. Which
16 if we had been able to continue at this pace the
17 entire fiscal year, would have nearly put us on track
18 to meet historical high levels of \$12.6 billion
19 committed in Fiscal Year '19. That's a great process
20 for the construction industry, for the city's
21 workforce and for the residents of the five boroughs
22 who benefit from the city's capital infrastructure in
23 the new world ways.

24 As we look forward, as we look ahead to Fiscal
25 Year '22, the Executive Capital Commitment Plan has
\$21.9 billion in planned commitments before unused

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2 appropriations from Fiscal 2021 or even reforecast
3 and while I am impressed with the city's efforts in
4 the later half of Fiscal Year '21, I hope we can keep
5 the momentum going. Get back to those Fiscal Years
6 2019 levels. \$21.9 billion commitments in a single
7 year seems unrealistic but I look forward to being
8 proven wrong and hearing from OMB today about how
9 they plan to make that happen.

10 Thank you very much. Back to you Chair Dromm.

11 CHAIRPERSON DROMM: Thank you again Chair
12 Rosenthal. Next, we will hear testimony from the
13 Office of Management and Budget. We are joined by
14 Budget Director Jacques Jiha and the First Deputy
15 Director Kenneth Godiner.

16 Before the OMB testimony, I am going to turn it
17 over to our Committee Counsel to go over some
18 procedural items and to swear in the witnesses.

19 COMMITTEE COUNSEL: Thank you Chair Dromm and
20 thanks Chair Rosenthal. My name is Rebecca Chasan
21 and I am Counsel to the New York City Council's
22 Committee on Finance.

23 Before we begin, I want to remind everyone that
24 you will be on mute until you are recognized to
25 speak. At which time, you will be unmuted by the

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3 Zoom host. If you mute yourself after you have been
4 unmuted, you will need to be unmuted again by the
5 host. Please be aware that there could be a delay in
6 this process, so we appreciate your patience.

7 During the hearing, if Council Members would like
8 to ask questions, please use the Zoom raise hand
9 function and you will be called on to speak. We will
10 be limiting Council Member questions to five minutes
11 including responses. I will now administer the
12 affirmation to the witnesses from the Office of
13 Management and Budget.

14 Do you affirm that your testimony will be
15 truthful to the best of your knowledge, information
16 and belief? Director Jiha?

17 JACQUES JIHA: I do.

18 COMMITTEE COUNSEL: Deputy Director Godiner.

19 KENNETH GODINER: I do.

20 COMMITTEE COUNSEL: Thank you. Director Jiha,
21 you may begin when ready.

22 JACQUES JIHA: Okay.

23 CHAIRPERSON DROMM: Just one moment, I just want
24 to introduce our other Council Members Director Jiha.
25 We have Council Members Louis, Gibson, Van Bramer and
Ayala and thank you Director Jiha, you may begin.

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3 JACQUES JIHA: Thank you. Thank you Chair Dromm,
4 Subcommittee Chair Rosenthal and members of the
5 Finance Committee, for the opportunity to testify
6 today concerning the Fiscal Year 2022 Executive
7 Budget. My name is Jacques Jiha and I am the
8 Director of the New York City Mayor's Office of
9 Management and Budget. I am joined today by OMB's First Deputy
10 Director, Kenneth Godiner.

11 I am happy to report today that we are on the
12 path to recovery from the pandemic and our outlook
13 has significantly improved, largely because of our
14 successful vaccination campaign and the federal
15 stimulus. Moody's Investor Services and S&P agree.
16 Within the past ten days they both expressed
17 confidence in our fiscal planning and the city's
18 emergence by raising our GO bond outlook from
19 negative to stable.

20 While the stimulus is a bridge to economic and
21 financial recovery, it is important to note that the
22 city is on the path to emerging from the greatest
23 financial stress-test it has ever experienced. The
24 Fiscal Year 2021 Budget was balanced in April, in
25 June and again this January, despite substantially
reduced resources and without any assistance from the
Federal or State governments.

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3 The Fiscal Year 2022 Executive Budget was
4 balanced this January, and remains now balanced at
5 \$98.6 billion, and out-year budget gaps are
6 manageable and within historic norms. And we did all
7 of this without layoffs or major disruptions in
8 services. Our cash position has been strong without
9 any short-term borrowing and we have met all our
10 financial and pension obligations. This was possible
11 because of the strong measures we took to reduce
12 expenses and headcount.

13 Since June, we generated \$3.9 billion in saving,
14 that is, net of the restorations we made primarily as
15 a result of the federal stimulus and we brought down
16 headcount to about 314,000 employees from a peak of
17 327,000 employees as a result of a strict attrition
18 management initiative. More importantly, the
19 administration in partnership with the City Council
20 built record levels of reserves before the pandemic
21 about \$6.1 billion, which became available to help
22 balance the budget during the height of our fiscal
23 challenges.

24 Now, because the difficult but necessary
25 decisions were already made and the city's finances
were relatively stable, we did not have to dig

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2 ourselves out of a massive hole when help arrived.

3 This allows us to invest billions of stimulus dollars
4 across the financial plan that will both improve the
5 economy and improve people's lives. It also allows
6 us to rebuild our reserves by adding \$200 million to
7 the general reserve in Fiscal Year 2022 and reversing
8 the withdrawal of \$1.6 billion from the Retiree
9 Health Benefits Trust that was planned for Fiscal
10 Year 2021.

11 Now there is \$3.8 billion in the Retiree Health
12 Benefits Trust, \$493 million in the Rainy Day fund
13 and \$300 million in the general reserve, for a total
14 of about \$4.6 billion in reserves next fiscal year.
15 And we maintain annual reserves of \$1.2 billion
16 between Fiscal Years 2023 and 2025 in the General
17 Reserve and the Capital Stabilization Reserve.

18 Right now, we are starting to see signs of the
19 recovery across the country and at home. Employment
20 growth across the country has accelerated. As of
21 April, the US economy recovered 63 percent of the
22 jobs lost in the downturn and employment levels are
23 expected back to pre-pandemic highs by the end of
24 2022. Over the same period, NYC recouped 42 percent
25 of lost jobs. However, between December and April

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3 alone the city gained back 160,000 jobs, driven by
4 increases in restaurants, hotels and healthcare. And
5 last month, the unemployment rate declined to 11.4
6 percent, down from a pandemic high of 20 percent in
7 May 2020.

8 As job growth continues, we forecast that city
9 employment will reach 4.5 million, by December 2021,
10 which is just 200,000, short of peak employment.

11 Because of this growth, we have revised our tax-
12 revenue forecasts higher by \$1.5 billion over Fiscal
13 Years 2021 and 2022, driven by gains in personal and
14 business income taxes. The property tax forecast for
15 Fiscal Year 2022 and beyond remains unchanged. You
16 can actually see a resurgence happening right now
17 throughout the city. Weekday subway ridership is on
18 the rise and restaurant attendance is increasing as
19 occupancy limits are relaxed and the weather
20 improves. The city's workforce has returned to their
21 offices. Large private employers like JP Morgan,
22 Citibank and Goldman Sachs are expected to bring
23 employees back in the summer, with some recently
24 advancing start dates. Baseball stadiums and
25 cultural attractions are ramping up to capacity, our

1
2 libraries are reopening and Broadway turns the lights
3 back on in the fall.

4 As I mentioned earlier, this momentum is
5 propelled by our aggressive vaccination campaign and
6 the federal stimulus. We have administered 7.9
7 million vaccine doses to date, with 3.4 million New
8 Yorkers fully vaccinated. To reach unvaccinated and
9 hesitant populations, we are taking a creative
10 approach. Our public relations campaign stretches
11 across social media platforms, cable TV and public
12 transportation. Mobile vaccination buses reach New
13 Yorkers in traditionally underserved TRIE
14 neighborhoods. Centers and pop-up sites are in
15 unique and interesting places like the Museum of
16 Natural History, Citi Field and Yankee Stadium and
17 now, subway stations.

18 We are also partnering with entities like Citi
19 Bike and Shake Shack to provide incentives. And by
20 now every New Yorker should know that all centers
21 accept walk-ins. Our \$700 million vaccination
22 program is a success. COVID-19 cases,
23 hospitalizations, infection rates and deaths have
24 declined steadily since reaching a second wave peak
25 in February.

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3 As our vaccination campaign has saved lives and
4 set the stage for the reopening, the shift to
5 Democratic control in Washington, D.C., led to a
6 significant change in our financial position. Over
7 the past 13 months cities and states across the
8 country incurred tremendous costs as the need for
9 services increased with the severity of the pandemic.
10 At the same time, revenues plummeted. To address
11 this problem, the Congress passed and the President
12 signed into law, the American Rescue Plan which
13 includes \$350 billion in relief for state and local
14 governments. New York City will receive \$5.9 billion
15 in local aid and \$7 billion in federal education aid
16 that must be used by calendar year 2024. The local
17 aid will be disbursed in two tranches. We received
18 the first tranche last week and the second will come
19 in about a year.

20 In addition to helping us to recover financially,
21 the allocation of stimulus funding allowed New York
22 State to withdraw proposed budget cuts and shifts and
23 provide long-awaited Campaign for Fiscal Equity CFE
24 funding, which will ramp up to about \$1.1 billion
25 annually. The Council's advocacy over many years
helped make this happen, Thank you! The stimulus-

1 driven investments in this plan bridge the gap to
2 recovery.

3
4 Speaking broadly, we have used them to boost
5 education, public and mental health, non-profit
6 support, public safety and support for small business
7 and tourism. We have deepened investments in
8 education because the youngest New Yorkers' success
9 will propel the city's growth for years to come. We
10 are using newly released CFE funding to make sure
11 that every one of our schools receives at least 100
12 percent of Fair Student Funding, beginning in Fiscal
13 Year 2022. Universal, free, 3-K for All will be
14 available to every family by September 2023.

15 Students have suffered during the pandemic, so we
16 are investing \$500 million in Fiscal Year '22 and
17 \$350 million over Fiscal Year 2023 and 2024 to
18 accelerate academic opportunities and make up for the
19 learning gap caused by the pandemic. We have also
20 funded digital tools that support technology
21 literacy, restorative justice programs, an expansion
22 of the number of Community Schools from 266 to 406
23 and have strengthened Special Education Services to
24 address services like physical and speech therapy
25 that could not be delivered during the pandemic.

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3 To make sure that students have a fun, safe
4 summer, the Administration created Summer Rising, a
5 program that will include academic, recreational and
6 social and emotional learning. We also deepened
7 youth employment opportunities by adding 5,000 CUNY
8 Summer Youth Employment slots which allows us to
9 serve a total of 75,000 participants. In recognition
10 of the impact the pandemic has had on New Yorkers'
11 emotional wellbeing, we are adding 25 new mobile
12 teams that will bring mental health services directly
13 to New Yorkers. Also, now EMS and social workers
14 will be able to respond to urgent, non-violent,
15 mental health needs citywide.

16 This has been a challenging time for seniors as
17 well. To help them recover, we are expanding 25 more
18 senior centers in underserved communities and
19 increasing model budget funding. We have heard your
20 concerns about the funding needs of the city's Human
21 Services Providers, which have been a critical piece
22 of the City's pandemic response. So, in this Plan,
23 we added funds in the baseline to cover 100 percent
24 of non-profit provider indirect rates. Bringing the
25 city back includes support for small businesses that
have suffered during the pandemic.

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3 Beginning this Summer, eligible small businesses
4 in low to moderate income neighborhoods will have
5 access to a \$100 million grant pool to help them
6 bridge the gap to recovery. We are also investing
7 \$30 million this year to leverage \$70 million in
8 private investment to offer low-interest loans to
9 small businesses citywide. The need to socially
10 distance has highlighted the value of expanding
11 public space. In this Plan, we are deepening our
12 investment in the Open Restaurants and Streets
13 programs and increasing space for cyclists on
14 boulevards and the Brooklyn Bridge.

15 And, of course, we need visitors to return to our
16 hotels, restaurants and cultural attractions. To
17 help welcome them back New York City & Company will
18 launch the largest tourism campaign in the city's
19 history. When tourists return, they will find a
20 cleaner city, especially in core business districts,
21 thanks to the City Cleanup Corp, a New Deal style
22 program that will employ 10,000 New Yorkers through
23 the end of the year. Litter basket collection
24 service has been restored as well. Not only will the
25 city be cleaner, it will be greener. Organics
collection, a shared priority for the City Council

1 and Administration, will be resumed beginning this
2 Fall. This means 3.5 million New Yorkers who
3 previously received service will be able to opt-in to
4 the weekly curbside composting service.
5

6 We are also increasing investments in public
7 safety and criminal justice. This includes hate
8 crime prevention measures, the Mayor's Safe Summer
9 program for youth and a doubling of the Cure Violence
10 workforce this year and tripling it in Fiscal Year
11 2023. More than \$1.8 billion of new investments in
12 this plan are identified as priorities in Council's
13 Preliminary Budget response. On top of what I
14 already noted in my testimony, like Fair Student
15 Funding and increasing the indirect rate, we restored
16 College Access for all, allocated funding for small
17 group tutoring and will ensure that every school has
18 a nurse. On the capital side, we added \$94 million
19 to restore funding for the 116th Precinct.

20 Before I conclude, I'd like to discuss the
21 capital plan. COVID-19 substantially disrupted the
22 city's capital planning, though critical life safety
23 needs, health and safety and COVID-related projects
24 for school reopening, were never paused. As of
25 April, all restrictions have been lifted and the

1 process has completely resumed. Despite these
2 challenges, \$6.7 billion through April '21 have been
3 committed. March and April commitments were \$1.4
4 billion and \$1.3 billion, respectively, once all the
5 capital contract restrictions were lifted.
6

7 We continue to work with agencies, the Law
8 Department and MOCS so the agencies can commit as
9 much of their 2021 programs as possible in the
10 remaining two months. The Ten-Year Executive Capital
11 Strategy is \$133.7 billion, an increase of \$14.9
12 billion over the Preliminary Capital Plan. We
13 anticipate investing just over \$21.9 billion in
14 infrastructure in Fiscal Year '22, alone. Major
15 additions to the Ten-Year Capital Strategy include:
16 Fully funding affordable housing through Your
17 HomeNYC; Resurfacing 1,150 miles of lanes, including
18 50 miles of bike lanes each year; Expanding school
19 capacity for Universal 3K; Completing the Manhattan
20 Greenway; Funding the East Side Coastal Resiliency
21 project; and Expanding the LifeSci NYC Initiative.

22 To conclude, we are on the path to recovery and
23 our outlook has drastically improved. To preserve
24 the momentum, we remain committed to our vaccination
25 program and the strong fiscal management practices

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1
2 that guided our recovery and prevented the need for
3 short-term debt financing, major programmatic cuts or
4 layoffs. It has never been more important to build
5 and maintain reserves and make strategic investments
6 that help us grow and prosper.

7 We look forward to working with you as we
8 approach adoption to advance our shared goals, which
9 include rebuilding this city and forging a recovery
10 for all of us. Thank you again for the opportunity
11 to testify today. Now I look forward to taking your
12 questions.

13 CHAIRPERSON DROMM: Thank you very much Director
14 Jiha. I just want to start by saying again, what a
15 pleasure it has been to work with you both as the
16 Commissioner of the Department of Finance and now as
17 the Director of OMB. I just can't thank you enough
18 for your honest straightforward answers in the past
19 and I really appreciate this opportunity again to ask
20 you questions about the upcoming budget.

21 Let me start off by just asking a few questions
22 around the federal funding that we have received or
23 will receive. The city's fiscal outlook changed so
24 dramatically between the Preliminary and Executive
25 Budgets this year. In part due to the work Senator

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3 Schumer and the democrats in Washington which led to
4 the city receiving \$15 billion in federal relief.
5 The federal funding is allocated throughout the
6 financial plan and in many cases, the long-term
7 programs and initiatives. How will the next
8 administration be able to sustain these programs that
9 really should be baselined when the federal funding
10 runs out?

11 JACQUES JIHA: Thank you and again Chair and uh,
12 I appreciate working with you. It has been also a
13 pleasure for me over the past eight years working
14 with you.

15 To answer your question, I think the best thing
16 we can do for the city to be quite honest with you is
17 to leave a strong economy and a solid financial plan
18 that includes substantial budget reserves. We have
19 allocated two-thirds of the stimulus fiscal year '21
20 and '22 when it is most needed for maximum impact to
21 stimulate the economy.

22 And to address your specific concerns about the
23 current program, it should be noted that most are
24 reinvestment in education and recovery funded through
25 the financial plan. We have also increased our

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3 reserve at \$1.8 billion to \$4.6 billion. Please
4 remember we inherited only \$1.8 million in reserve.

5 More importantly, our tax revenue forecast tend
6 to be conservative and if the economy recovers as we
7 anticipate, there will be additional – a lot of
8 additional resources basically to deal with any of
9 these programs. And [INAUDIBLE 30:48] and SMP
10 upgrade last week basically confirm the wisdom of our
11 approach.

12 CHAIRPERSON DROMM: Okay, thank you Director.

13 The outyear budget gaps that are roughly \$4 million
14 are large. So, how do you expect to think that the
15 next Mayor and Council would be able to close those
16 gaps as we move forward?

17 JACQUES JIHA: I clearly understand your concern
18 about allocated budget gaps but remember the city has
19 balanced more than 40 consecutive annual budgets
20 during good times and bad times you know. The
21 current budget gaps from our perspective are
22 manageable and we think it historic norms.

23 Currently, the outyear gap that we have in the
24 plan, average about 5.2 percent to put things in
25 perspective. They average about 5.2 percent of
city's revenue. Over the last 20 years, the outyear

1 gap average about seven percent of city's revenue.

2 So, even in good times, we always have allocated
3 budget gaps.
4

5 I mean a good example was in 2009, the outyear
6 budget gap was like 4.7 percent. So, from our
7 perspective, we believe that the gap is basically
8 manageable but nonetheless, we'll continue to look
9 for efficiencies okay, on the spending and that
10 service savings. This is why OMB continues to - we
11 continue to have like a two for one commission policy
12 in place okay. And OMB continues to offer every
13 personal action including promotions, so that we make
14 sure we continue to look for savings.

15 CHAIRPERSON DROMM: If you showed a consistent
16 level of spending on the new initiatives that aren't
17 fully funded throughout the plan, how much greater
18 would the outyear gaps be?

19 JACQUES JIHA: Can you repeat the question?
20 Because I missed part of it.

21 CHAIRPERSON DROMM: Sure, so if you showed a
22 consistent level of spending on the new initiatives
23 that aren't fully funded throughout the plan, how
24 much would that total? How much greater would the
25 outyear budget gaps be?

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3 JACQUES JIHA: Actually as I said, most of the
4 RFP, most of the RFP – most of the new programs are
5 funded through the financial plan. I mean, a small
6 portion of it you know, in 2025, we have a drop off
7 but it's not significant, it's not a big number.

8 But again, as I said, most of the recovery and
9 education initiatives are all funded through the four
10 year financial plan. Except for '25, in the year '25
11 where you have a small drop off for some of the
12 programs.

13 CHAIRPERSON DROMM: Do you have an idea of how
14 much that would be though Director?

15 JACQUES JIHA: Yeah, I could come back to you on
16 the specific number for this.

17 CHAIRPERSON DROMM: Okay. Alright, thank you.
18 The federal aid from the American Rescue Plan Act
19 offers the possibility of a more equitable recovery
20 but the Act is designed for its funding to be spent
21 quickly. So, the Rescue Plan seem to make it harder
22 for the city to use that funding to build reserves.
23 To help assure the sustainability of our budget in
24 the future. Based on OMB's understanding of the
25 rules, the Rescue Plan money can be used to add to
the city's rainy day funds to prepaid expenses to do

1
2 that serve or [INAUDIBLE 34:27] or add to the retiree
3 fund. Can they be used for those purposes?

4 JACQUES JIHA: Yeah, there are some new additions
5 in terms of work we can do for, in terms of tax
6 reduction you know but these taxes are for the state
7 but specifically for us, it deals with putting that
8 in reserves. But we have a lot flexibility in terms
9 of how we can use the fund and that's the reason why
10 we have been basically using the fund to make up for
11 all of the revenue lost. Every area where we have
12 lost revenue could use the fund.

13 And you know, we have a lot to do. So, we are
14 very comfortable in terms of - again, with respect, I
15 think the major restriction we have is basically
16 adding to reserves.

17 CHAIRPERSON DROMM: Can it be used for the rainy
18 day fund?

19 JACQUES JIHA: I don't think it can be used but
20 again, money is a little fungible. We have been able
21 to reduce a lot of expenses okay and using federal
22 tax dollars that free up resources that you know,
23 that give us the flexibility to use those city tax
24 dollars for New York Okay. To put that kind of

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3 resources either in the rainy day fund or use it for
4 general reserves.

5 CHAIRPERSON DROMM: Okay, so you are planning to
6 use the federal funding to support programs that were
7 previously supported by city funds. Is there any
8 limitation on the federal American Rescue Plan funds
9 on the use of those free city dollars? So, in other
10 words, if you were to free up city dollars and you
11 know replace it with the federal funds, uhm, could
12 the freed up City dollars be added to our reserves?

13 JACQUES JIHA: That's what we have been doing in
14 essence. We've been able to cover many expenses with
15 stimulus funds and I have been able to avoid drawing
16 down on agency reserves. Because once we free up
17 those city tax dollars, you know you can use those
18 city tax dollars that we free up to basically rebuild
19 that reserves. Which is what we have been doing in
20 essence.

21 CHAIRPERSON DROMM: Okay, are there any
22 eligibility rules that create a problem for our
23 financial plan or any action that the Administration,
24 that we would seek to change?

25 JACQUES JIHA: No, we've been diligently
implementing you know, the stimulus funding to create

1 a guidance given to us by the federal government. We
2 have issue guidelines to agencies and we are
3 constantly monitoring those guidelines to make sure
4 that stimulus uses stay within the mandated
5 parameters.
6

7 So, so far as I said, the big one is – you cannot
8 use it for reserve but again, we have been creative
9 enough to basically use those federal stimulus funds
10 to basically replace city tax dollars and use
11 associated tax dollars basically to do other things.

12 CHAIRPERSON DROMM: Okay, thank you. The Council
13 prioritized class size reduction and its budget
14 response and when I asked the Mayor how the budget
15 prioritized class size reduction, his response was
16 that the administration will foresee how the 100
17 percent fair student funding will be applied by
18 schools in terms of headcount and work from there.
19 But experience has shown that schools often require
20 specific directions and support and dedicated funding
21 to lower class sizes. So, I am a little skeptical of
22 their modest school budget increase will be to a
23 significant reduction in class sizes.

24 Since the Mayor and the Chancellor have both
25 expressed support for lowering class sizes, will you

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3 commit to dedicating \$250 million of DOE's budget in
4 Fiscal '22 for a class size reduction initiative?

5 JACQUES JIHA: Yeah and again, we understand
6 clearly the importance of smaller, small class size
7 in terms of the impact on outcome, educational
8 outcome. And you know, as you know, we uhm, in the
9 budget, we increased the Fair Student Funding by 100,
10 at least 100 percent for all the schools.

11 From our own experience, school will be able to
12 use these resources as they see fit and very often,
13 historically what they have used that funding for is
14 basically plans to increase their staff capacity,
15 which often translates to reduction of class sizes.

16 As you know, class size is more or less a long-
17 term issue. You know, because – but we have been
18 able to expand using capital dollars basically to
19 address capacity. Okay, but again, this is going to
20 take some time to expand those tax dollars basically
21 to bring down class size.

22 But in the meantime in the short-term, what we
23 are trying to do, is basically trying to use as much
24 as we can to stimulus funding to address learning for
25 our students in the short-term. But again, we
understand your concern and you know, but this is not

1 something from my perspective we could address right
2 away, okay. It's going to take some time because you
3 have to build the capacity. You have to expand the
4 capacity of the school. But again, we are doing our
5 best in short-term to address learning losses by
6 using stimulus funds.
7

8 CHAIRPERSON DROMM: Okay, Director Jiha, when I
9 did question the Mayor, he did say at the time that
10 you know he wanted to see the Fair Student Funding
11 and how that would effect class size. But when I
12 asked him further about the \$250 million, he said he
13 couldn't commit to it right then and there but that
14 he would work with us on that. I hope that we can
15 still continue to work on that.

16 JACQUES JIHA: Definitely.

17 CHAIRPERSON DROMM: Uh and its dedicated funding
18 in this budget moving forward. Is that something
19 that you can commit to.

20 JACQUES JIHA: Definitely, we will definitely
21 work with you. We will definitely work with you,
22 yeah.

23 CHAIRPERSON DROMM: Okay, thank you Director
24 Jiha. At the Preliminary Budget hearing, you
25 testified that your staff could reach out to the

1
2 Council with a Property Tax Rebate Proposal prior to
3 the Administration going up to Albany to allow for
4 legislation but we haven't heard anything yet.

5 So, is the Mayor still seeking a property tax
6 rebate in legislation in Albany and if so, is there
7 draft legislation that has been shown to state
8 legislators?

9 JACQUES JIHA: We are still in active discussion
10 on this with this legislature and we will keep you
11 posted as far as you know, in terms of the progress
12 that we're making. The legislature is still in
13 session and as the session nears to an end, we would
14 welcome discussion with you on the parameters for
15 home relief. And you know, the best way to target
16 that program.

17 But again, we're still in discussion with Albany
18 and you know, the session is still going on and we
19 will then see what's going to happen in Albany.

20 CHAIRPERSON DROMM: Have the legislators that
21 you've approached so far been supportive of the
22 legislation?

23 JACQUES JIHA: Yes, to some extent but it is a
24 question of you know, whether or not it is priority
25

1
2 of theirs. But you know we are doing our best to
3 push as best we can.

4 CHAIRPERSON DROMM: Okay, thank you. New York
5 State recently extended the eviction moratorium until
6 August 31, 2021, and it expected that the state will
7 start distributing over \$2 billion in rental
8 assistance to tenants that will cover up to years'
9 worth of unpaid rent and utilities to keep them
10 housed after the moratorium is lifted. In contrast,
11 DFS's Fiscal '22 budget did not make additional
12 investments in rental arrears and increases to rental
13 assistance vouchers to address host eviction
14 moratorium impact to the city. Aside from funding
15 the full expansion of the city's access to Council
16 program and DSS, what resources are currently in the
17 budget across all city agencies to keep New Yorkers
18 in their homes once the moratorium is lifted, so
19 there is not an influx of people seeking shelter, if
20 they are in fact evicted?

21 JACQUES JIHA: As you know, we had about \$49
22 billion in capital. This is city funds in the budget
23 to fully fund the housing New Yorker 2.0 plan. We
24 also added \$50 million to fully fund our first in the
25 nation Right to Counsel program, which is funded

1 right now about \$166 million you know as it fully
2 ramps up in '22. The state is implementing the \$2.4
3 billion [INAUDIBLE 43:44] arrears assistance program
4 that they receive from the federal government. We
5 are actively in conversation with OTDA on the
6 implementation of this program and we will be
7 diligently working to connect New Yorkers to this
8 funding.
9

10 CHAIRPERSON DROMM: What's your estimate of the
11 number of households of having – Director, I am
12 sorry, what is the estimate of the number of
13 households that the state funding will assist
14 compared to the number of households in New York City
15 that are behind with rental payments?

16 JACQUES JIHA: I think – let me get back to you
17 because let me speak with DSS and get back to you
18 with a specific number. Because as the details have
19 been worked out, again, we are very excited to see
20 federal government put funding for this program but
21 we will get back to you on the specific numbers of
22 New Yorkers that will participate in that program.

23 CHAIRPERSON DROMM: Has the – oh thank you. Has
24 OMB conducted an analysis on raising rental vouchers
25 to Section 8 rates in terms of how many more families

1
2 will be diverted in whose every shelter and what the
3 savings would be on the shelter budget?

4 JACQUES JIHA: As we said before, you know the
5 raise in the city's voucher level must you know be
6 consistent with the state FHEPS level because
7 otherwise the voucher market will become
8 destabilized.

9 But - so let me Ken Godiner who has been working
10 on this more, provide you some - an answer to your
11 specific question.

12 CHAIRPERSON DROMM: Thank you.

13 KENNETH GODINER: So, first we want to you know
14 thank you for your advocacy on this so far and you
15 know we really are prevailing upon you to continue to
16 do so and partner with us in educating for state
17 action before the end of session.

18 We you know, we believe that in order to make
19 this most effective, we need the state to raise their
20 vouchers so that we have a single level of payment as
21 opposed to money simply shifting from one type of
22 from state to city. We are you know interested in
23 trying to get that done. We've asked the Council to
24 work with us in Albany to try to get that single rate
25 across the state fixed. And you know, in terms of

1
2 this program, you know I know that that, that, people
3 feel like the voucher level is low. We would want to
4 point out right that there are currently over 160,000
5 individuals placements covering 63,000 households.

6 So, the current vouchers are working and there
7 are a very large number of people taking advantage of
8 that. You are muted Chair Member.

9 CHAIRPERSON DROMM: Oh, I just lost my question.
10 So, Housing New York 2.0 plan, it doesn't address the
11 immediate influx of evictions that may happen under
12 the moratorium if it's lifted. Is there anything
13 else additional that we can count on?

14 KENNETH GODINER: The state recently -

15 CHAIRPERSON DROMM: And that's by the way, a
16 [INAUDIBLE 47:21] plan I think.

17 KENNETH GODINER: Once again.

18 CHAIRPERSON DROMM: That's a ten year plan, if I
19 am not mistaking.

20 KENNETH GODINER: Hmm, hmm. The state recently
21 extended the moratorium, I believe till the end of
22 August. We've made substantial investments in this
23 area including the capital expenditures to increase
24 the level of affordable housing. We've also expanded
25 our access to counsel model, funding that at 100

1 percent. You know, there is additional state money
2 that Director Jiha talked about that's going to be
3 used to pay for rent arrears. We think that covers
4 12 months of rent arrears plus three months of
5 current rent.
6

7 So, we think the combined effect of those
8 programs should avoid some kind of a mass eviction
9 crisis.

10 CHAIRPERSON DROMM: Okay, I still worry that
11 we're going to see a huge influx but anyway, at this
12 point, I'm going to turn it over to my colleague, to
13 Chair Rosenthal to ask questions as well. Thank you.

14 KENNETH GODINER: Thank you.

15 CHAIRPERSON ROSENTHAL: Thank you so much Chair
16 Dromm. I too am just finding my place. Uhm, I just
17 wanted to follow-up very quickly on a question the
18 Chair asked about vouchers. I was a little thrown
19 off by something that was said. The Chair asked
20 about the important or the cost of increasing the
21 value of the city FHEPS program to Section 8 levels
22 and I think the answer was that there are already
23 100,000 vouchers out there. Did I hear - I am sorry,
24 so -
25

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3 KENNETH GODINER: 63,000 households covering
4 160,000 New Yorkers.

5 CHAIRPERSON ROSENTHAL: Yes, yes, yes but those
6 are not City FHEPS vouchers are they?

7 KENNETH GODINER: I believe they are, yes.

8 CHAIRPERSON ROSENTHAL: Okay, I will let my
9 colleagues follow up on that. Switching over to the
10 capital restart and the commitment rates. As we all
11 know, the Mayor announced the restart of significant
12 [INAUDIBLE 49:57] of capital projects but we were
13 delayed due to COVID back in March and since then,
14 the city and kudos to you Director Jiha. The city
15 has been very successful in its efforts to get
16 projects off the ground. As evidenced by increasing
17 the commitment rate. By December of 2020, the city
18 had committed \$2.3 billion in capital dollars in
19 Fiscal Year '21 but since January, uhm, you've
20 committed \$3 billion more for a total of \$5.44
21 billion through March. That's amazing and an amazing
22 pickup in pace.

23 As I mentioned in my opener, although I think I
24 explained it badly, Fiscal Year 2020, the city had
25 committed \$8.06 billion. At the pace we're going, do
you think we can exceed that in Fiscal Year 2021? Do

3 you think that we could get up to \$9 billion or \$10
4 billion? And frankly, what do you think the city's
5 overall commitment level will be for Fiscal Year 2021
6 by the end of the year?

7 JACQUES JIHA: Okay, as indicated to you in my
8 testimony, as of the end of April, we had \$6.7
9 million, okay. We've committed \$6.7 -

10 CHAIRPERSON ROSENTHAL: Got it -

11 JACQUES JIHA: Okay, so again, I cannot guarantee
12 where we're going to end. What I know for sure we
13 are doing is we are pushing as hard as we can. And
14 at the pace that we're going, if we you know, could
15 exceed last year okay, alright, again, we're trying
16 our best. We're pushing really hard. We are pushing
17 the Law Department, the agencies, MOCS. Working with
18 them again, as I said, if you have any succession in
19 terms of how we could do even better, we will work on
20 them okay.

21 But we are doing as best - and again, as I said,
22 I do not want to give you a specific number saying
23 you know, there is going to be 8,9. I can't. The
24 main thing that we're trying to do right now is to
25 push as hard as we can and trying to overcoming every
single obstacle. Because as I said to you last time,

1 we believe the capital program is a strategic part
2 under the COVID.

3
4 Okay and so, therefore we don't have any
5 incentive whatsoever to slow things down. Our goal
6 is basically to accelerate that process to make sure
7 that you know capital is invested and that that
8 recovery is in full swing.

9 So, it's part of our strategy investment to speed
10 the recovery in New York City, so we're doing as best
11 as we can. As I said, we're pushing, we're going 100
12 miles an hour.

13 CHAIRPERSON ROSENTHAL: Yeah, no, and you have
14 been. Yeah and now you are at \$6 billion, that's
15 amazing. So, that Segway's perfectly into my second
16 set of questions, which is given that commitments
17 have increased at such a rapid pace, it's obvious
18 things have changed. Either by way of messaging from
19 City Hall, increased coordination and communication
20 within the agencies. As you said, between the
21 agencies and OMB streamlining the process, perhaps
22 all of that. So, and know where I am going with
23 this. So, what factors do you think have contributed
24 to the city's ability to achieve the high rates of
25

3 commitment since January? And how can we keep those
4 going?

5 JACQUES JIHA: Well, one, there is the urgency
6 okay, to get things out. I mean the message is sent
7 to everyone. We got to get things out because as I
8 said, this is part of the strategic initiative that
9 we have in place to make sure we invest as much as we
10 can to seemingly – to jump start this economy. So,
11 that's the first thing. There is the urgency.

12 The second thing that we have done is change the
13 process because before, what used to happen, we used
14 to CP's through OMB. OMB reviewed the CP's, send us
15 ton of questions to the agencies and then the
16 agencies you know take their time to answer every
17 single on the questions to come back to OMB okay.
18 So, we streamlined that process. Now, you know when
19 things come to OMB, we say you know what, you got to
20 provide us all the backup information that we need,
21 okay. Don't send something that is complete, send
22 the full complete package.

23 When you send the full complete package, we're
24 going to review it as quick as possible and get it
25 done and that has worked. Okay, that has worked in
terms of the bosses but again, we continue to work

1
2 with every single one involved in the process to make
3 sure that at some point we fully re-engineer the
4 entire process.

5 CHAIRPERSON ROSENTHAL: Exactly.

6 JACQUES JIHA: Because we have to you know, we
7 have reengineer the entire process. Again, sometimes
8 the back and forth takes a long time. So, again as I
9 said, once that budget process is over and we have a
10 little more time to start thinking about things in
11 the beginning of the summer, this is a piece that
12 we're going to focus our attention on. To make
13 ensure revamp the entire process, reengineer the
14 entire process from beginning to end okay. To
15 continue to make more progress.

16 CHAIRPERSON ROSENTHAL: Wow, that's a big one and
17 that's helpful to know. So, basically telling the
18 agencies, you have to send over the entire project.
19 We're not going to accept it piecemeal. So, sort of
20 saying send everything over and you have to send it
21 over now. [CHUCKLES]

22 Yeah, so let me ask you, DDC mentioned some
23 changes in their process and rules and I'm, I'm
24 zeroing in on them just because they are such an
25 important part of the capital commitment process.

1
2 I'm wondering if uhm, they made some changes in their
3 rules and in their processes during the pandemic.
4 They were able to do that because it was an
5 emergency.

6 JACQUES JIHA: Hmm, hmm.

7 CHAIRPERSON ROSENTHAL: Are you looking at those
8 and thinking about whether or not to codify those
9 changes and what you would need to do that?

10 JACQUES JIHA: Again, we will be working with
11 everyone including you know DCC to make sure that we
12 learn from them okay. We learn best practices from
13 them and then try to you know it's, it's again, we
14 have so many concerns with them in terms of things
15 that we can do. Things you cannot do, things that
16 have to be reviewed by ever single one - monitors to
17 make sure everything fits within the box.

18 So, again, this is one of those things that we
19 have to basically open up the hood okay. Look under
20 the hood and see what's going on and you know, and
21 that's what we intend to do this summer.

22 CHAIRPERSON ROSENTHAL: So, we will definitely
23 get DDC involved. Again, learn from them. Learn
24 from every other agency, learn from the practices.

1
2 You know, that practically learn from the emergency
3 contracting process.

4 Because I always believe, if you build something
5 around the contracting process and then put all the
6 constraints around those, it's better than revamping
7 it from scratch because everybody is going to tell
8 you why they need to be involved in the monitoring
9 process.

10 CHAIRPERSON ROSENTHAL: Yeah, you know I would
11 really urge you to meet with them somewhat regularly
12 and bring sort of the -

13 JACQUES JIHA: Sure, we will be in discussion.

14 CHAIRPERSON ROSENTHAL: Because I think they have
15 a lot of ideas. Very specific changes and I think
16 OMB could play a big role in that. In fact, how
17 frequently do you have infrastructure meetings with
18 the agencies? Uhm, especially with the large - the
19 agencies with the large capital portfolios.

20 JACQUES JIHA: Our taskforce meet with them, like
21 you know, they meet with different agencies.

22 CHAIRPERSON ROSENTHAL: So, wait. So, which -
23 oh, you mean the taskforce for each -

24 JACQUES JIHA: At OMB yeah. Yeah, you know, they
25 meet with them.

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3 CHAIRPERSON ROSENTHAL: But that's usual stuff I
4 mean -

5 JACQUES JIHA: That's a usual but as I said -

6 CHAIRPERSON ROSENTHAL: But for you as the
7 Director -

8 JACQUES JIHA: As I said - this is something that
9 as I said, we will you know in the summer, we will
10 begin to you know, look at everything from soup to
11 nuts and to make sure that you know, we spend time
12 with designing the process that we have in place,
13 okay.

14 Uhm, you know, I can't meet every single agency
15 you know, on a weekly basis. That's the reason why
16 we have a taskforce designed to basically to meet
17 with the -

18 CHAIRPERSON ROSENTHAL: Sure.

19 JACQUES JIHA: Because you know my time is very
20 scarce as well as anybody else but we have a capital
21 coordination taskforce that you know that meets with
22 the agencies regularly. Okay, so we have a taskforce
23 basically, it's a coordination taskforce that we have
24 in place. You know a capital coordination taskforce
25 that we have been in the agency that meet with all of
your agencies. But as I said, as part of the review

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3 process, we will meet with every single one of the
4 agencies, look at the processes, okay.

5 CHAIRPERSON ROSENTHAL: Yeah.

6 JACQUES JIHA: Look at the processes as is -

7 CHAIRPERSON ROSENTHAL: Yeah.

8 JACQUES JIHA: And then look at the process as it
9 should be going forward. So, we will get everyone
10 involved and we'll be designing that process.

11 CHAIRPERSON ROSENTHAL: So, the one thing that
12 you just said that I think I might not have been
13 aware of is, did you say there was a capital
14 coordinating taskforce?

15 JACQUES JIHA: It's a unit, it's a unit within
16 OMB.

17 CHAIRPERSON ROSENTHAL: That covers all the
18 agencies or are you talking again unit by unit?

19 JACQUES JIHA: No, they coordinate, you know
20 coordinate with all the agencies. Coordinate with
21 the taskforce that are within the agency, within OMB
22 and then work with the different agencies. You know
23 but as I said, it's going to be - we, our goal is to
24 make it more of a formal process okay as we move
25 forward this summer and to basically review all the
best practices and red lines.

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3 CHAIRPERSON ROSENTHAL: Yeah, sure, sure. But
4 I'm just wondering because again, we're in perfect
5 sync. I appreciate the way you are talking about
6 this. I'm moving onto the capital tracker system;
7 the Local Law that was passed by the Council. Is that
8 the taskforce you are talking about? That taskforce
9 because that one, I don't think has met yet. You
10 seem to be talking about something that's a
11 coordinating taskforce -

12 JACQUES JIHA: It's a coordinating unit -

13 CHAIRPERSON ROSENTHAL: Got it.

14 JACQUES JIHA: Within; a capital coordinating
15 unit.

16 CHAIRPERSON ROSENTHAL: All the deputies or?

17 JACQUES JIHA: They meet with all the taskforce
18 within OMB and then regularly meet with the agencies
19 again to see you know, to review the practices to try
20 to bring in best practices as much as possible to
21 reduce the time that it takes.

22 CHAIRPERSON ROSENTHAL: Okay, got it.

23 JACQUES JIHA: To complete the process, yes.

24 CHAIRPERSON ROSENTHAL: Got it. And so, just so
25 I can pursue it and understand it a little better.

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2 We can do all this offline. I'm just wondering, who
3 heads that up?

4 JACQUES JIHA: Uh, it's [INAUDIBLE 1:01:26]. But
5 again, [INAUDIBLE 1:01:29] heads up that unit. But
6 again, you know we could always meet with you to
7 brief you further if you need a more -

8 CHAIRPERSON ROSENTHAL: Yeah, yeah, yeah. I'd
9 love to follow-up with the person. I'm actually not
10 familiar with. So, I'd love, love, love to follow-up
11 and thank you. Thank you for that.

12 Uhm, so let's see. Uh, okay, so let me just sort
13 of go into that. So, last year, the Council passed
14 Local Law 37 sponsored by Council Member Lander, who
15 I see is on here and I am sure will ask you follow-up
16 questions. It mandated the creation of a citywide
17 capital projects database. Uhm, and the law created
18 a mayoral taskforce to led the work and an advisory
19 board with the Council, Comptroller, Mayor - and the
20 Mayor's - some mayoral appointees to provide feedback
21 and guidance. Council Member Lander and I have been
22 appointed by the Speaker to that advisory board.

23 Uhm, you know and the advisory board that was set up
24 is not novel. This actually was originally uh, moved
25 along by Finance Chair in the previous four years

1
2 Julissa Ferreras-Copeland and I went to those
3 meetings. They were extraordinary. Just seeing you
4 know agency commissioners here from MOCS directly
5 about the system and seeing their faces, it was like
6 a lightbulb went off. You know, they were like, oh,
7 so you mean if we do it this other way it could
8 happen faster. I mean, I think that's the power of
9 this taskforce or advisory board.

10 So, I'm wondering if you could just give an
11 update on the administration and the mayor's
12 taskforce work to get started on that tracker
13 creation? Have you had internal meetings? Or
14 started any discussions and when do you anticipate
15 meeting with the advisory board? I think Council
16 staff was told the first week of June would be the
17 meetings but we don't have anything on the calendar
18 yet.

19 JACQUES JIHA: Yeah, I mean again, as I said,
20 this is a kind of process that there is always going
21 to be basically be because I always tell folks, when
22 people begin to review the current processes and see
23 a challenge the processes are and all the challenges
24 that they have is because of all the obstacles they
25 put in there with themselves, okay. And so, it's

1 always good to have this kind of place where people
2 can meet so we could review existing processes and
3 make suggestions in terms of how best to improve them
4 going forward.
5

6 Again, this is something that I'm looking forward
7 to work with the Council this summer, okay. It's
8 going to be a pri- as I said, the entire process,
9 capital review process is something that I am looking
10 to work with the Council this summer, because this is
11 something that we would like to review.

12 So, again, I am looking to work with you and the
13 Council Members and all the stakeholders after the
14 budget, okay.

15 CHAIRPERSON ROSENTHAL: Good supply.

16 JACQUES JIHA: And that will give us some time to
17 really think through the big issues. Because you
18 know, we're going through the crisis in the budget
19 now. It's like -

20 CHAIRPERSON ROSENTHAL: Of course. Of course, I
21 am with you.

22 JACQUES JIHA: So, yeah, after the budget process
23 -

24 CHAIRPERSON ROSENTHAL: Okay.

25 JACQUES JIHA: We look forward to work with you.

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3 CHAIRPERSON ROSENTHAL: Got it. Okay, a couple
4 more areas. I just want to move along; I know my
5 colleagues have questions. On the ten year capital
6 strategy, so, the ten year capital strategy as you
7 mentioned, it grew by nearly \$15 billion since the
8 release of draft ten year strategy. Largely driven
9 by increases in schools, as you mentioned. Water
10 infrastructure and transportation but despite the
11 growth, we continue to see that in the first five
12 years of the strategy track of the commitment plan,
13 it hasn't changed that much but the final five years
14 really that's where it jumps.

15 So, I'm sort of asking the same question we've
16 asked for years but I'm wondering whether or not the
17 administration has taken the time to - has figured
18 out how to even that out. In other words, are you
19 tracking your larger strategy with your spending or
20 your projected spending in the capital plan?

21 JACQUES JIHA: Yeah, I mean, this is again, this
22 is an exercise when I worked through September, in
23 September with the capital. Because we are going to
24 do a redistribution, okay. You know over time, to
25 see exactly - you know to smooth things out. Okay,
because as you can imagine, the capital is basically

3 overstated. Commitments has been very you know, much
4 lower than you know. So, therefore, it be use us
5 okay to go through that exercise to align the capital
6 plan with more or less historical commitment rates
7 that we have.

8 So, this is an exercise we are going to go
9 through again after the executive budget in as part
10 of the September release okay, to do a redistribution
11 and the good thing about this is also going to create
12 some - give us the benefit of lowering the debt
13 service in the outyears of the financial plan.

14 CHAIRPERSON ROSENTHAL: Yeah.

15 JACQUES JIHA: Because you know, there will be
16 less capital. But again, this is something that
17 we're going to go through after the adopted budget -
18 the budget is adopted in June.

19 CHAIRPERSON ROSENTHAL: Okay.

20 JACQUES JIHA: That's part of the September.

21 CHAIRPERSON ROSENTHAL: I thought I was going to
22 have summer off.

23 JACQUES JIHA: [CHUCKLES] No, no, no, we're going
24 to keep you very busy. We're going to keep you very
25 busy. This is going to be fun.

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3 CHAIRPERSON ROSENTHAL: Yeah, yeah, I'm down with
4 that. And then just quickly about NYCHA. They've
5 historically had such a low commitment rate of city
6 capital dollars against the commitment plan. Uhm,
7 and interestingly, what we learned at the hearing
8 with them is that - I mean, we all know, NYCHA spends
9 its federal dollars at a much higher rate because the
10 federal funding expires after two years.

11 So, they a really have to you know get on it and
12 spend that money or else they are going to lose it.
13 And with the city capital of course, we have no time
14 limit. The NYCHA Chair testified that if the city
15 funding rules - this was Greg Russ; we're more
16 closely matched to the federal funding rules than
17 NYCHA would spend city capital more efficiently. I
18 was surprised to hear him say that. He seemed to be
19 saying well, there is just such a big disconnect
20 between what the rules are for federal spending and
21 city spending. He seemed to be throwing up his hands
22 and saying, let's just go with the federal rules.

23 Uhm, you know and to give context about why this
24 is so important; I forget the number for federal
25 spending. It was very high, maybe over 70 percent.
Folks can correct me or send over the right numbers

1 but for federal, the commitment rate was over 70 and
2 for the city, it was 5 percent.

3
4 It's such a stunning difference and certainly has
5 played out in my experience for money I have put in
6 to the NYCHA plan.

7 So, has OMB considered putting a time limit on
8 city capital funding for NYCHA?

9 JACQUES JIHA: Uh, no. We again, as I said, it's
10 - we're going to have to find ways for NYCHA to
11 accelerate the pace of capital spending but we have
12 not. This is one of those things that we have to
13 review, analyze because I don't know full
14 ramifications of what it means. So, therefore, I
15 cannot -

16 CHAIRPERSON ROSENTHAL: Me neither. This is part
17 of - I'm really interested to hear you say that
18 because Russ seemed to imply that he had been working
19 very closely with OMB on this and so, for me again,
20 it sounds like there is a real disconnect here. Has
21 OMB considered asking the state for the ability to
22 alter the city capital rules for NYCHA?

23 JACQUES JIHA: As I said, we have not -

24 CHAIRPERSON ROSENTHAL: That's been done with
25 SCA?

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3 JACQUES JIHA: As I said, we have not because we
4 have not – this is not something that we have paid
5 attention to in the past.

6 So, you know the fact that you know, is raising
7 that issue you know we're going to have to take a
8 look at it to see whether or not you know putting
9 some restrictions would allow NYCHA to commit capital
10 sooner. But again, as I said, I don't know the
11 ramification of it. So therefore, I don't want to
12 make the commitment one way or another.

13 CHAIRPERSON ROSENTHAL: Yeah.

14 JACQUES JIHA: Because you know, I don't what it
15 means.

16 KENNETH GODINER: Yeah, I was going to say, I
17 think part of this is that what their – in terms of
18 what they are talking about is that they would you
19 know, the federal rules for capital eligibility are
20 different than the city rules.

21 CHAIRPERSON ROSENTHAL: That's right.

22 KENNETH GODINER: You know, we can't change those
23 rules under our gap accounting right. So, we don't
24 really have a choice about how to record it. It
25 makes it harder, fewer things are eligible right.
Fewer things are eligible, stuff that we might pay

1
2 for winds up being expense rather than capital
3 because it's not city eligible. And I agree that
4 there is a disparity and something we should fix and
5 you know obviously as Jacques said, we're trying to
6 accelerate NYCHA but you know the extraordinarily low
7 commitment rate is really a COVID sort of level.

8 CHAIRPERSON ROSENTHAL: I'm not sure about that.

9 KENNETH GODINER: In 2019, they committed about
10 25 percent. A still very low number but clearly not
11 fought. And that wasn't just elaboration.

12 CHAIRPERSON ROSENTHAL: Yeah.

13 KENNETH GODINER: No, no, I mean there is no
14 question. We need to work on this. I think they
15 need to work on this but I just wanted to clarify.
16 It's still you know, it's still too low. We need to
17 accelerate. I don't think we can fix what they were
18 talking about which is that you know, we could change
19 what's capitally eligible.

20 CHAIRPERSON ROSENTHAL: Yeah, I'm not confident
21 that's sort of what's going on having just had a
22 terrific capital project denied by OMB as being not
23 capitally eligible. So, I think they follow some - I
24 would like to see evidence of sort what you're saying
25 there.

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3 Look, I'm going to wrap it up but I just want to
4 point out that you know during my tenure on the City
5 Council, you know the uhm, NYCHA's excuse has always
6 been, "we've been shortchanged" You know and it's
7 gone up over the years since I have been here from
8 \$32 billion to \$42 billion now. They are saying that
9 they are shortchanged and that's why it's so hard.

10 I'm not sure that's - I mean surely that plays
11 into it but if their commitment rate is 25 percent, I
12 think that is something that would make a hell of a
13 big difference if that went up to 100 percent
14 particularly for the city funded projects. In other
15 words, the ones that Council Members on the ground,
16 you know who know their districts fast. They are
17 trying to get done and gosh, for NYCHA central, the
18 people we work, they are doing you know they talk
19 about and the Mayor has talked about you know adding
20 funding for NYCHA to fix things. But it rings a
21 little bit hollow if the commitment rate is 25
22 percent.

23 I will let other Council Members get into that
24 and I'll let my colleagues move forward with that and
25 pass it back to you Chair Dromm. Uhm, Director Jiha
and Godiner, I just want you to know I appreciate, I

1
2 really want emphasize this. You are under tremendous
3 pressure and I think what you've done in the last six
4 months has been extraordinary. To go from sort of a
5 zero to you know 180 or 100. I do believe in speed
6 limits. You know, really has been impressive and
7 you're you know what you've done by getting the
8 change you know from the rating agencies recently you
9 know, that's huge.

10 So, Kudos for all of that but uhm and I get it I
11 guess about punting to this summer you know when you
12 have a moment to catch your breath after putting out
13 all these fires. Like, I totally get that but I
14 really hope we can continue the pace for the sake of
15 the city of what you've done over the last few months
16 and you know, so I won't go on. Thank you for your
17 efforts. There is a lot of work to do. Thank you
18 very much.

19 JACQUES JIHA: Thank you very much.

20 CHAIRPERSON DROMM: Thank you. We will now go to
21 Council Member questions.

22 COMMITTEE COUNSEL: If there are any questions
23 for OMB, please use the Zoom raise hand function and
24 you will be added to the queue. Council Members,
25 please keep your questions to five minutes including

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3 answers and wait for the Sergeant at Arms to tell you
4 when your time begins.

5 The Sergeant will also let you know when your
6 time is up. We will first hear from Council Member
7 Grodenchik followed by Council Member Chin.

8 SERGEANT AT ARMS: Starting time.

9 COUNCIL MEMBER GRODENCHIK: Thank you very much.
10 Thank you Chairs and Commissioner, it's always good
11 to see you and I will echo what my colleagues Chair
12 Dromm and Chair Rosenthal said, it's been a pleasure
13 to work with you. For me, for these past five and a
14 half years.

15 I do just want to reiterate what Chair Dromm said
16 at the beginning of his remarks, regarding food
17 insecurity, food pantry food and you know we have
18 come a long way. The New York Times today had a very
19 poignant article about one family struggle to make
20 ends meet during this pandemic. Losing their
21 apartment, regaining it, losing work and how
22 important food pantries and other meals that we
23 accessible to her and her family played such an
24 important role.

25 So, I don't have any questions for you but I do
want to reiterate Chair Dromm's concerns. I know

1 they are shared by Chair Rosenthal and really all the
2 members of the Council without exception about making
3 more food available for – more funds available for
4 emergency food, for food pantry food and to make sure
5 that in this great city of ours where literally, you
6 know a budget approaching \$100 billion, nobody should
7 go hungry. And I know that the Mayor and his
8 administration share those concerns. I know his
9 politics – I don't know your politics so much but
10 that's okay because I'm the elected official. But
11 it's critical and I feel compelled to raise my voice
12 because I speak for people that can't speak
13 necessarily to wide audience by themselves and I just
14 want to reiterate that message this morning.

16 I'm not going to take five minutes to it but I
17 thank Chair Dromm especially. He has been steward on
18 this, the Speaker and the Chair of the General
19 Welfare Committee Stephen Levin who has also been my
20 partner in making sure New Yorkers get fed.

21 So, with that, no response necessary Commissioner
22 but please carry that message back to the Mayor and
23 we will continue to pound it on our side. Thank you
24 Chairs.

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3 JACQUES JIHA: Well, we share your concern and I
4 will take that message back to the Mayor and you know
5 his position on this. You know we have spend a
6 significant amount of money on food and we will
7 continue to do so.

8 COUNCIL MEMBER GRODENCHIK: Okay, I know his
9 position but you know as they say, "show me the
10 money." "Show me the money." Thank you. Thank you
11 Commissioner. Thank you Chair Dromm, thank you Chair
12 Rosenthal.

13 COMMITTEE COUNSEL: We will now hear from Council
14 Member Chin followed by Council Member Lander.

15 SERGEANT AT ARMS: Starting time.

16 COUNCIL MEMBER CHIN: Great. Thank you to both
17 Chairs and thank you Director Jiha. It's been a
18 pleasure. This is also my last budget and I think
19 for the budget for the Department for the Aging, we
20 wanted to go over half a percent of the city's
21 budget. It's always been under a half a percent. On
22 this year and let's go above that because of the
23 growing numbers of you know senior population. There
24 is going to be more seniors than the kids under 13.
25 So, I think we really need to invest in this growing
population.

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3 I know that in your testimony you talked about
4 the investment in terms of 25 new centers and NORC
5 and the model budget. Finally got back in there, we
6 appreciate that but as I – you know what I am going
7 to say, it's not enough. There were also needs that
8 was raised by the Council's Preliminary Budget
9 response that was not taken care of. I know the
10 Chair, Chair Dromm mentioned it earlier, which is the
11 home delivered meal. We are asking for \$16.6
12 million. There has been a growing number of
13 homebound seniors that need the service and the Get
14 Food program is not enough to help them. And so, I
15 hope that this money will be added into the final
16 adopted budget.

17 The other issue is on, I know that the Mayor you
18 know added mental health service to every school,
19 school building to really take care of our young
20 people but let's not forget about older adults that
21 really suffer through this pandemic and you know a
22 toll has been on them in terms of their mental health
23 wellness.

24 So, I think that we do need to add more funding
25 into mental health service for adult, older
population to be included in every single senior

1
2 centers and NORC and I think that is one of the
3 critical needs.

4 The other thing that wasn't addressed in the DFTA
5 budget was the new need of technology. We know that
6 a lot of seniors had to use virtual programs. That
7 was the way they connected to staff and to their
8 friends but not every senior had the hardware or the
9 internet access and we want to make sure that every
10 senior that needs it will have it.

11 So, the new needs in terms of technology, mental
12 health services, that has not been addressed. Also,
13 the other issue is that in terms of the capital, I
14 just want to make sure that seniors building is on
15 track. Because of the pause and also because of
16 personnel shortage, I think at HPD. I want to make
17 sure that there is enough staff to keep the SARA
18 program for seniors running and making sure that we
19 have you know capital projects in place so that the
20 number of senior housing you know don't get fallen
21 back. So, I think that that is also very critical.

22 And my last question is opening up senior
23 centers. In the DFTA's budget, I was surprised to
24 see there was \$30 million accrued and I want to make
25 sure that that money goes back to the senior centers

1
2 and we have to get the centers open as quickly as
3 possible. Of course, we want to open them safely. I
4 know that some centers started the Grab and Go but
5 that's not enough. Every seniors are waiting for
6 their beloved senior center to be open. Schools are
7 open, Broadway shows are coming back, libraries are
8 open but what happened to our senior center.

9 So, we want to make sure that the provider have
10 the resources so they could start opening up back the
11 senior center for our seniors because they have been
12 waiting for a long time.

13 JACQUES JIHA: Well, thank you. You always
14 advocate for the seniors and it's a lot of questions
15 here. But again, bottom line is, I'm looking forward
16 to working with you during the adoption process, so
17 that areas that you mentioned, that you believe, we
18 all believe that should be funded we'll review them
19 working with you and see what can be done during the
20 adoption process. Because it's hard to say that you
21 know, all the requests that you just laid out, they
22 all are right. They all are urgent things. They all
23 are things that we need to pay attention to.

24 Again, as I said, this is of resources and all
25 the needs that we have to deal with.

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3 SERGEANT AT ARMS: Time expired.

4 JACQUES JIHA: But again that's part of the
5 adoption budget process. We will discuss with you
6 and see what can be done.

7 COUNCIL MEMBER CHIN: Well, thank you Director
8 Jiha, I am looking forward to working with you.

9 JACQUES JIHA: Okay.

10 COUNCIL MEMBER CHIN: But most importantly, I
11 think it will meet the needs, if we get the DFTA's
12 budget over the half percent mark. I think that will
13 at least help accomplish okay. So, we'll work on
14 that.

15 JACQUES JIHA: I think we did very well by the
16 seniors in this budget.

17 COUNCIL MEMBER CHIN: Well, you know the stimulus
18 money but the commitment is not enough because the
19 population is growing and the budget's gotten more.

20 JACQUES JIHA: I know, I know, I know.

21 COUNCIL MEMBER CHIN: You know than half a
22 percent. It's a shame that it's under half a
23 percent. Thank you. Thank you Chairs.

24 JACQUES JIHA: Okay.

25 COMMITTEE COUNSEL: Thank you. I will now hear
from Council Member -

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3 CHAIRPERSON DROMM: Just before you move on –

4 COMMITTEE COUNSEL: Go ahead.

5 CHAIRPERSON DROMM: Councilman, just before we
6 move on, may I say that we've been joined by Council
7 Members Koslowitz and Darma Diaz. Thank you.

8 COMMITTEE COUNSEL: Thanks Chair Dromm. We will
9 now hear from Council Member Lander.

10 SERGEANT AT ARMS: Starting time.

11 COUNCIL MEMBER LANDER: Thank you very much to
12 Chairs Dromm and Rosenthal and Director Jiha, let me
13 just extend my gratitude to you for your work through
14 this pandemic and to your whole team. We really
15 relied on you and deeply appreciated it.

16 I want to follow up on Chair Rosenthal's
17 questions about capital projects tracking and then
18 ask some questions about tracking the COVID spending
19 as well.

20 So, I just, I understand and I think it makes
21 sense to wait for the first meeting of the capital
22 projects management taskforce until after the budget
23 obviously it's a lot to do to get there. But I just
24 in terms of expectation setting, it sounds I guess
25 from what you're saying like, there hasn't yet been
much work done to start getting the tracker ready.

1
2 And look, that law went into effect March 13, 2020,
3 so a lot has happened since then and you know if the
4 answer is, we really just put it on hold. Not only
5 have we not had the meeting of the taskforce but we
6 haven't started doing the work to develop the
7 tracker. I understand it but it will be easier to go
8 into that.

9 You know, that would be unfortunate because we
10 need capital projects to deliver better for us right
11 at this moment but I would understand it. So, I
12 just, is that what I you know, what I understand from
13 your answer?

14 JACQUES JIHA: We've been meeting internally.
15 There's been meetings internally with you know folks
16 but again, there is no deadline on this but as I
17 said, we are going to try to accelerate that process
18 after the budget. Because as I said, you know, we
19 just went from crisis to crisis. I mean, you can
20 imagine how difficult it was okay.

21 COUNCIL MEMBER LANDER: No, I understand.
22 Totally, this is why I am [INAUDIBLE 1:28:29]. I
23 hear you. I understand.

24 JACQUES JIHA: So, but again as I said, after the
25 budget is adopted, we will focus our attention on the

1 capital aspect. So, a lot of things, tracking, a lot
2 of things that we will be doing to continue to
3 monitor to make sure that things are done properly.
4

5 So, again, we'll convene a meeting with all the
6 stakeholders and the Council.

7 COUNCIL MEMBER LANDER: And look, you know a
8 challenge within capital projects management improved
9 is almost always falls below other urgent things and
10 obviously the last year of COVID -

11 JACQUES JIHA: And also, you know there was a
12 pause. You know there was a pause in the capital
13 program as well. So, therefore you know, now that we
14 started, so we'll basically try to - again, as I
15 said, this summer we will conduct a meeting of all
16 the stakeholders and come back to you.

17 COUNCIL MEMBER LANDER: Thank you. My secondary
18 questioning though relates to the spending tracking
19 for COVID spending. Because last year the Council
20 passed Intro. 1952 which became Local Law 76 of 2020
21 that we passed in June Sponsored by Council Member
22 Gibson, who was then the Chair of this Committee.
23 And the language there was modeled on the Sandy
24 tracker that the Bloomberg Administration did in the
25 wake of Super Storm Sandy.

1
2 So, the same language was used but we don't have
3 the same tracking system. For Sandy, there is a very
4 robust interactive tracking system that New Yorkers
5 can use. Can look up projects and all we have on
6 COVID response is kind of a data dump in the open
7 data portal. That no average New Yorker could use,
8 could see projects, could understand how the funding
9 was spent. They are very different from each other.

10 So, do you believe the Administration is
11 complying with Local Law 76 of 2020? Do you plan to
12 put up a more robust and interactive public tracker
13 to really make sure New Yorkers can understand where
14 that spending is going?

15 JACQUES JIHA: Yes. To be quite honest with you,
16 I believe that we are fully compliant with the law.
17 That's not the issue. The challenge that we have is
18 with respect to some of the data that we need, some
19 of the information that we need to put on our site is
20 not as cut and dry and cannot be provided as easily.
21 Okay, as you can think of because if with example,
22 there reinvestments, okay. The reinvestment of these
23 grants okay, the application and review, you know
24 review process by the federal government. Okay, any
25 cost can be submitted for reimbursement.

1
2 So, you will not be able to see that kind of
3 information on the portal because they are going
4 through the exercise of reviewing it. But again, I'm
5 a fan of, big fan of transparency. So, therefore,
6 the information provided that they provided to you –
7 you know, we will work –

8 COUNCIL MEMBER LANDER: Have you compared the
9 Sandy Tracker to what you guys are currently dumping
10 in the open data portal?

11 JACQUES JIHA: We have to find a way to make it
12 more accessible, the program. Okay definitely.

13 COUNCIL MEMBER LANDER: You're committing to find
14 a way to make it more accessible?

15 JACQUES JIHA: More accessible.

16 COUNCIL MEMBER LANDER: Okay, when will we see
17 that?

18 JACQUES JIHA: Again, we have to work on the
19 website. We have to on other things. At this point
20 and time, I cannot give you a specific date but
21 again, as I said, for the sake of transparency, we
22 definitely have to make it more easily accessible to
23 the program.

24 SERGEANT AT ARMS: Time expired.
25

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3 COUNCIL MEMBER LANDER: I appreciate your
4 recognizing that something different is needed. I
5 guess I would just invite colleagues to compare the
6 Sandy Tracker to what have on the data portal.

7 JACQUES JIHA: Sure.

8 COUNCIL MEMBER LANDER: Director, thank you for
9 acknowledging that. Let's move quickly to do it.
10 Obviously time is of the essence.

11 JACQUES JIHA: Definitely.

12 COUNCIL MEMBER LANDER: Thank you.

13 COMMITTEE COUNSEL: Chair Dromm -

14 CHAIRPERSON DROMM: Okay, thank you.

15 COMMITTEE COUNSEL: Oh, go ahead. No other
16 Council Members have their hands raised at this time.

17 CHAIRPERSON DROMM: I do see Council Member Darma
18 Diaz.

19 COMMITTEE COUNSEL: Oh, indeed, thank you.
20 Council Member Diaz, we will now hear from you.

21 SERGEANT AT ARMS: Starting time.

22 COUNCIL MEMBER DIAZ: Good morning and thank you
23 for this opportunity. COVID testing, my curiosity is
24 to organizations that have been contracted to provide
25 services for testing. Has there funds been released
or could you share with me what the process is once

1
2 an organization is accepted to participate in your
3 process?

4 JACQUES JIHA: Do you have any specific
5 organization in mind? I mean, I'm just trying to
6 understand what the question is.

7 COUNCIL MEMBER DIAZ: My question is -

8 JACQUES JIHA: Are they not getting paid?

9 COUNCIL MEMBER DIAZ: Well, I have eight
10 individuals that reached out to me indicating that
11 they worked and their checks have bounced. So, I am
12 wondering what the situation is. Is it a matter of
13 New York City? We're having issues making our
14 payments or if it is organizations not being as
15 honest as we would have liked them to have been.

16 JACQUES JIHA: It would be - I don't want to
17 comment on you know specific cases. It would be you
18 know very useful for us, helpful for us if we could
19 get the information about these specific
20 organizations. So, what I will do is, I'll have Ivan
21 Acosta, which is the Intergov. Director at OMB reach
22 out to your office and get the specific information
23 about those but we have been paying our providers,
24 New York City checks will not be bounced.

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3 So, there's got to be something that was going
4 on. So, why don't we get the information and then
5 we'll get back to you.

6 COUNCIL MEMBER DIAZ: I am more than willing to
7 share with you, as has been shared with me.

8 JACQUES JIHA: Yes.

9 COUNCIL MEMBER DIAZ: I just want to make sure
10 that you know the city is you know doing the process
11 and those that have been blessed and highly favored
12 to have been contracted, to also pay the people
13 correctly.

14 JACQUES JIHA: Yes.

15 COUNCIL MEMBER DIAZ: Thank you, I look forward
16 to hearing from you and Ivan.

17 JACQUES JIHA: Okay.

18 COUNCIL MEMBER DIAZ: Thank you.

19 CHAIRPERSON DROMM: Thank you very much. Okay,
20 Council Member Levin now has a question.

21 SERGEANT AT ARMS: Starting time.

22 COUNCIL MEMBER LEVIN: Great, thank you very much
23 Chair. Director Jiha, nice to see you.

24 JACQUES JIHA: Thank you.

25 COUNCIL MEMBER LEVIN: I have a couple of
questions. First, Intro. 146, this is the bill that

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3 I'm sponsoring to increase the City FHEPS voucher
4 rate to Section 8 level. Does OMB have a cost
5 estimate that they can share with Council Finance?

6 JACQUES JIHA: Of course, yes.

7 COUNCIL MEMBER LEVIN: Okay and I think just in
8 terms of uhm, understanding the methodology and
9 projection that would be helpful.

10 JACQUES JIHA: I would be glad to sit down with
11 you and your staff and the Finance Council Staff to
12 go over the methodology that we use and the estimate
13 that we come up with.

14 COUNCIL MEMBER LEVIN: Okay, thank you. Second
15 issue, Fair Futures, which is an ACS program that
16 provides coaches for young people in foster care.
17 That has not been baselined and last year, because of
18 you know the budget deficit, we had to do I think
19 some creative budgeting to cut out a fair amount of
20 CTL and then try to rely on some state match. And
21 the goal this year in talking to – I hearing from
22 young people, this program absolutely works and they
23 have really solid data and metrics to back that up.
24 The impact has been very favorable. Is to make sure
25 that this program is baselined so that they don't
have to not only do they not have to worry about the

1
2 program being funding, that they are able to retain
3 staff.

4 These are not-for-profit staff that are you know,
5 have to be able to in June you know make sure that
6 they have a job in the line. So, the goal is to have
7 \$20 million of Fair Futures baselined and by '22
8 budget.

9 JACQUES JIHA: Well again, we're looking forward
10 to work with on Fair Futures because we understand
11 the importance of this program. So again, as part of
12 the adoption process, we'll work with the Council,
13 okay and see what can be done to make sure that the
14 program is fully funded.

15 COUNCIL MEMBER LEVIN: Next topic, in my
16 district, there has been a significant uptick in
17 shootings in and around two NYCHA developments
18 Gowanus and Wyckoff Gardens, Gowanus House and
19 Wyckoff Gardens in the hill section of Brooklyn and
20 these two developments do not have the MAP program
21 MAP, the Mayor's Action Plan program. Which was
22 rolled out back in, in 2014 but has been limited as
23 far as I know, just the 15 NYCHA developments and
24 these are comprehensive services, wrap around
25 services. Everything from food and healthcare and

3 community development and I think and this is what I
4 am hearing from residents there is that that's the
5 type of programming that they wish to see. And so, I
6 was wondering if there is - if OMB is working with
7 MOCJ on potentially expanding the MAP program in the
8 FY22 budget?

9 JACQUES JIHA: We will reach out to MOCJ to see
10 you know with respect to these two specific NYCHA
11 developments, whether or not this is something that
12 can be done for those developments.

13 But at this point and time, this budget, current
14 budget, we don't have anything added to it except for
15 the baseline program that we currently have.

16 COUNCIL MEMBER LEVIN: I'm certainly encouraged -

17 JACQUES JIHA: We'll reach out to MOCJ okay.

18 COUNCIL MEMBER LEVIN: Okay. I would encourage
19 because I mean obviously there is you know scores of
20 developments, NYCHA developments in the city that
21 could use these types of programming beyond the 15
22 that have been allocated.

23 JACQUES JIHA: Sure.

24 COUNCIL MEMBER LEVIN: And last question. This
25 is a capital question. In my district, the city
acquired the city storage site on the Williamsburg

1 waterfront. Mayor de Blasio committed to that in
2 2016-2017, to build out the Bushwick Inlet Park,
3 which was promised by the Bloomberg Administration in
4 2005 and it was a bit of a fiasco because they didn't
5 purchase all the land and finally, Mayor de Blasio
6 made good on the commitment and acquired the entire
7 site. However, this is this large storage building
8 that used to store paper -

9
10 SERGEANT AT ARMS: Time expired.

11 COUNCIL MEMBER LEVIN: I'll just finish my
12 question here. Anyway, the demolition of that
13 building, so this would be the final demolition
14 required to at least clear out the entire park would
15 cost, I believe it is \$15 million or \$16 million in
16 capital. It would send a very strong message that
17 the city is on its way to building out this park now
18 16 years after it was first committed.

19 And so, it's my hope that that \$15 million or \$16
20 million in capital would be allocated to the Parks
21 Department for the demolition of the city's storage
22 site in Bushwick Inlet Park.

23 JACQUES JIHA: Why don't I get back to you on the
24 specific of this.

25 COUNCIL MEMBER LEVIN: Great.

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3 JACQUES JIHA: Because this isn't you know - let
4 me get back to you on this.

5 COUNCIL MEMBER LEVIN: Okay, alright, thank you
6 very much Director. I appreciate your time, thank
7 you.

8 JACQUES JIHA: Thank you.

9 COMMITTEE COUNSEL: We will now hear from Council
10 Member Gibson.

11 SERGEANT AT ARMS: Starting time.

12 COUNCIL MEMBER GIBSON: Thank you. Good
13 afternoon everyone. Thank you so much Chair Danny
14 Dromm and Chair Helen Rosenthal. Good afternoon
15 Director Jiha, it's good to see you again and I too
16 am a Council Member who is departing at the end of
17 the year, so I certainly want to extend my deepest
18 gratitude to you and your team for always responding
19 and really availing yourself to Council Members.

20 There has been a lot of talk about the capital
21 process and I certainly want to recognize DDC.
22 Capital discretionary projects that Council Members
23 have funded. I want to make sure that we're
24 dedicating resources within OMB to ensure that these
25 projects are moving.

1 Often times we fund projects like mobile units
2 and other projects that just are very slow and they
3 are not moving and we all realize that a lot of
4 projects have been delayed because of COVID. But I
5 do want to make sure as we are rebounding and
6 restoring a lot of these projects that we're moving
7 capital discretionary projects ahead.
8

9 The second thing I wanted to raise is NYCHA.
10 Chair Rosenthal talked a lot about that and NYCHA,
11 like many others struggles with spending city
12 dollars. And if we held them to the same standards
13 that the federal government does, where they have to
14 spend money in a timeframe, I think we would see
15 drastic change. So, I want to continue to have
16 conversations with OMB as it relates to NYCHA and a
17 lot of the capital discretionary projects that we
18 fund that have not been moving in a timely fashion.

19 The third thing I wanted to bring up relates to
20 summer youth and you know all year around youth
21 employment and Work, Learn and Grow. DYCD testified
22 earlier this month and talked about what we're doing
23 this summer and now, while I recognize 75,000 slots
24 is great, I like to aim high Director because we have
25 a lot of summer activities and we need to make sure

1 that young people are ready and they have
2 opportunities. I know the additional 5,000 slots are
3 dedicated to CUNY. We have set asides for NYCHA
4 residents, as well as young people that are involved
5 in the criminal justice system. But if there is more
6 that we can do particularly around SYEP and SONYC and
7 COMPASS and the Beacon and Cornerstone programs, I
8 think that will speak volumes to this City Council
9 and this administration's commitment to our young
10 people.
11

12 The next thing I wanted to bring up is, I
13 understand that there are proposed cuts in the higher
14 education budget and as a CUNY graduate of Baruch
15 College, I certainly want to speak about the CUNY
16 ASAP program and its impact on CUNY students. Many
17 of whom are rent burdened. They deal with food
18 insecurity every day and we cannot pass a budget
19 director that would provide any cuts to CUNY. I am
20 sure you agree, so I want to make sure when you talk
21 about CUNY ASAP and all of the programs, support
22 services for our students at CUNY, that we make sure
23 that we don't just talk about it but we are about it.

24 And then the last thing, while my timeline is
25 down. I wanted to ask specifically since I Chaired

1 the Committee on Oversight and Investigation.

2
3 Commissioner Garnett testified to us a few weeks ago
4 about the city marshals and the revenue that's
5 generated when they perform judgements for tolls and
6 season utility meters and other things like that.

7 They projected to generate about \$2.3 million
8 annually over city marshals in Fiscal 2022.

9 I am wondering since most of that revenue is
10 returned to the city's general fund. Is there any
11 way that the Administration could reinvest this money
12 in our city by helping many of these residential and
13 commercial businesses and other establishments avoid
14 eviction.

15 So, can we repurpose that money on the front end
16 and do more preventative work, so we don't have to
17 look at revenue from evictions in a positive way?
18 Can we really look at you know some more benefits
19 that will help people in the long run?

20 So, I hope you took notes and I look forward to
21 working with you and I really thank you so much for
22 your presence and your work. Thank you.

23 JACQUES JIHA: Thank you very much. I took notes
24 and you know as I said let's start with this.

25 COUNCIL MEMBER GIBSON: Okay.

1
2 JACQUES JIHA: We are working with the
3 Chancellor's office to - we know it is a priority for
4 the Council and this program is a priority for us as
5 well but we are working with the Chancellor on this
6 issue and to get to a resolution.

7 With respect to NYCHA, we discussed it earlier
8 and we still think it's - we don't want to say we are
9 going to move in the same direction as the federal
10 government because as I said, we don't know the
11 complexity of the issues involved. So, before we can
12 make any commitment one way or another, we need to
13 use this to basically analyze and review you know our
14 process are rules and regulations and to see whether
15 or not they are consistent with what through
16 government is doing and what is the federal
17 government that we are not doing that in order to get
18 NYCHA to commit more of the federal government
19 against the capital.

20 So, again, this is something that we have to
21 review and analyze. There are so many of them. Uhm,
22 with respect to the youth, as you know, we just
23 launched Summer Rising okay, which is a program that
24 basically is going to open up for like \$190,000
25 students, so that's - it's going to be [INAUDIBLE

1 1:46:38] about two days for our youth engaging.

2 During the summer, SONYC program has also been
3 restored. There is funding for our SONYC program.

4 And on top of that we have about 10,000 Cleanup
5 Corp., the program that we launched. So, there is
6 going to be plenty of things for our youth this
7 summer in terms of the kind of things – the interest
8 that they engage in. And so, I'm looking forward to
9 working with you again. Again, good luck in your
10 endeavor and we shall continue to work.

11 COMMITTEE COUNSEL: Chair Dromm, no other members
12 have raised hands at this time.

13 CHAIRPERSON DROMM: Okay, thank you. We have a
14 few round two questions Director. During the NYPD's
15 Executive Budget hearing, the NYPD repeatedly
16 deferred questions on school safety transfer to DOE
17 to OMB. As I mentioned during that hearing, this is
18 another component of last budget agreement that has
19 yet initialized. When will the transfer of School
20 Safety Agents from NYPD to DOE be reflected in the
21 plan? And can you please repledge the
22 administration's commitment to making the transfer?

23 JACQUES JIHA: Yes. We continue to work on it.
24 You know, as you know it's a lot of logistical, a lot
25

1 of things involved to get this done, okay. But we
2 will continue to work on it and making sure that the
3 transfer because I believe we have two years to get
4 it done and right now, we I think, I believe, all the
5 stakeholders have me. We discussed all the large
6 logistics and some of the challenges. But as you can
7 imagine, they have so many parties involved in
8 coordination to coordinate to get all these parties
9 involved to get this done. It takes a little time
10 and that's the reason why we believe at the time that
11 it will give us a good three years to get this
12 process done. But we are actively working on the
13 recommendation plan to make this happen.

14 CHAIRPERSON DROMM: Okay, thank you Commissioner.
15 I would like to discuss the possibility as alluded
16 the NYPD might hire new School Safety Agents. To me
17 and to many others, this completely defeats the point
18 of the transfer, which is help DOE hire and train
19 their own personnel to fit the needs of the students.
20 If NYPD were allowed to hire new agents, they would
21 be sticking to the same old model school safety that
22 we agreed to change over a year ago.

23 So, will you allow NYPD to hire these new School
24 Safety Agents or not?
25

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3 JACQUES JIHA: To be quite honest with you, no
4 decision has been made to hire any new SSA's this
5 year, okay. So, they have some vacancies issues but
6 the administration has not made any decision one way
7 or another.

8 CHAIRPERSON DROMM: Okay, you know one of the
9 things that I was shocked to learn when I was
10 Education Chair was that there were 5,000 School
11 safety agents and only 3,000 school psychologists and
12 social workers. And so, that speaks very loudly to
13 what the priorities are. Not necessarily this
14 administration but certainly to previous
15 administrations where we see policing of students be
16 more importantly than actually providing services
17 through guidance counselors and social workers. So,
18 certainly, I hope that we don't see that happening
19 during this budget cycle.

20 JACQUES JIHA: As you know, we added social
21 workers to every single school in the city. So
22 because again, as I said, we understand the
23 importance of the mental challenges the children are
24 dealing with in school and we're trying to address it
25 as much as we can by adding social workers to the
budget. But again, as I said, we have not made a

1 decision one way or another in terms of SSA's to
2 adding headcount practices.

3
4 CHAIRPERSON DROMM: Well Commissioner, it's our
5 hope that we will see that transfer happen before
6 this administration leaves office. Do you see that
7 happening before then?

8 JACQUES JIHA: I cannot tell for sure but we are
9 working as hard as we can. We're pushing as hard as
10 we can to try and get this done.

11 CHAIRPERSON DROMM: Okay, thank you Commissioner.
12 In the Council's Budget response the year, we called
13 upon the administration to focus on increasing
14 efficiencies. To do a mandatory PEG for every city
15 agency with savings targets between three and five
16 percent. Reassessing baseline spending to eliminate
17 duplicative programs, revise spending estimates and
18 establish spending controls, helps up to reduce
19 outyear gaps. Despite our push, the administration
20 has proposed a fairly anemic savings program. Why
21 don't we see a PEG program to continue to find
22 efficiencies particularly when you are doing so much
23 new spending?

24 JACQUES JIHA: As you can see in the budget, we
25 are very much focused on controlling spending. If

1
2 you look at the plan, our city funded expenses
3 declined by 1.2 percent in FY21 and they also
4 declined by 0.4 percent in FY22. As I said in my
5 testimony, we achieved \$3.9 billion in savings since
6 June. That is net of the restoration following the
7 stimulus.

8 So, a large portion of that savings is debt
9 service. A lot of it is coming from efficiency gains
10 and they are not as flashy or large sums of money but
11 a lot of small changes they add over time.

12 As we're always looking for saying and exploring
13 new ways to deliver services more efficiently, the
14 challenge that we have – we are in an unprecedented
15 time in the city's history.

16 The federal government provided direct aid to
17 state and localities basically to make up for revenue
18 loss and to avoid layoffs in service quotes. So,
19 it's hard, we simply cannot on the one hand accept
20 the aid from the federal government okay. And at the
21 same time, engage in service reductions, in PEGs,
22 which is rough tools basically to – because you know
23 the stimulus basically was, intended, must be used to
24 maximize its impact, okay.

1 So, it is – so, if you look at our budget, the
2 only areas of our budget that is growing is basically
3 expenses that are tied to federal grant, okay or the
4 stimulus. So, again as I said, we are doing our best
5 in terms of service reductions okay. Cut as much as
6 we can. We're looking for – always looking for
7 efficiency gains to basically reduce our expenses but
8 in this involvement, where the federal government is
9 saying to us, hey, rather than you cutting services
10 or [INAUDIBLE 1:54:27], okay, we're going to provide
11 you the resources, so that you don't do these things.

12 So, we cannot take the money from the federal
13 government at the same time, engage in major service
14 reductions or layoffs. So, that's a challenge but
15 constantly, we look for ways to minimize uh, uh, uh,
16 expenses. In this budget alone, we have about \$600
17 plus, a quarter of a million dollars in savings. So,
18 that's always a goal that we have in mind but as I
19 said, it's the issue that we have of receiving
20 federal aid and at the same time, engaging in service
21 reductions or layoffs.

22 CHAIRPERSON DROMM: Okay, thank you Director.
23 Over the course of the last year, especially during
24 the peak of COVID-19, the number of New Yorkers using
25

1
2 city parks increased dramatically. At the same time,
3 budget cuts left parks understaffed. The immediate
4 consequence of this combination was a decrease in
5 cleanliness and sanitary conditions of public open
6 green spaces throughout the city.

7 To address this problem, the Council and our
8 Preliminary Budget response called on the
9 administration to add roughly \$38.9 million to the
10 Parks budget to ensure proper management and
11 maintenance of our parks. So, why was this request
12 not included in the Executive Budget?

13 JACQUES JIHA: Sure, all parks reductions related
14 to cleaning have been restored for Fiscal Year '22.
15 In addition, I forget, we also have the Citywide
16 Cleanup Corp. of which 2,500 positions are dedicated
17 to parks.

18 So, we also have otherwise the full seasonal
19 hiring schedule for Parks Department this summer.
20 So, between the seasonal hiring and the 2,500 CCC
21 people, we believe that we have more, far more
22 workers than we have ever had before. Okay, to
23 address any cleaning issues that you have in the
24 parks.

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3 CHAIRPERSON DROMM: Last year, the Council
4 successfully negotiated \$10 million or 150
5 maintenance workers in the Adopted Budget and this
6 year's budget response request asks for this funding
7 to be added again this year. Given the decreased
8 park maintenance and sanitary conditions and the
9 increased number of 311 complaints, why wasn't this
10 funding specifically included in the executive plan
11 and baselined? We have to push for that every single
12 year.

13 JACQUES JIHA: Yeah, I know. Again, as I said
14 and honestly this is again as I said, this is
15 something that we, is part of negotiation with the
16 Council during the adopted budget. But again, as I
17 said, we value New York City parks greatly and
18 understand and know their importance to the city's
19 landscape. We are working with the Parks Department
20 to evaluate the requests, the requests on a case by
21 case basis. But again, as I said, all park
22 reductions that are related to cleaning have been
23 restored for Fiscal Year '22 and it is something that
24 is all very important to the Council. We are looking
25 forward to working with the Council during the
Adoption process to see what can be done.

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3 CHAIRPERSON DROMM: Okay, so we look forward to
4 working with you on that. Also, but let me just say
5 that the City Cleanup Corp, which you mentioned, is
6 only for Fiscal '22. However, obviously our need for
7 well maintained parks is permanent.

8 So, you know, shouldn't these core services be
9 maintained by the administration?

10 JACQUES JIHA: Yeah, this initiative as you know,
11 is a temporary initiative and we are using federal
12 stimulus funding for that project. But as you know,
13 there are so many other baseline programs in the
14 various, different agencies from our perspective that
15 basically we maintain the sanitation levels once they
16 are restored, okay.

17 So, again, as I said, you know we are comfortable
18 with the level of funding that we have to make sure
19 that city remains clean in the outyears.

20 CHAIRPERSON DROMM: Alright, as we go through the
21 process to the adopted, I am sure we'll talk more
22 about that.

23 JACQUES JIHA: Sure.

24 CHAIRPERSON DROMM: About those workers.

25 JACQUES JIHA: Sure.

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3 CHAIRPERSON DROMM: Chair Rosenthal, do you have
4 any follow-up questions. Okay, you're muted Chair.

5 CHAIRPERSON ROSENTHAL: Thank you so much Chair
6 Dromm. I do have a few follow-up and I appreciate
7 the opportunity and your staying Director Jiha, just
8 for a little bit longer.

9 I want to follow-up first on Chair Dromm's
10 question about the school safety agents. Where you
11 said, you don't have any plans for vacant positions
12 or in the budget. Could you explain to me - could
13 you please detail exactly what that means? Does that
14 mean that you've eliminated all the bacon positions?

15 JACQUES JIHA: No, they have vacancies currently
16 but I think about 400 something vacancies okay, in
17 the operations but you know we have not made any
18 decision one way or another. You know in terms of
19 backfilling those vacancies.

20 CHAIRPERSON ROSENTHAL: Right, so you're implying
21 that - is the city in FY22 budgeted for a full
22 headcount compliment of SSA's?

23 JACQUES JIHA: No, we don't - we have an
24 authorized headcount. There is a level, the actual
25 headcount that they have, so therefore we have

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3 vacancies but we have not made a decision. This is a
4 decision that the city has to proactively make right.

5 CHAIRPERSON ROSENTHAL: Right.

6 JACQUES JIHA: Okay, to bring in new class but
7 the city has not made that decision.

8 CHAIRPERSON ROSENTHAL: Right but for now, they
9 are budgeted. So, hypothetically they could have a
10 class given that it's within the dollar amount of
11 their budget line. Right, so if you eliminated the
12 vacant positions totally. In other words, took their
13 headcount down by 400, that would be one thing but it
14 sounds like you haven't done that.

15 JACQUES JIHA: No, we have not.

16 CHAIRPERSON ROSENTHAL: Okay got it.

17 JACQUES JIHA: We still have in the budget the
18 authorized headcount.

19 CHAIRPERSON ROSENTHAL: Okay, alright, got it.

20 So, okay, got it. Okay, uhm, I am going to move onto
21 a different. Sorry, I have four very disparate
22 questions. So, apologies.

23 JACQUES JIHA: Okay, that's okay.

24 CHAIRPERSON ROSENTHAL: Short of the capital
25 tracker, although this is a very different area.
We're actually trying to get a letter to you. It

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3 will come today or tomorrow. With the idea that for
4 each agency, OMB require nomenclature. So that if
5 something is related to solar for example, that DOE
6 lists it as solar and DCAS lists it as solar and DDC
7 lists it as solar.

8 Just again for the public to be able to
9 understand what's in the budget right now. And this
10 is going to be completely meaningless to everyone
11 including me but here is an example. The project
12 ID's from two separate agencies on projects related
13 to solar efficiency. One agency lists it as -
14 apologies again, I don't expect you to know this but
15 850CHSOLAR. Another agency lists it as O57ACEFDN801.
16 Why not have OMB tell agencies whenever you have a
17 project that is you know here are all the labels you
18 must use in order to indicate what this project is
19 for. That way the public could really know gosh, how
20 much money is in the budget for something.

21 You know if we say, oh, we're spending \$12
22 million on solar and the public wanted to understand
23 in what agencies do those lay, we could actually do
24 an analysis of that. Does that make sense?
25

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3 JACQUES JIHA: Yeah, I understand. Currently,
4 the process that we have is basically decentralized.
5 You know where -

6 CHAIRPERSON ROSENTHAL: Yes, it is. That's
7 right.

8 JACQUES JIHA: You know each agency defined.

9 CHAIRPERSON ROSENTHAL: That's right and I am
10 asking to centralize -

11 JACQUES JIHA: So, again, as I said, this is one
12 of those things that you know this is one of the
13 suggestions that we will take into account okay, as
14 we look into this process, okay, to see how best we
15 could bring light to our budget documents. So, that
16 the public can understand exactly.

17 CHAIRPERSON ROSENTHAL: Yeah, yeah, great. I
18 mean, you know the Capital Tracker was legislated.

19 JACQUES JIHA: Hmm, hmm.

20 CHAIRPERSON ROSENTHAL: Uhm, okay, so we'll maybe
21 put this idea in this bucket.

22 JACQUES JIHA: That's part of the discussion.
23 This is one of the ideas that we will consider okay.
24 Alright, because as I said, it will improve -

25 CHAIRPERSON ROSENTHAL: Do you see any downside?

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3 JACQUES JIHA: If we could find you know again,
4 you know it's still going to come down to detail
5 okay. You know whether or not the two products are
6 the same product. You know I don't know.

7 CHAIRPERSON ROSENTHAL: If you had a team of
8 people, all you have to do is pull together -
9 seriously, I am on a number of taskforces, like
10 dealing with construction as harassment. After three
11 meetings with all the right people in the room, we
12 cleaned up stuff so easily. It was just a matter of
13 communication. This one seems similarly
14 straightforward.

15 JACQUES JIHA: Yeah, I agree. It may seem
16 straightforward. As I said, I have been here long
17 enough I know sometimes things look very small and
18 very straightforward and then you know, they have
19 some complications.

20 But as I said, this is one of the suggestions
21 that we will consider okay, because it makes sense.
22 It makes total sense from our perspective but again
23 as I said, I don't know what's fully involved.
24 Before I make any commitment one way or another, I
25 like to analyze it, review it and then have a team
you know.

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3 CHAIRPERSON ROSENTHAL: Right and yet - I
4 appreciate that and what I'm asking is that
5 commitment. That we'll at least look at the list of
6 hurdles and then we can figure out how to get over
7 them.

8 Two more quick things. Look, I apologize for not
9 saying this faster. The human service indirect rate,
10 wow that's such a boon to our nonprofits that do the
11 work that the city tells them to do.

12 JACQUES JIHA: Sure.

13 CHAIRPERSON ROSENTHAL: So, it gets - it's so
14 meaningful, it's such a big achievement. It's a huge
15 achievement that that number has been baselined and
16 that agencies can now modify their contracts.
17 Nonprofits can now modify their contracts to get that
18 money. Uhm, you know, really this administration did
19 right by the nonprofits in a way that no other
20 administration ever did. So, that I don't think
21 people are giving you enough credit for that. So, I
22 just wanted to say it publicly.

23 JACQUES JIHA: I am glad you notice credit.

24 CHAIRPERSON ROSENTHAL: But of course but
25 needless to say of course, you know this is a budget
hearing. So, now I'm asking how about the COLA's.

1
2 There was a period of time during again this
3 administration and again, huge gratitude for
4 recognizing the importance of living wage, of pay
5 adjustments for inflation. Are you, but it was only
6 in the budget for three years.

7 I'm wondering whether or not the administration
8 is even considering putting COLA's in a baselined
9 way. Perhaps following DCA - sorry, DC37 negotiated
10 settlements.

11 JACQUES JIHA: I mean, again as I said, you know
12 we have made unprecedented investment in the not-for-
13 profit sector. Okay, in partnership with the Council
14 as you know, we increase indirect rate. We also
15 invested \$242 million to fund wage increases. We
16 invested \$227 million for model budget and with that
17 just grants okay. We're just - we are making a lot
18 of progress. The challenge that we have, we still
19 have to deal with some serious allocated gaps. You
20 know we have some allocated gaps that we still have
21 to deal with okay.

22 And it's one of those things that we have to take
23 it one step at a time, okay. We have made some
24 significant inwards and we will again continue to
25 review things going forward to see what can be done,

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3 what cannot be done but at this point and time, I do
4 not want to make a commitment one way or another
5 beyond what we already done, okay.

6 CHAIRPERSON ROSENTHAL: Absolutely.

7 JACQUES JIHA: Until we see – have a better
8 picture of the outyears in terms of the revenue
9 forecast and so on and so forth, it's hard for us to
10 make a serious commitment because as I said, these
11 things will be baselined in the outyears.

12 So, once you do something like this, it becomes
13 you know, so there are applications and they are
14 ongoing. So, again –

15 CHAIRPERSON ROSENTHAL: Of course, I mean I think
16 what I'm asking then and I appreciate what you just
17 said 100 percent. Except for the fact that the
18 people who work at these nonprofits are the very
19 people who we are trying to help. They are the
20 people who more likely than not maybe facing the
21 eviction crisis.

22 JACQUES JIHA: Fully understand.

23 CHAIRPERSON ROSENTHAL: Yeah, so and 80 percent
24 are women, people of color. So, it's a mess. I
25 think that I really do hope you can commit to having
this conversation in the fall before the end of this

1
2 administration because you know, I would – I think it
3 would be beneficial to the city and make sense for
4 the city that just like they have labor reserve for
5 DC37 settlements. I think we should add these
6 nonprofit into that labor reserve as well. That
7 would sort of address – that would address many of
8 these issues particularly given that the city
9 contracts with these nonprofits to do the work that
10 the city is obliged to do.

11 So, thank you. I am just putting that on the
12 table.

13 JACQUES JIHA: Sure.

14 CHAIRPERSON ROSENTHAL: Similarly, our lawyers
15 who we are going to count on to help with the
16 eviction, the pending eviction crisis, are being
17 underfunded by as much as 30 percent. You know legal
18 aid and the other legal service providers uhm, are
19 you know have been working overtime. Just like all
20 of us have during this pandemic and they are going to
21 have to continue to do so. But again, the city
22 underfunding them by so much, I think it's important
23 to address that as well.

24

25

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3 So, I am going to sort of put that one out there
4 too in the bucket of things that I think we have a
5 responsibility to fund.

6 JACQUES JIHA: Sure.

7 CHAIRPERSON ROSENTHAL: Just not on the table.

8 JACQUES JIHA: As I said, this is one of those
9 things that we've made significant progress but at
10 this point and time knowing the challenges we have in
11 front of us, it's hard for me to say we're going to
12 make a commitment one way or another.

13 JACQUES JIHA: Please, you're the budget
14 director. I am not asking you to do more than what
15 you know you are seeing the budget allows. So, I
16 totally understand.

17 My last point and sort of getting back to this
18 issue of capital commitments expediting them, I just
19 want to – and the importance of it. I just want to
20 give you one example of how important the expediting
21 these projects are and there is an affordable housing
22 project in my district that was supposed to settle a
23 year or two ago and like every other project got
24 stopped by the pandemic. But unfortunately, because
25 their financial straits; this has been going on a
super long time. So, at this juncture, they are in

1
2 very serious financial straits. And for that reason,
3 likely we'll have to take out a bridge loan, which
4 means they are going to have to you know spend high
5 interest rates for that and because the city now
6 indicated that they won't come through with as much
7 money as they need to renovate their property, the
8 building has now gone out and gotten half of the
9 money it needs from Freddy Mack at an ever increasing
10 interest rate. Now, I think it's around four percent
11 where of course city would be at zero.

12 Look, that's just one example in my district. I
13 don't know what's happening in the rest of the city
14 at all but given this example to the public to remind
15 us all that there are consequences or slowing things
16 down and the consequence here is going to be a less
17 affordable building. And all because look, all
18 because of this horrible situation we're in, so look,
19 you know I'm sure the issue is much larger than my
20 district only. I'd love to have a commitment from
21 you that whoever does, which ever deputies do HPD/HDC
22 stuff sort of sit down with me to figure out how to
23 unwind this mess.

24 JACQUES JIHA: Okay, I mean I will have my folks
25 you know our folks meet with you.

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3 CHAIRPERSON ROSENTHAL: Great.

4 JACQUES JIHA: Arrive in and time to meet with
5 you.

6 CHAIRPERSON ROSENTHAL: Yeah, yeah, great.

7 JACQUES JIHA: To see what can be done.

8 CHAIRPERSON ROSENTHAL: Appreciate it.

9 JACQUES JIHA: Okay, no problem.

10 CHAIRPERSON ROSENTHAL: Thank you so much. I'm
11 done Chair.

12 JACQUES JIHA: Thank you.

13 CHAIRPERSON DROMM: Thank you very much. We have
14 a final question Council Member Levin.

15 SERGEANT AT ARMS: Starting time.

16 COUNCIL MEMBER LEVIN: Thank you very much Chair.
17 Commissioner, can you hear me okay?

18 JACQUES JIHA: Yes.

19 COUNCIL MEMBER LEVIN: Sorry, I have one follow-
20 up question about Board of Corrections. Their
21 headcount has been reduced pretty significantly from
22 where it was in FY20 last year with the pandemic, you
23 know causing budget cuts. So, my understanding is
24 that their headcount in FY20 was 38. Going into the
25 pandemic it was 34 and its been reduced now to 26.
And so my question is, would OMB work with the Board

1 of Corrections management to restore the headcount
2 back up to 34, which is where it was prior to COVID?

3 JACQUES JIHA: Yeah, again as I said, we will -
4 because we have a very strict hiring initiative in
5 place with 341. Okay, we have basically relax those
6 restrictions from the 341 to 241 and so, I believe
7 that you know because we're trying to you know
8 provide some relief to the agencies, so that they
9 could hire back.
10

11 So, again, as part of that process, I think they
12 should be able to submit pause to OMB and we will
13 review them accordingly and see whether or not they
14 meet the criteria. And if they do, they have the
15 space to accommodate in terms of the headcount. We
16 will then provide with approve part of that pause
17 they provide us. But again, again, we will just
18 relax the 341 to a 241 and that should provide them
19 some relief.

20 COUNCIL MEMBER LEVIN: Okay. I mean, because
21 it's such a small agency -

22 JACQUES JIHA: No, I understand.

23 COUNCIL MEMBER LEVIN: That reduction of, of, of
24 eight heads is you know it's a quarter the agency.
25

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3 JACQUES JIHA: I understand. As you can imagine,
4 the city went through a major crisis at the time and
5 so, we spend you know. We had to make sure we
6 watched every single dollar that you know. And so
7 therefore, that's the only reason we could of reduced
8 our headcount down. You know bring down our
9 headcount is because of the measures that we put in
10 place. They were tough but we had no choice at the
11 time but we are relaxing you know as the economy
12 improves, as city - finance conditions improve, we
13 are relaxing those rules and as is all the time, we
14 would be able to get back on track.

15 COUNCIL MEMBER LEVIN: Okay, no, I appreciate it.
16 Board of Corrections obviously serves a vital
17 function in the city oversight.

18 JACQUES JIHA: Sure.

19 COUNCIL MEMBER LEVIN: And just proportionately
20 they are target is pretty massive in terms of just
21 the size related to the hiring agency. Okay, thank
22 you very much.

23 JACQUES JIHA: Thank you.

24 COUNCIL MEMBER LEVIN: Okay, bye, bye.

25 CHAIRPERSON DROMM: Thank you very much and
because you have been so kind to us Commissioner, I

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3 mean Director. I am sorry I keep saying that because
4 I have known you for so long as the Finance
5 Commissioner. But we're going to let you go a little
6 early but I just want to say here, here to Stephens
7 request for the DOC as well. We thank you for coming
8 in, for being so transparent and for your leadership
9 over this period of COVID and we are most grateful to
10 you and your whole team, Ken Godiner and everybody
11 else. We look forward to working toward adoption
12 with you and having a great budget for New York City
13 this year.

14 JACQUES JIHA: Thank you very much.

15 CHAIRPERSON DROMM: Thank you Director.

16 JACQUES JIHA: Thank you very much, no problem.
17 I look forward to working with you during adoption.

18 CHAIRPERSON DROMM: Yeah, I will be speaking with
19 you soon.

20 JACQUES JIHA: Alright.

21 CHAIRPERSON DROMM: Alright, this will conclude
22 this portion of today's hearing. Thank you to OMB
23 for being here. We will move on to the Comptroller
24 at about one o'clock. So, we'll take a lunch break
25 until one o'clock and then we will follow-up with the
Commissioner. Everybody should just stay on this

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3 Zoom until that time, if they want to you know hear
4 from the Comptroller. [INAUDIBLE 2:19:56] One p.m.

5 Thank you very much everyone and thank you again OMB.
6 Bye, bye now.

7 [BREAK 2:20:02-2:58:56]

8 SERGEANT AT ARMS: Good afternoon Mr.
9 Comptroller. Can we test your audio? Mission unmute
10 requests?

11 SCOTT STRINGER: Hi, how are you?

12 SERGEANT AT ARMS: Doing well. Picking you up
13 loud and clear, thank you.

14 SCOTT STRINGER: You'll let me know when I start?

15 CHAIRPERSON DROMM: Yes. We are just about to
16 start Mr. Comptroller.

17 SCOTT STRINGER: Thank you sir.

18 CHAIRPERSON DROMM: Okay, I think we're ready to
19 start. Good afternoon and welcome to the City
20 Council's ninth day of hearings on the Mayor's
21 Executive Budget for Fiscal '22. My name is Daniel
22 Dromm and I Chair the Finance Committee. We just
23 heard from the Office of Management and Budget and we
24 will now hear from the New York City Comptroller. We
25 are joined by Council Members Cumbo, Adams, Ampry-

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3 Samuel, Ayala, Brooks-Powers, Darma Diaz, Koslowitz,
4 Louis, Yeger, Rosenthal.

5 In the interest of time, I will forego an opening
6 statement but before we hear from the New York City
7 Comptroller Scott Stringer and his Deputy Comptroller
8 for Budget Preston Niblack, I am going to turn it
9 over to our Committee Counsel to go over some
10 procedural items and to swear in the witnesses.

11 COMMITTEE COUNSEL: Thanks Chair Dromm. My name
12 is Rebecca Chasan and I am Counsel to the New York
13 City Council's Committee on Finance.

14 Before we begin, I want to remind everyone that
15 you will be on mute until you are recognized to
16 speak. At which time, you will be unmuted by the
17 Zoom host. If you mute yourself after you have been
18 unmuted, you will need to be unmuted again by the
19 host. Please be aware that there can be a delay in
20 this process, so we appreciate your patience.

21 I will now administer the affirmation to the
22 witnesses from the Comptrollers Office. Do you
23 affirm that your testimony will be truthful to the
24 best of your knowledge, information and belief?
25 Comptroller Stringer?

SCOTT STRINGER: Yes.

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3 COMMITTEE COUNSEL: And Deputy Comptroller
4 Niblack?

5 PRESTON NIBLACK: Yes.

6 COMMITTEE COUNSEL: Thank you. Mr. Comptroller,
7 you may begin when ready.

8 SCOTT STRINGER: Thank you very much and thank
9 you Chair Dromm and members of the Council who are
10 joining us today. I want to thank you once again for
11 the opportunity to discuss the City's Fiscal Year
12 2022 Executive Budget and I am also here as you know
13 with Preston Niblack who is our Deputy Comptroller
14 for Budget and will be available to you as well.

15 This year's budget I believe, can lay the
16 foundation for our immediate and longer-term
17 recovery, if we get it right. And I would like to
18 start by just looking at the overall economy. As we
19 head toward Memorial Day and the beginning of summer,
20 it does really feel like we've turned the corner on
21 COVID. Two hundred seventy-five million Americans
22 have received at least one vaccine dose. And we're
23 poised for a full recovery and a full re-opening.

24 But we aren't out of the woods yet. The numbers
25 for April for the U.S. were disappointing. We are
still 8.5 million jobs below the pre-pandemic level.

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3 The official U.S. unemployment rate actually inched
4 up from 6 percent to 6.1 percent. And here in New
5 York, we are also still struggling with a slow
6 recovery.

7 Although we continue to gain jobs, the
8 unemployment rate remains high, especially for people
9 of color. The number of SNAP and cash assistance
10 recipients is on the rise again, indicating that
11 families continue to face economic insecurity and
12 small business well, their revenues remain depressed.
13 The slow recovery continues to affect our revenues as
14 well. But thankfully, President Biden's American
15 Rescue Plan provides a much needed shot in the arm,
16 for our economy and for our city budget.

17 So, let me now turn to the Mayor's Executive
18 Budget. The budget has gone up significantly since
19 the Preliminary Budget in January. The modified
20 budget for this Fiscal Year 2021 is \$100.7 billion
21 dollars, that's \$5.6 billion more than in January.
22 And the budget the mayor has proposed for next year
23 is \$98.6 billion dollars and that's up \$6.2 billion.

24 After that, spending is projected to rise again
25 or at least start rising again. My office believes
that we will see additional tax revenues this year

1 and next, above what the Mayor's office projects. But
2 that will still leave budget gaps that remain close
3 to \$4 billion a year through the end of the financial
4 plan in Fiscal 2025. The spending increases this
5 year and next are fueled by an additional \$15.7
6 billion in federal COVID-related aid in the budget.
7 That includes \$1.4 billion in increased
8 reimbursements from FEMA for COVID disaster-related
9 expenses and additional funds from the CARES Act.
10

11 We're receiving nearly \$7 billion in federal
12 funds to be used for education purposes, passed
13 through to us by the state budget. And the city
14 stands to receive \$5.9 billion dollars from the
15 President's stimulus bill that will be able to use,
16 we'll be able to use it for a wide range of purposes.
17 And just this last week, in fact, we received the
18 first installment of \$2 billion in direct American
19 Rescue Plan aid to the city.

20 The most important question we can ask about this
21 budget is, how are we using these federal funds?
22 This is an unprecedented amount of money to address
23 an unprecedented crisis. The budget as it was
24 presented was far from transparent but I've taken the
25 time with our staff to go through and analyze almost

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3 all of the \$15.7 billion and for the purposes of
4 reporting to you today, I am going to identified five
5 broad purposes that that \$15.7 billion will be used
6 for.

7 The first, and largest, is responding to and
8 recovering from the pandemic and beginning to re-open
9 our economy. Over half of the total funds will go to
10 these initiatives. This category includes two and a
11 quarter billion dollars for the public health
12 response to the pandemic for vaccination and
13 immunization, testing and tracing, for safely
14 reopening schools and more. The administration has
15 also proposed \$2.8 billion for initiatives to help
16 with re-opening our economy and assisting those in
17 need. The biggest single piece of this category
18 through is \$3.6 billion in DOE programs. Some of the
19 purposes of this spending are clearer than others.

20 There is \$850 million dollars for academic
21 recovery and student support services over the next
22 three years to address our children's learning loss
23 and their social and emotional needs after literally
24 a year out of school. And I think that is just
25 terrific, incredible and desperately needed. But we
also have to look at there's \$1.4 billion dollars for

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3 something labeled "operational support" and \$840
4 million for "programmatic and instructional support."

5 The administration needs to tell you in more
6 detail on how these funds will be used for these
7 broad categories in DOE and I recommend you ask those
8 questions. The mayor has also proposed using \$866
9 million in stimulus funds to restore previously
10 proposed budget cuts, primarily in the Department of
11 Education and I think that's great. Also, to restore
12 the street basket collections that were cut last year
13 by the Department of Sanitation, I think that's great
14 as well.

15 The mayor is also using stimulus funds to defer
16 savings he sought from the city's labor unions this
17 year and next. And to replace city funds for general
18 budget purposes. One of the major uses of stimulus
19 funds that we can all agree will be critical is the
20 programming and expansion of existing programs. And
21 the biggest initiative here, is the expansion of
22 universal 3K, a goal I know we all support. There
23 are other new expanded programs in the budget that
24 would fund using stimulus dollars, such as expanding
25 and improving services for seniors, providing
adequate overhead reimbursement for our non-profit

1 social service contractors, and providing access to
2 counsel in housing court.
3

4 Once again these are all important initiatives
5 that I fully support and I believe we must make sure
6 that we have a plan for how we're going to pay for
7 them permanently. Because you know that's the
8 problem with using stimulus funds for new programs.
9 How do you pay for them when the stimulus funds run
10 out? And I ask you to consider that during your
11 budget deliberations.

12 So how should we be using our stimulus funds?
13 Well, in the short term, I believe the priority must
14 be the businesses across the city that have been hit
15 the hardest by the shutdown. Recently, my office
16 released our second survey of the experience of
17 M/WBE's during the pandemic. We found that half of
18 the M/WBEs had to be laid off or furlough employees
19 during the pandemic. And that nearly a third expect
20 they won't be able to pay rent in the next three
21 months. Businesses need our help.

22 Despite all the stimulus funds available to
23 provide budget relief and to make up for the revenues
24 we've lost as a result of the economic shutdown, the
25 Mayor's plan does little to reduce the gaps we're

1 facing in the future. And we're still not asking our
2 agencies to look closely at their budgets for savings
3 to see how they could provide their services as
4 efficiently as possible.
5

6 If every agency worked as hard as OMB did when
7 our Public Finance team to find savings from
8 refinancing our city bonds, well, those outyear gaps
9 would probably be a lot lower than they are. And we
10 could be using those savings to rebuild our reserves
11 and create a budget cushion for the future.

12 As things stand, we've done very little in this
13 financial plan to bring our reserves back up to the
14 level I've long recommended, which should be 12
15 percent of funds, of city fund spending.

16 In fact, our budget cushion has fallen to under
17 eight percent, with no plan for increasing it. We
18 must have an ongoing savings plan to match our
19 spending plan, so that we can sustain the services
20 New Yorkers want in the future.

21 One thing through I want to talk to you about
22 today is something that we should not do. Is rush
23 through unnecessary budget actions that will save us
24 money now but cost us money in the future. The
25 city's actuary, working with the Mayor, has proposed

1 changes in the way we calculate how much we
2 contribute each year to the city's pension systems
3 for city worker retirement benefits. It's a
4 complicated calculation but I want to explain how it
5 works.
6

7 First, the pension funds have a target rate of
8 return, as many of you know, set in law and is
9 currently at seven percent. If returns fall short of
10 that target, then we have to increase contributions
11 to make up the difference. The Actuary is seeking to
12 lower that target rate of return. Now, that may
13 sound good but actually, if we assume we're going to
14 make less on our investments, we then have to pay
15 more, to make up the difference.

16 So, that would cost taxpayers over \$400 million
17 dollars a year when it's fully phased in. But in the
18 eight years I've been Comptroller, our investments
19 have exceeded that target return, earning 8.65
20 percent on average. So, not only did we hit the
21 seven percent target but we exceeded it and we now
22 earned 8.65 percent.

23 Now generally, any difference between the target
24 return and the actual returns, that is money that's
25 phased in over time. But in return for lowering the

1 target rate of return, which as I said, will increase
2 pension contributions in future years, the Actuary
3 and the Mayor are proposing that we speed up the
4 phase-in, so that we phase in the recent market
5 returns. And that would lower how much we have to
6 pay in to the pension funds, with most of the savings
7 coming this year and next.
8

9 In effect, a deal has been made to provide the
10 mayor with additional cash now and to push the costs
11 off to later. Now as I said, changing the assumed
12 rate of return requires legislation in Albany and
13 cannot be done unilaterally by the Actuary. And the
14 city, quite frankly, based on what I just told you
15 about the funds coming in, we don't need these
16 savings right now. In fact, personal income tax
17 revenues this year are likely to exceed the Mayor's
18 Executive Plan projection by over a billion dollars.

19 And for those of you who are historians like
20 Danny Dromm, we've been here before. Twenty years
21 ago the city under Mayor Giuliani agreed to a market
22 restart that recognized the growth of earnings in the
23 pension funds and then lowered the city's
24 contributions in the short term. But that left the
25 funds in dire straits when the tech bubble burst the

1 next year and the stock market tumbled. Because once
2 you recognize all the gains, you have got no cushion
3 left to absorb the losses.
4

5 So, I raise this with you because these are
6 serious steps that deserve to be done by consensus
7 between all the parties, including the pension boards
8 of trustees. So, I will just say to all of you,
9 let's slow down and give these major steps the
10 thoughtful consideration they're due, rather than to
11 jam them through during this budget cycle.

12 And Finally, I just want to say, we need to make
13 investments to build a strong foundation for the new
14 economy. We've seen how slowly jobs are returning.
15 The bad news is some of those old jobs are never
16 coming back. But other sectors, like tech and
17 healthcare, can't find enough workers to fill the
18 jobs. So, we need to train our workers now for the
19 jobs of the future. We should be using stimulus
20 funds to make capital investments for the future.
21 Capital investments are a smart use of one-time
22 stimulus funds. We can use that stimulus cash to
23 make investments that will pay dividends down the
24 road and save money in the future.

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3 The American Rescue Plan explicitly mentions two
4 areas of capital spending that funds can be used for.
5 First is broadband access and water and sewer
6 systems. We all know a lot about broadband access.
7 It's an urgent need. Too many of our children lack
8 internet access, public housing and homeless shelters
9 around the city. We should never put our children in
10 that situation again. Also, we have to do the work
11 that doesn't make the newspapers all the time but we
12 have to modernize our work in sewer systems and this
13 is way we can do that, especially water and sewer
14 system which is already facing challenges of climate
15 change.

16 In concluding, let me just say that we are at a
17 defining moment in our history. We need to use this
18 moment to build for our future, to get our own house
19 in order, to invest for the new economy, and to
20 correct the inequities exposed by the pandemic and
21 lift New Yorkers who were underserved and
22 overexposed. This should be our North Star and I am
23 happy once again to be here with all of you. And I
24 want to thank Speaker Johnson for the courtesies he
25 has given me over the years as I come before you.

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3 And now, if you have any questions, Preston and I
4 will be happy to answer them.

5 CHAIRPERSON DROMM: Thank you very much Mr.
6 Comptroller and we do have a few questions. Let me
7 start off by talking with you about banking needs and
8 cash management. [COUGHS] Excuse me. The Committee
9 on Finance recently held a hearing on a few pieces of
10 legislation, which it hopes can create better
11 transparency of the city's banking related
12 activities. Given that the Comptrollers Office plays
13 a significant role in monitoring [LOST AUDIO 14:58].

14 SCOTT STRINGER: Hello? Danny, I think you
15 froze.

16 COMMITTEE COUNSEL: Yeah, please bear with us,
17 we'll try to get the Chair back.

18 SCOTT STRINGER: Okay.

19 CHAIRPERSON DROMM: I am here. Is our
20 Comptroller okay?

21 COMMITTEE COUNSEL: Yes, Chair. You broke up a
22 little bit, perhaps you could repeat the question?

23 CHAIRPERSON DROMM: Sure. In your time as
24 Comptroller, have you identified any contractual
25 inefficiencies in the city's depository and non-
depository activities and if so, what were they?

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3 SCOTT STRINGER: I haven't but I would be happy -
4 I'm generally supportive of the intent of what you
5 are trying to do and we'll certainly work with you
6 Chair to discuss this further.

7 CHAIRPERSON DROMM: Okay, thank you. Your office
8 invested a portion of the city's cash balances into
9 various forms of liquid investment earning interest
10 income on these balances. What is the approval
11 process for this type of cash investment?

12 SCOTT STRINGER: Preston, do you want to tackle
13 this?

14 PRESTON NIBLACK: Certainly, thank you. The
15 parameters for what we can - and thank you Mr.
16 Chairman and members. The parameters for what the
17 city and other local governments in the state can
18 invest in are laid out actually in state law. And
19 basically limited to treasury bill and notes,
20 treasury bills actually and agency, federal agency
21 securities and some short-term commercial paper. So,
22 that's you know we used those instruments, our short-
23 term trading desk uses those instruments to - which
24 is a fairly limited range of available instruments on
25 the market but to manage our cash balances to you
know get the highest returns we can.

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3 CHAIRPERSON DROMM: What consideration is given
4 to the city's treasury prior to transferring cash out
5 of city depository accounts for investing?

6 PRESTON NIBLACK: I mean basically it's the set
7 of banking relationships that we have that's
8 established by the banking commission, which is you
9 know the Mayor and Finance Director and the
10 Comptroller. The Finance Commissioner rather and the
11 Comptroller. Uhm, it's not [INAUDIBLE 3:17:42]. It
12 should be but it's not.

13 And uh, uh, and as I said, the legal framework
14 that exists, there is you know the city has numerous
15 bank accounts, which is required to do prudentially
16 just to make sure that there is not you know too much
17 money concentrated in any one bank. There is an
18 overnight sweep and then those cash balances are
19 invested every day. That's basically the process.

20 CHAIRPERSON DROMM: Okay, thank you. If the city
21 were to create a municipal bank, what do you identify
22 would be the most significant set of advantages and
23 disadvantages as it relates to the city's banking
24 needs?

25 PRESTON NIBLACK: I think that our banking needs
are currently met obviously by you know a set of

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3 commercial banks. Uhm, in order to have the same set
4 of you know safeguards for our funds, a bank that was
5 chartered by the city would have to meet all of those
6 same standards being overseen by the State Department
7 of Financial Services and by the Comptroller currency
8 etc.

9 But all of those you know safeguards would have
10 to be put in place in order for us to use a bank that
11 was chartered by the city. Obviously there are
12 possible - there are a whole range of possible things
13 that a city chartered bank could do but it's limited
14 by the uh, uh, it's limited by the allowable, legally
15 allowable. In general, I think that we have been
16 supportive of the creation of public banking
17 infrastructure to protect the city from or kept the
18 New Yorkers from predatory financial services and to
19 help redirect profits to and from Wall Street to the
20 city. There are some you know, as I said, there are
21 some practical constraints that would have to be
22 addressed.

23 SCOTT STRINGER: Also, let me add Mr. Chairman,
24 if you would like to have more in depth conversations
25 about this apart from the current budget testimony,
I'd be happy to set up a meeting with our

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3 professional staff and you and anyone else in the
4 Council who is interested. You should know we are
5 now back in our office, so we can certainly hold
6 appropriate socially distant meetings. I'd be happy
7 to work with you on this.

8 CHAIRPERSON DROMM: Okay, thank you and I will
9 take you up on that Mr. Comptroller as I try to get a
10 grasp of all of the issues surrounding it but thank
11 you for the offer.

12 SCOTT STRINGER: Sure.

13 CHAIRPERSON DROMM: As Comptroller, you sit on
14 the City's Banking Commission, which recommends to
15 the Council what interest rates should be charged on
16 the late payments of property taxes and water
17 charges, which the Council then sets by Resolution.
18 This year, the Banking Commissioner recommended
19 interest rates that largely mirror the rates adopted
20 last year though with slightly rates for quarterly
21 payers and the first ever rate recommendation for a
22 new class of medium valued properties. Committed
23 quarterly payers be charged 3.25 percent in the first
24 quarter and 4.5 percent for the remaining three
25 quarters. Why did the Commission recommend a mid-

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3 year step up in the rate rather than a single rate
4 for the whole year?

5 SCOTT STRINGER: Preston.

6 PRESTON NIBLACK: We are, we have to, there is a
7 floor basically on the right that we can do which is
8 tied to time. So, we can do a blended rate that gets
9 us there but we couldn't do the zero rate the whole
10 year. It's not legally in the charter. It sets a
11 minimum and that would have been below the minimum.

12 SCOTT STRINGER: We could've if we would've. If
13 we could, we would.

14 PRESTON NIBLACK: It's tied to crime I believe.
15 Let me get back to you with the exact details of it
16 but that's the basic. That's why it was done that
17 way last year and we did the same thing again this
18 year.

19 CHAIRPERSON DROMM: Okay, thank you. And why did
20 the Banking Commission recommend leaving the 18
21 percent rate charged to larger properties unchanged?
22 And can you provide the rational for the interest
23 rate of property taxes for these businesses to be 18
24 percent while the interest rate for the late payment
25 of business taxes is only 7.5 percent?

PRESTON NIBLACK: Comptroller, you want me to -

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3 SCOTT STRINGER: Yes, you finish this up for me.

4 PRESTON NIBLACK: The - I'm not party to the
5 Banking Commissions decision but I think the basic
6 rational for the eighteen and a quarter percent is,
7 these are large properties generally almost
8 exclusively commercial properties, large commercial
9 properties like office buildings.

10 The rate is set in a way to be competitive with
11 associated credit card rate. Commercial credit card
12 rate, so it's sort of you know, if you have had to
13 chose between paying off your credit card or paying
14 off your property taxes, that's you know, you would
15 have a choice here that was balanced between those
16 two things. That's sort of the historical kind of
17 rational for it. The rest I would have to get back
18 to you about the details on it. As I said, I am just
19 not, I'm not familiar enough with the deliberations
20 of the Commission this year off the top of my head.

21 CHAIRPERSON DROMM: Okay, thank you Mr. Niblack
22 and we're going to go over to Council Member
23 Rosenthal for questions. You're still muted, okay.

24 CHAIRPERSON ROSENTHAL: Good to see you
25 Comptroller Stringer. Thanks so much Chair Dromm.
Just some really quick capital questions. So, the

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3 Director Jiha and Commissioner Springer Torres talked
4 about things they did to expedite the capital
5 commitment process. Trying to speed things up
6 because of the of course, pause during the pandemic.
7 And they talked about some sort of rules they were
8 allowed to set aside during this emergency time that
9 they will have to you know, not follow when we go
10 back to regular times.

11 Also, the Director talked about some things his
12 office has done to expedite contract approval. I'm
13 wondering two things, whether or not your office,
14 what your office has done to expedite contract
15 approval because it really does sound like
16 commitments are getting out there quickly. And
17 secondly, whether or not you approved the state
18 legislation that DDC is proposing.

19 SCOTT STRINGER: So, what I can tell you is for
20 FY21, the capital contract registration to date is
21 about \$7 billion. And we have pending in the queue
22 as of Friday, another 75 contracts for a total of
23 \$712 million and we are expediting and moving the
24 capital spending as the contract comes in. We review
25 it and to the extent that there are details in
contract registration, uh, that is not us. The

1 agency sends us contracts and we register with them
2 within 30 days unless of course there's concerns
3 about the integrity of the procurement process.
4

5 All the delays so far were due to the
6 administrations suspension of most of the capital
7 programs for the better part of the you know the past
8 year.

9 CHAIRPERSON ROSENTHAL: Hmm, hmm and so, thank
10 you for that. Actually, you are giving us fresh
11 information compared to what OMB testified this
12 morning. So, thank you for that update. Yeah, it's
13 terrific to hear they would be able to commit \$7.7
14 billion by the end of this year, perhaps even more
15 will come through shortly. Specifically, did your
16 office - I mean, that's amazing and obviously your
17 office played a huge role in that. Uhm, well, let's
18 go to the state law just then, whether or not you
19 would support DDC's state law change requests.

20 SCOTT STRINGER: I haven't taken a position yet
21 and I would have to review it.

22 CHAIRPERSON ROSENTHAL: Yeah, I would - I think
23 it's interesting. Uhm, so, so, it would uhm, it's
24 important to review it. And then just lastly again
25 on the capital projects. Uhm, and I guess this is

1 both on the expense and on the capital side for
2 contracts. Uhm, uh, I think what I've heard over the
3 years from the Mayor's office is that contracts are
4 often sent back for reasons that are outside the
5 purview of what a Comptroller is you know, within,
6 you know, just if you had blinders on. You know,
7 what a Comptroller can ask questions about but they
8 have always been very accommodating. I've never
9 heard them complain about it at all and certainly not
10 at a public hearing. Uhm, which is great and I know
11 you are you know really laser focused on making sure
12 the contracts that are registered are wholly vetted.
13 But what do you think about that as a practice going
14 forward? Do you think Comptroller's, I mean perhaps
15 we should you know change the law, change the Charter
16 to give City Comptrollers a wider birth for questions
17 to ask about contracts before they are registered?

19 SCOTT STRINGER: Well, I don't know what you
20 heard. I can tell you what we do. When we review a
21 contract, we looked to make sure that we prevent
22 double billing. We have to ensure the completion of
23 the contract. We have to make sure that the scoring
24 is fair and then we have to make sure that there is
25 no fraud or any intent of fraud.

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3 CHAIRPERSON ROSENTHAL: Yeah.

4 SCOTT STRINGER: Because you are aware of the
5 investigations and agents of the city and this
6 administration, what our job was to make sure that we
7 could head that off.

8 CHAIRPERSON ROSENTHAL: Yeah.

9 SCOTT STRINGER: That's why we took the
10 contracting review process very seriously and I have
11 to tell you and I want to shout her out. The Deputy
12 Comptroller responsible for Contracts Floris and her
13 team, registered 30,000 contracts and they make sure
14 that there is not a hint of impropriety and it's not
15 even impropriety almost but it's also making sure
16 that the contract you know complies with the rules
17 and the laws. And that is the job of the
18 Comptroller's Office and I would surprised if any
19 agency would be happy with our review process. I
20 wouldn't be but it's the job that we have to do and I
21 think we've done it very well.

22 CHAIRPERSON ROSENTHAL: I always love shoutouts.
23 That was awesome.

24 SCOTT STRINGER: I will tell her you said so.

25 CHAIRPERSON ROSENTHAL: Yeah, yeah, whatever.

And then just specifically though, how did the Bronx

1
2 parent housing network contracts then slip through
3 given all the red flags there were about them sort of
4 you know there being financial questions and
5 apparently even DHS had called them in and said, you
6 have to clean this up you know year after year after
7 year. How did those slip through? I mean, we've
8 sense learned there were even more egregious things
9 going on from my perspective. I don't know what you
10 think. Yeah, sort of, so what do you think happened
11 there?

12 SCOTT STRINGER: Well, I think that's exactly why
13 you need more oversight, not less and you have to
14 continue to ask these questions and quite frankly,
15 those contracts should have been stopped at the front
16 and not the backend. And I agree with you, I mean,
17 to your question about the role of the Comptroller's
18 office. This is the kind of oversight that we need
19 and not just oversight for us but other government
20 entities.

21 CHAIRPERSON ROSENTHAL: I hear you and look; I
22 don't want to put you on the spot.

23 SCOTT STRINGER: Helen, you're not putting me on
24 the spot, I'm just answering the question. The
25 question is, what do you do with contracts like that

1
2 and those providers, you got to also on the Mayor's
3 side, you have to know with who you are contracted
4 with. And this should not be a surprise and we've
5 seen this all too often over the last eight years.

6 CHAIRPERSON ROSENTHAL: Yeah, no, I'm okay but I
7 asked about your office.

8 SCOTT STRINGER: And I answered you about my
9 office.

10 CHAIRPERSON ROSENTHAL: So, your office approved
11 all these contracts?

12 SCOTT STRINGER: The contracts that get approved
13 for the office, as you know are registered unless we
14 can find out right fraud. Many times we're able to
15 catch it. When we don't catch it or we can't prove
16 it, we do send the contract back.

17 You voiced concern about us doing that perhaps
18 more than we should and then your second round of
19 questions makes it clear why we need to do this work.
20 Because we try to ask questions to make sure that we
21 prevent these bad things from happening.

22 CHAIRPERSON ROSENTHAL: Yeah, no need to get
23 defensive. I'm not trying to - again, I'm really not
24 trying to put you on the spot but -

25 SCOTT STRINGER: I don't feel on the spot.

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3 CHAIRPERSON ROSENTHAL: Okay, so, so, on this one
4 in particular, did you ever send it back?

5 SCOTT STRINGER: I would have to check how many
6 times we sent it back. I don't have the contract in
7 front of me but I could get that for you.

8 CHAIRPERSON ROSENTHAL: I think that's an
9 important example and you know what, you are right,
10 that's an example of one where perhaps it was outside
11 the purview of the Comptrollers Office to ask but
12 boy, sure important and a good example of something
13 the Comptroller should absolutely send back given
14 that DHS leadership or DSS leadership was sitting
15 down with the vendor and saying, there are financial
16 irregularities here. So, yeah, that one stands out
17 for me.

18 SCOTT STRINGER: That one would be good I think
19 for a Council hearing too.

20 CHAIRPERSON ROSENTHAL: Yeah, oh, goodness yes
21 and with apologies, I'm in my office and I have a
22 constituent I need to say hello to. So, thank you
23 very much. Thank you for your questions. Thank you
24 Comptroller.

25 SCOTT STRINGER: Great talking to you as always.

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3 CHAIRPERSON DROMM: Thank you again Mr.

4 Comptroller and I have a follow-up question for you.

5 Uhm, let me just go back to where my questions were.

6 OMB testified that the outyear budget gaps are

7 manageable. They did this morning and within

8 historic norms. However, we've heard from budget

9 watchdogs that the outyear gaps are huge and what's

10 your opinion on this and what are your suggestions on

11 how to address these gaps?

12 SCOTT STRINGER: Look, I think, I think, I think

13 we should be concerned about these outyear gaps and

14 we should start, as I mentioned in the testimony, as

15 we deal with the city's recovery, I do think we have

16 to put more money away in savings. I mentioned that

17 12 percent of spend would be optimal to get us to

18 where we have to be. That's about \$400, \$4.5 billion

19 that should be put away in savings. I recognize that

20 that's not going to happen right away but over the

21 course of the financial plan, I do think Mr.

22 Chairperson that we should think about how to save

23 more. Because we just never know what's going to

24 come our way and clearly, we didn't know COVID would

25 come and we're fortunate that we have resources from

the state and federal government but it could have

1 easily gone the other way. And so, what I would
2 recommend is you look at budget gaps in the outyears.
3 We do have to look for savings in our city agencies.
4 We do have to take the view that every dollar counts,
5 even as we are rebuilding the city and I think the
6 best antidote to something that could go wrong two or
7 three years from now is about savings.
8

9 I also want to reup what I said earlier which is
10 you know the stimulus money, which will be here for
11 two and a half years, gives us an incredible
12 opportunity to invest in education and sustainability
13 and job creation but again, we have to match the
14 stimulus with long term revenue to keep those
15 programs going beyond the life of the stimulus plan.

16 CHAIRPERSON DROMM: Thank you and I've heard you
17 mention that - the 12 percent before. I think that
18 best that we ever did was get maybe close to 10 or
19 about 9 billion if I'm not mistaking.

20 SCOTT STRINGER: I do want to say and I will give
21 them credit. In the Bloomberg Administration, at one
22 point we were at 18 percent.

23 CHAIRPERSON DROMM: Wow.

24 SCOTT STRINGER: So, we just have I think
25 collectively you know perhaps this is a good time to

1 start doing this work because I know you feel
2 strongly about it as well.

3
4 CHAIRPERSON DROMM: Yeah, definitely and so did
5 the Speaker about putting more money into savings.
6 Absolutely, absolutely. This morning also at the
7 hearing, the OMB Director answered some questions
8 about federal money and saying that they couldn't
9 really do a stronger savings plan because we're
10 getting so much money from the federal government and
11 we can't take them with one hand and cut with the
12 other hand. In other words, he couldn't do savings
13 because he is making the argument that we need
14 stimulus funding. What's your opinion on that?

15 SCOTT STRINGER: It's ridiculous. What I am
16 suggesting and what I've always suggested is we're
17 not cutting. What we're doing is finding
18 efficiencies so that we can redirect the money to the
19 programs that would do the most good for our
20 children, for our seniors. You know, I sort of take
21 the view that it is good that we have the stimulus
22 money but you also have to start thinking about where
23 we are going to be three years from now. And in
24 order for us to stay out of trouble and to remain
25 fiscally viable. When I say look at agency

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3 efficiencies, we're not going to cut a program but
4 we're going to look at ways to do frivolous cost,
5 manage outside consultants and contracts better
6 because that is going to pay dividends literally, not
7 today. Not today and not when I'm Comptroller or not
8 this Council. But it's going to pay dividends three,
9 four years from now.

10 CHAIRPERSON DROMM: Yeah, thank you. I really
11 agree with you on that and uhm, look forward to
12 continuing to work with you. I think we're going to
13 wrap it up here Mr. Comptroller. We're a little bit
14 early but nevertheless, I want to thank you for your
15 time coming in and for giving us some straightforward
16 and transparent answers to our questions. And I
17 thank you. I just want to say also, this is my last
18 Executive Budget and I have appreciated working with
19 you on so many different occasions and particularly
20 as the Finance Chair, I have enjoyed our hearings
21 with you as well. So, thank you very much Mr.
22 Comptroller.

23 SCOTT STRINGER: If I could Chair Dromm, I also
24 want to say thank you very much. I have enjoyed
25 serving. This is my last budget presentation as
Comptroller and I want to just say, you have always

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3 treated our office with great respect. I have
4 enjoyed the back and forth over the years and I just
5 want to say thank you. I think your leadership of
6 the finance of the city will prove very critical as
7 generations look back on this time period and you
8 know, sort of analyze what we did and didn't do but I
9 think you will be well regarded as the Chair of the
10 Finance Committee.

11 CHAIRPERSON DROMM: My feeling as well about your
12 work also as the Comptroller. Thank you very much
13 Mr. Comptroller.

14 SCOTT STRINGER: Thanks, thank you everybody.

15 CHAIRPERSON DROMM: We will now take a break
16 until about 2 p.m. I guess we will have IBO come in.
17 Am I right on that Counsel?

18 COMMITTEE COUNSEL: Yes Chair.

19 CHAIRPERSON DROMM: Okay, so 2 p.m., we'll start
20 with IBO. Thank you.

21 [BREAK 3:39:55-3:57:52]

22 Okay, thank you very much. Good afternoon and
23 welcome to the City Council's ninth day of hearings
24 on the Mayors Executive Budget for Fiscal 2022. My
25 name is Daniel Dromm and I Chair the Finance
Committee. We previously heard from the Comptroller

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3 and now we will hear from the Independent Budget
4 Office. Let me announce my colleagues who are here
5 with us. Council Member Adams, Ampry-Samuel, Ayala,
6 Brooks-Powers, Darma Diaz, Koslowitz, Louis,
7 Rosenthal, Yeger and Majority Leader Laurie Cumbo.

8 In the interest of time, I will forego an opening
9 statement. Before we hear from the IBO Director
10 Ronnie Lowenstein, the Deputy Director George
11 Sweeting and the Director for Budget review Jonathan
12 Rosenberg, I am going to turn it over to Council in a
13 minute with some procedural items and to swear in the
14 witnesses.

15 I may have to leave and I apologize to you but I
16 need have emergency dental treatment on caps. It's
17 scraping my tongue and it's very sharp and pointy.
18 So, I apologize to you if I do have to leave early
19 but you will be in the good hands of Council Member
20 Helen Rosenthal.

21 So, I am going to now turn it over to our Council
22 who will go through the procedural items and I guess
23 swear you in as well.

24 COMMITTEE COUNSEL: Thank you Chair. My name is
25 Stephanie Ruiz and I am Counsel to the New York City
Council's Committee on Finance. Before we begin, I

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3 want to remind everyone that you will be on mute
4 until you are recognized to speak. At which time,
5 you will be unmuted by the Zoom host. If you mute
6 yourself after you have been unmuted, you need to be
7 unmuted again by the host. Please be aware that
8 there could be a delay in this process and we
9 appreciate your patience.

10 I will now administer the affirmation to the
11 witnesses. Do you affirm that your testimony will be
12 truthful to the best of your knowledge, information
13 and believe? Ms. Lowenstein?

14 RONNIE LOWENSTEIN: I do.

15 COMMITTEE COUNSEL: Mr. Sweeting?

16 GEORGE SWEETING: I do.

17 COMMITTEE COUNSEL: Mr. Rosenberg?

18 JONATHAN ROSENBERG: I do.

19 COMMITTEE COUNSEL: Thank you. Director
20 Lowenstein, you may begin when ready.

21 RONNIE LOWENSTEIN: Good afternoon and thank you
22 for the opportunity to testify today. I am
23 especially pleased to be able to testify because I
24 can say that the city's economic and fiscal outlook
25 is genuinely better than it looked back in March,
when we testified last. That improved outlook is

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3 largely attributable to a combination of things but
4 certainly the federal stimulus funds we've received
5 and vaccination rates of upwards of 40 percent that
6 have allowed the city's economy to once again begin
7 to open.

8 Looking first at the local economic situation, a
9 year ago, we lost 615,000 jobs on a fourth quarter to
10 fourth quarter basis, which was certainly the
11 steepest losses recorded for the city since the
12 losses began. But now we expect the city to pick up
13 264,000 jobs during the current calendar year and
14 nearly 200,000 jobs more next calendar year. And all
15 those gains are very strong, they take us only about
16 three quarters of the way back to where we started
17 before the pandemic. Moreover, we don't expect the
18 city to recover the same number of jobs it lost in
19 2020 until sometime in 2024.

20 We should also note that the city's recovery has
21 been considerably slower than that of the rest which
22 is really rebounding strongly. I think one big
23 reason it's taking us longer to bounce back is our
24 very heavy reliance on travel and tourism.
25 Industries such as accommodations, food services,
arts, entertainment, of all sectors that were hit

1 very hard by the pandemic and are just slowly
2 starting to reopen. I guess restaurants more quickly
3 than others but certainly the arts and entertainment
4 are slow coming back.
5

6 While our economic forecast is more pessimistic
7 than OMB's, our revenue forecast is actually more
8 optimistic than OMB is. And it's stronger for each
9 year of the financial plan period. We're
10 anticipating between \$1.2 billion and \$1.4 billion
11 more a year in tax revenue each year than OMB.

12 That's mainly attributable to our forecast for the
13 real property tax and for the personal income taxes.
14 Conversely we're expecting less in business taxes
15 than OMB does.

16 Just adding a note about the Council, for this
17 year and next, we're actually more optimistic in
18 terms of tax revenues than Council finance. Although
19 the situation reverses for the outyears of the
20 forecast period when we are certainly more
21 pessimistic than the Council. But overall, we're
22 expecting more tax revenue, a lot more tax revenue
23 than we forecast in February, which is a reflection
24 of the city's continuing and improving economic
25 outlook.

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3 Although the additional tax revenues are helpful,
4 it's really the nearly \$13 billion in new federal
5 stimulus that has had the biggest impact on our
6 fiscal outlook. Through 2025, we're anticipating
7 \$730 million will be used to restore programs cut
8 back due to the pandemic. \$1.7 billion in total to
9 expand existing programs that will help aid the
10 city's recovery. \$1.3 billion to forestall municipal
11 layoffs this year and next. And \$1.8 billion to
12 replenish budget reserves.

13 We estimate however the \$4.2 billion, which is
14 about one-third of the newly recognized federal
15 funds, have been allocated to fund ongoing, ongoing
16 initiatives for each year of the financial plan
17 period. So, we're using monies that are limited in
18 duration and for many of them, those revenues,
19 applying them to things that go on well past the
20 financial plan period.

21 So, looking just at the \$7 billion in federal
22 pandemic aid for education, about \$3 billion will go
23 towards initiatives continuing past 2025. The
24 biggest continuing component of course is the \$2
25 billion we had to provide PreK to three year old's
across the city. A commitment that's got to go on

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3 regardless you know, long after the federal funds are
4 gone. There are a number of other baseline programs.
5 Again, the total over the period, let me just give
6 you the two biggest, \$260 million to fully fund the
7 indirect rate payments of which is reimbursing not-
8 for-profit service providers for their overhead
9 costs. Another \$150 million for the partial
10 restoration of the citywide hiring freeze and it goes
11 on from there.

12 The issue isn't whether these are good things to
13 spend money on but rather how we are going to fund
14 these initiatives after the federal stimulus funds
15 are gone. For now, the budget looks not integral, I
16 think is the term used. We project that next year
17 2022, Fiscal '22, we in with the surplus of \$1.3
18 billion rather than be balanced as OMB projects and
19 although we projecting a gap of \$4.1 billion for '23,
20 if you apply that \$1.3 billion surplus it brings the
21 '23 gap to a manageable \$2.7 billion, which is less
22 than four percent of city's own expense budget
23 expenditures. And that makes it manageable,
24 especially given that we've got reserves of \$1.25
25 billion in each year from Fiscal '23 on and we will

1
2 have restored the retiree health benefits trust to
3 \$3.8 billion.

4 As always, there are a ton of risks associated
5 with our forecast. The biggest risk however remains
6 the pandemic itself. You know whether it continues
7 to be controlled, whether people continue to get
8 vaccinated. Whether we avoid new and more lethal
9 variations of the pandemic. The other big risks
10 associated with the pandemic is its impact on
11 people's behavior. How many of the people who are
12 not working remotely are going to feel good coming
13 back on the subway? And going back into their
14 office, even going to the theater. If they don't or
15 sizable numbers of them don't than these are long
16 term structural changes that will have very long-term
17 impacts. Not just on real estate in New York City
18 but also on New York City's tax revenues and even in
19 the vibrancy and the vigor of midtown and downtown
20 which you know is a big part of the reason people
21 come here. But the bustle and the crowds and the
22 terrific restaurants and all of the other things that
23 people working in these areas, people committing to
24 these areas and tourists coming to these areas
25 support. And speaking of tourists, that's the other

1 big issue that they are facing. How long will it
2 take them to come back? Whether international
3 tourists in particular who are some of the most
4 lucrative tourists in terms of the businesses that
5 serve them. Uhm, feel safe and secure and feel that
6 the city is again an attractive destination.
7

8 And then finally, I think there are already
9 business travelers, many of whose firms have probably
10 decided that there are different ways to do business
11 traveled than their used to be and you can be on a
12 Zoom meeting and be talking to your customers just
13 the way we are now, why not we avoid the costly
14 business travel that businesses used to incur.

15 So, all of those are questions, they're questions
16 in the near term for the financial plan period. But
17 also, just for the longer term, whether they are big
18 structural changes that don't necessarily show up in
19 a year or two. That don't necessarily get captured
20 by the economic models we use.

21 Let me just end by saying that New Yorkers just
22 endured one of the most certainly tumultuous and
23 difficult years in modern history. The actions that
24 this Council and this Mayor take in just the brief
25 period of time they remain in office, we are going to

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3 have repercussions throughout the financial plan
4 period. And I urge them to keep that in mind as they
5 proceed.

6 So, thank you and we're looking forward to
7 answering your questions.

8 CHAIRPERSON DROMM: Thank you very much Director
9 Lowenstein and let me just say thank you to Mr.
10 Sweeting and Mr. Rosenberg. You know, I have been
11 Chair of the Finance Committee for the last four
12 years and I have really appreciated you coming in and
13 giving us information. And this is my last term, so
14 I am not going to have the opportunity to do this
15 again with you but ever since we met that day at New
16 York One, for our interview, that was a big day and I
17 really appreciated having the opportunity to work
18 with you on so many different issues. So, thank you.

19 RONNIE LOWENSTEIN: Oh, can I thank you? I mean,
20 we have never had this collegial relationship with
21 Council Finance ever. And it is something that we
22 take for granted and I would hope that going forward
23 that you know, the cooperation continues. It's been
24 great. So, thank you.

25 CHAIRPERSON DROMM: Thank you. We rely on you
for so much information. You know even when I was Ed

1 Chair and we did some reports together. You know
2 were vitally important to, to letting us know what
3 was on. So, we definitely appreciate that
4 relationship. Thank you again.
5

6 In this Executive Budget Report the IBO estimates
7 that the administration allocated about \$4.2 billion
8 for one-third of the federal stimulus funds from the
9 American Rescue Plan Act and the Coronavirus Response
10 and Release Appropriation Act towards baseline
11 programs. That action will require the city to
12 locate alternative funding sources or cut spending in
13 order to maintain budget balance if those baseline
14 programs are allowed to run beyond the current
15 financial plan period. Given the remaining
16 uncertainties around the city's finances going
17 forward, what challenges could this action pose for
18 the next administration?

19 RONNIE LOWENSTEIN: I think as I mentioned when I
20 was testifying and that's a great deal of money and
21 in order to continue those programs, whether you
22 agree with them or not and they maybe terrific. The
23 city is going to have to find if they want to
24 continue them, they are going to have to find savings
25

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2 elsewhere or find other ways to raise revenues. None
3 of which are easy lifts.

4 Is there anything else I should add to that
5 George, Jonathan, is there?

6 GEORGE SWEETING: I mean, there is the
7 possibility that the economic forecasts will prove to
8 be somewhat more pessimistic than certainly what we
9 work with. If the economy came back even stronger
10 and more rapidly than we anticipated, that would
11 generate additional revenue without having to
12 actually increase taxes. But that's - I'm not
13 predicting.

14 RONNIE LOWENSTEIN: No, but the other point that
15 we did make in our report itself was that the current
16 Mayor or the Current Council are making decisions on
17 behalf of the government that's going to be largely
18 new starting in January.

19 And based upon new governments that we've seen
20 come and go, they're going to have their own programs
21 and initiatives they'll want to find. And so, there
22 is going to have to be room in the budget for those
23 campaign promises and other priorities to be funded
24 as well.

25

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3 CHAIRPERSON DROMM: Which areas of the budget
4 would you have wanted to increase the funds or to
5 strengthen.

6 RONNIE LOWENSTEIN: Okay, I should say that one
7 of the best things about being IBO Director is that
8 we don't make recommendations. So, we dodge them at
9 all costs. I think that we focus on being a source
10 of reliable numbers and leave to the elected
11 officials of New York City the much harder trade offs
12 that you have to make between them. So, I don't envy
13 the position you are in even remotely. But my
14 personal opinion doesn't count here.

15 CHAIRPERSON DROMM: Alright, let me see if I can
16 get you to answer this one. In one of the IBO's
17 budget options, you consider the pros and cons of
18 allowing the city's relocation and employment
19 assistance program to expire. This program provides
20 a break on the city's business taxes to help firms
21 relocate to locations outside of the corp. of
22 Manhattan. It is used by a small number of firms and
23 it does appear to play a role in this states economic
24 development. The program is hard to study because
25 IBO included by state law is excluded by state law,
from obtaining information on the program. If you

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3 had access to relevant data, what questions would you
4 ask?

5 RONNIE LOWENSTEIN: I am going to hand that one
6 to George.

7 GEORGE SWEETING: Uhm, thank you. Uhm, you know
8 one set of question – this goes back to a Local Law
9 that was passed several years ago, where the City
10 Council was interested in improving the evaluation,
11 the rigor of the evaluation of tax expenditures for
12 economic development and there was a taskforce that
13 came up with a set of proposals that recommended
14 there be an entity in the city that would have the
15 resources including the data to answer questions like
16 this.

17 And the final legislation named IBO's the party
18 to do that. I think one of the questions you would
19 want to ask about the reprogram in particular but
20 about all of these is you know; how much difference
21 does the benefit actually make to the bottom line of
22 the recipient of the companies. And in order to do
23 that, you really need to be able to get in and
24 understand a little bit better. You can't just look
25 at number of employees or just total profits. You
would want to look at you know – you'd want to get

1
2 some sense of how the investments the firm is
3 required to make translate into a higher output if
4 they do.

5 And therefore hire tax revenues for the city.
6 So, it would be an evaluation really of the - it
7 would be looking beyond employment data primarily in
8 order to understand better how the REAP program
9 directly benefits the participants.

10 CHAIRPERSON DROMM: Okay, good. I am going to
11 turn it over to Council Member Rosenthal now who has
12 questions.

13 CHAIRPERSON ROSENTHAL: Great, thank you so much
14 and similarly to everyone from IBO here, it's been
15 such a pleasure working with you. I can't believe
16 it's already over but it's extraordinary working with
17 you.

18 I'm going to start just with a quick capital
19 question with my Committee hat on and you know for
20 anyone watching the independent budget office website
21 has so much information on there it's incredible.
22 Anyone who's a budget geek should spend some time on
23 your website. You have fantastic really helpful
24 reports. Uhm, I'm wondering and I'm just looking
25 through your capital. I'm focusing on the capital

1 reports. Have you ever considered looking at or
2 would you consider looking at – at this juncture, the
3 commitment rate? And it looks like you have some
4 reports already where you have looked at that
5 somewhat but you know we learned this budget cycle
6 that NYCHA, while they commit maybe 70 percent of
7 their capital dollars, they only commit five percent
8 of their city capital dollars. Which really I guess,
9 explains why so little is actually – why it's so
10 frustrating you know for NYCHA residents waiting for
11 capital improvements.
12

13 That's just one example and of course this year,
14 we have the hiccup of you know during the pandemic of
15 course the city overall was on a pause for capital
16 projects but now they are coming off that pause and
17 we just learned from the Comptroller that they are
18 speeding things up like crazy to try to commit all
19 the capital dollars. I think the Comptroller
20 reported that they have committed \$7.7 billion to
21 date, which is terrific. And they, I am sorry, I'm
22 sort of wondering here, I apologize but I am
23 wondering if you would consider doing a report
24 specifically on the commitment plan? You know, in
25 Fiscal Year '19, they really hit it out of the

1 ballpark and then the pandemic pulled them back. I
2 mean hit it out of the ballpark; that's not fair.
3 Maybe to third base anyway. They didn't quite get
4 there for their whole commitment plan but would you -
5 you know consider doing a report, a big report on
6 this because it's so critical. It's a critical part
7 of the city's recovery and you know there were
8 changes made during the pandemic, rules were
9 loosened. You know, I would love to hear your
10 thoughts about you know, which of those you think we
11 should continue. You know, when it's not an
12 emergency. Stuff like that.

14 RONNIE LOWENSTEIN: Okay, we would certainly
15 consider it. Jonathan, is there anything other than
16 sure, we'll consider it? Of course, is there
17 anything else we should say Jonathan?

18 JONATHAN ROSENBERG: Well, I think there is and
19 Council Member Rosenthal is very knowledgeable about
20 these things. [COUGHS] Excuse me, sorry. I think
21 some of the things when we look at commitments and
22 commitment plans and commitment rates, we have to
23 keep in mind is as you know, commitment is a
24 registered contract and that doesn't necessarily mean
25 a construction or completion of a project.

1
2 So, while commitments are an important indicator
3 and OMB uses them and all the agencies use them as
4 their own indicator. Sometimes they don't mean a lot
5 to the people at you know on the ground who say,
6 okay, the projects been committed, what does that
7 mean in terms of when it's going to be done?

8 So, sometimes commitments are overstated as to
9 the value of trying to look at them. Not that we
10 shouldn't and it's a good indicator agency to agency
11 and within agencies year over year to compare how
12 they are doing with the commitment plans. Whether
13 they are just overstating how much they can do, which
14 is often an issue in a normal year obviously not in a
15 COVID year.

16 Also, you have issues with the smaller agencies
17 when they have larger projects. If it's one single
18 large project that's committed that can either
19 overstate their percentage or if that one project
20 doesn't get committed in that specific amount of
21 time, that can really hamper their meeting their
22 target. OMB usually sets a target of about 60
23 percent by agency.

24 So, those are just some of the things you have to
25 keep in mind. Not saying that it is not a worthwhile

1 endeavor and something that I think we could at
2 obviously is Ronnie is committing us to it, we will
3 do it. But those are some of the things you probably
4 have to keep in mind with that.
5

6 CHAIRPERSON ROSENTHAL: Gosh, you've already
7 pointed out some of the important nuance that would
8 have to be a part of this. That commitment is simply
9 the first step and that you know, so, they get
10 through commitments, so now what? And you're right,
11 it's a double headache and I had never heard that
12 number. That was really helpful that their goal is
13 to get 60 percent of commitments out the door.
14 Wouldn't it be great if we got up to 100 percent out
15 the door? How can we get there faster?

16 But you are right and then the ramifications for
17 the actual construction and you know, the ability to
18 spend those dollars. I see a very big report. That
19 would be so helpful to the city to have and even
20 incorporating you know some important ideas we talked
21 about today, the Capital Project Tracker. The idea
22 of using nomenclature that is consistent throughout
23 the city, enforcing OMB to get that out there so all
24 the agencies have that. Uhm, boy, that would, I
25 mean, do you agree with me? That would make a real

1 difference on transparency. You know, our goals of
2 transparency.
3

4 RONNIE LOWENSTEIN: Well, certainly we have often
5 talked about the capital budget in terms of how
6 difficult it is to figure out what's actually in
7 there and what's happening. We wrote a guide to
8 reading the capital budget, trying to provide a
9 little more transparency than is there. And whatever
10 we can do to make the capital budget process more
11 transparent, of course we're going to do. So, we
12 will definitely look into this. I don't know how big
13 but.

14 CHAIRPERSON ROSENTHAL: You know, it's funny you
15 should mention that. You know that guide you put out
16 is used by people throughout the city. You should
17 know the value of that. You know for example at
18 CORO[SP?], I think that's their standard guide when
19 they have their budget week. You know, uhm, so, uh,
20 anyway, that guide is incredibly important. Thank
21 you.

22 I just want to follow up just on a - now that
23 we've done capital, I'm going to cover some of the
24 other areas just to get your thoughts. First,
25 talking about the change in population and this

1 really effected in New York City, and this really
2 effected NYC uhm, the upper west side a lot and that
3 is the loss of residents between January during over
4 2020. And of course, we don't know whether or not
5 that loss is permanent or if people will come back.
6 I mean, we know somewhat for people who sold their
7 homes.
8

9 But we overall lost about 70,000 residents. Have
10 you taken that into consideration in terms of doing
11 your financial plan and estimates and do you think
12 that they will come back or what do you think about
13 that?

14 RONNIE LOWENSTEIN: Big questions again. Uhm, we
15 try to take as much information as we can into
16 account as we model. But I think that the numbers
17 that we're looking for on population shifts aren't
18 there yet. And in fact, many of us were surprised
19 when the census numbers were released was a couple of
20 weeks ago now. Where New York State had as a whole
21 done better than the numbers it suggested up until
22 then. We still don't have the detailed numbers for
23 New York City but we're certainly going to be looking
24 at them as soon as they show.
25

3 Yeah, I think that goes back to the long-term
4 structural changes I was talking about. We're
5 relying on a lot of those people to come, come back
6 and if they don't, we're relying on other people to
7 take their place.

8 George, do you have anything more to say? You
9 know other than my saying, we're still waiting for
10 the better New York City numbers to arrive. Is there
11 something else we can say?

12 GEORGE SWEETING: You know I think there are a
13 couple other things to you know that we are looking
14 at that give us some sense that maybe, you know you
15 can't judge by how many people have moved out of
16 their apartments because in many cases, they are
17 still considered residents in the city. They are
18 paying taxes. They haven't sold their apartment or
19 their home.

20 CHAIRPERSON ROSENTHAL: Exactly.

21 GEORGE SWEETING: You know, they may have
22 registered their kids in another school district but
23 also, with remote learning, they were able to
24 continue remote learning even in uh, you know, in the
25 Hamptons or you know the Cats Hills. Uhm, but you
know and for example, one of the strengths in our tax

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2 revenue forecast has been the personal income tax.

3 And there are reasons that you know, we've come to
4 understand why we underestimated personal income tax
5 revenue. One is that you know the distributional,
6 the share of low-income workers who lost their jobs
7 is much higher than the share of hiring non-workers
8 who lost their jobs.

9 CHAIRPERSON ROSENTHAL: Yes.

10 GEORGE SWEETING: So, you know that explains part
11 of why the personal income tax revenues are higher
12 but also, if you think about it, that also means
13 those high income - there is some evidence that those
14 high income residents at least for the first year,
15 still consider themselves New York City residents.
16 Because they are paying New York City residents tax.
17 New York City does not have a non-residents tax.

18 So, you know there is some small evidence that
19 you know, we certainly wouldn't want to assume that
20 you know all of the people who left certain
21 neighborhoods in the city are never coming back.
22 There is reasonably but at least some of them will.

23 CHAIRPERSON ROSENTHAL: Got it, got it. Thank
24 you for that. Uhm, next about the relocation
25 employment assistance program REAP, in one of IBO's

3 budget options, you consider the pros and the cons of
4 allowing the city's REAP to expire. This program
5 provides a break on the city's business taxes that
6 help firms relocate to locations out of the core of
7 Manhattan. It's used by a small number of firms and
8 doesn't seem to play a big role in the city's
9 economic development.

10 As you know, the program is hard to study because
11 IBO is excluded by state law from obtaining the
12 information on the program. If you had access to the
13 relevant data, what questions would you ask?

14 GEORGE SWEETING: Uhm, you know, one of the
15 questions I think you would want to – you know I had
16 mentioned a couple of things with Chairman Dromm
17 earlier but a couple, another one you might want to
18 think about is, is it – you know, is the amount of
19 the individual benefit set too high or too low?

20 You know, is there a – I believe it's \$5,000 per
21 employee now and it's also – it's refundable in most
22 areas where it applies. You know, maybe that's too
23 high. Could we find a way to analyze the data that
24 would let us say you know, you actually get, you
25 could get almost the same bang for the buck at you
know \$1,000 or a \$10,000. I'm not saying I would

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3 know exactly how we would do that but I think those
4 would some of the questions you would want to ask.

5 Then the other thing I think you would want to
6 ask about REAP is, you know the geography. What
7 parts of the city are eligible? Are those districts,
8 you know maybe they once needed the benefit but do
9 they still need the benefit? Are there other
10 districts that could benefit from it that are not
11 included in it? Those would some other types of
12 questions you might want to try to answer.

13 CHAIRPERSON ROSENTHAL: And uhm, do you think if
14 the state law permitted this, do you think that you
15 could study the program but still protect the privacy
16 of firms that are getting the tax break? In the same
17 way that the Department of Finance does?

18 GEORGE SWEETING: I do. You know we have data
19 sharing agreements with many government agencies.
20 Uhm, we have the Department of Labor, the State
21 Department of Labor. We have a contract with them to
22 share employment records, which are considered you
23 know highly secret.

24 We have data from the Department of Education, a
25 vast amount of data at the student level, which is
you know subject to all kinds. There is actually a

1 federal legislation that regulates much of that and
2 we've been able to develop protocols and standards on
3 how we access that data. It's never caused any
4 problem. You know DOE is completely satisfied with
5 the way we handle that data.
6

7 We have data on the rent regulation's data, so
8 they are part of the city. Uhm, and uh, you know
9 again we have signed you know confidentiality
10 agreements. We never rollout to use the data at the
11 individual level but we have various protocols in
12 place to limit how much we reveal on the table for
13 example. You know, we would never show; there are
14 only three people with \$1 million of tax. You know,
15 we suppress that when you know you are getting too
16 close to identifying single individuals.

17 So, there are - you know, we have worked this out
18 in the past in other data areas and I think we could
19 do it in tax data as well.

20 CHAIRPERSON ROSENTHAL: Yeah, that's a great
21 example that you just gave. I was about to ask you
22 if you have DHCR data. Could you look at - so, here
23 is another report idea but I think it's smaller.
24 Could you look at how much 421A rent regulated
25 apartments we've lost annually or by borough or by

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3 City Council district? Uhm, and you know again,
4 within the parameters of not sharing any you know
5 specific apartment data?

6 GEORGE SWEETING: When you say we've lost, are
7 you referring to -

8 CHAIRPERSON ROSENTHAL: Year by year. So in
9 other words, in the first year of a 421A, uhm, you
10 know perhaps you know a building owner, developer
11 will indeed set aside whatever the number is. 15
12 percent, 30 percent of the units could be affordable
13 and the rest are market.

14 So, can you track over time, are those still uhm
15 being registered with DHCR over time? And this has
16 become an issue in my district where I can't tell
17 whether or not they are still being registered but I
18 do know that the building tenants and we're
19 investigating this with HPD. The rent - the tenants
20 who should be able to stay now in rent regulation are
21 paying market rate leases unintentionally you know.
22 And I am wondering if there is a way for you to track
23 that?

24 GEORGE SWEETING: I'd have to go back and check
25 and see. I know, I mean, the rent regulation in new
421A development works a little differently than rent

1 regulation you know in older buildings. Because when
2 they go on, when the building first is completed and
3 the units are first registered, if they are
4 registered. There were big issues about how many
5 buildings actually comply with the registration
6 requirement from get go but when they do get
7 registered, you know they get registered at something
8 like a market price.
9

10 You know, so it's not a - the rent is - you know
11 the regulation limits the increases after the first
12 year. There is not necessarily a standard on what
13 that first year rent is.

14 CHAIRPERSON ROSENTHAL: Yeah, yeah.

15 GEORGE SWEETING: So, they may not look like you
16 know what you expected the rent regulated needs to
17 look like. I think we could track it but I'd have to
18 check with the people who use that data.

19 CHAIRPERSON ROSENTHAL: Hmm, hmm. I mean and I
20 would love to follow-up on that and then I would of
21 course, obnoxiously ask you if you could do it you
22 know without abrogating your agreement by Council
23 District or by building, all without abrogating your
24 agreement.

25 GEORGE SWEETING: Let me look into it.

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3 CHAIRPERSON ROSENTHAL: Yeah, great, really
4 appreciate that. Uhm, another question and then I
5 think some of my colleagues maybe have questions.
6 Uhm, and this is about the increased taxes on
7 millionaires and what you think the impact will be
8 and just - so, but here is the whole question. With
9 the state rate increase, the combined New York State
10 and New York City personal income tax rate for
11 affected millionaires rises to between 13.53 percent
12 and 14.78 percent, the highest in the country.

13 The next highest is California with a combined
14 rate of 13.3 percent, so even lower than ours. The
15 states enacted budget increased its marginal tax rate
16 on millionaires by adding three new brackets with
17 higher tax rates beginning in 2021. That means that
18 millionaires will now face the highest combined state
19 and local tax rates in New York City than anywhere
20 else in the U.S.. Given that uhm, the elimination of
21 the cap on the deduction, the state rate increases
22 will exacerbate the tax burden on New York City's
23 millionaires. Do you think that the city risks
24 losing its millionaires because of the increase in
25 the state taxes? How much do you think it matters?

1
2 And do you think as we were talking about before, the
3 opportunities for remote work heightens that risk?

4 RONNIE LOWENSTEIN: Certainly we believe it's a
5 risk. We have spoken about it often and as you look
6 at our array of options that we - 100 or so options
7 that we put up on our website and refresh
8 periodically. A lot of the options have to with
9 taxation of very high income individuals.

10 The loss of the SALT deduction, the pandemic and
11 remote work, have all made those tradeoffs more
12 difficult for many people. Uhm, but we often discuss
13 this issue in terms of just the very small number of
14 individuals who are affected. So, uhm, some of the
15 data we get is access to that we are very careful
16 with. Is we have data on every New York City tax
17 filer for each year and then we model off of that and
18 based upon the numbers through 2019, if you look at
19 the \$50 million and above income category and we
20 publish all this stuff on our website. There are
21 like 224 tax returns there. That's a very small
22 number of returns and even if only a small fraction
23 of those people vote with their feet, you will see an
24 impact because those 224 tax filers in 2019 were

1
2 responsible for nine percent of the city's personal
3 income tax revenues for that year. Which is huge.

4 CHAIRPERSON ROSENTHAL: Yeah.

5 RONNIE LOWENSTEIN: Even if you relax it and you
6 bring in the \$25 million to \$50 million a year, I
7 personally don't know any of these people but if you
8 bring them in, you are adding another say four
9 percent of PIT revenue. So, there is a huge amount
10 of income tax revenues at stake for us. And even if
11 only a relatively small number of people decide of
12 these multimillionaires decide to leave, we will feel
13 it.

14 CHAIRPERSON ROSENTHAL: Right and it's so
15 annoying of course because to them, I'm sure this
16 increase is chunk change but to New York City, it's
17 so very critical.

18 RONNIE LOWENSTEIN: I don't know if they would
19 call it chunk change. It's hard for me to project.

20 CHAIRPERSON ROSENTHAL: Oh, couldn't describe.
21 [INAUDIBLE 4:42:14] described any thoughts on their
22 part. Do you think that the Biden Administration
23 would lift the deduction?

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3 RONNIE LOWENSTEIN: The cap. I think that has to
4 go through the legislature. So, it needs congress
5 and they are who knows.

6 GEORGE SWEETING: One point I would just make on
7 that to get into the weeds a little bit on the cap,
8 is it's important to remember that in New York, an
9 awful lot of people before the, the 2017 law was
10 changed. The law was changed in 2017, had already
11 lost their state and local deductions because of
12 something called the AMT, the Alternative Minimum
13 Tax. And the Alternative Minimum Tax you know had a
14 number of design flaws that it was originally
15 intended to capture only millionaires who weren't
16 paying even the statutory rate.

17 But because it wasn't adjusted consistent with
18 the other changes in the federal tax law, it wound up
19 capturing more. It was - in New York City it was
20 down to people - you could have people at \$75,000
21 paying the AMT. So, and if you were paying the AMT,
22 you lost your state and federal deduction because
23 that was one of the you know the adjustments that
24 were made in calculating the AMT base.

25 So, for many New Yorkers, we've actually lost the
state and local deduction before already. Where it

1 comes into play is when you actually get up into the
2 range of these taxpayers we were talking about
3 minutes ago. Because the way the flaws in the design
4 of the AMT, it actually worked in reverse at the very
5 high end and once you got up a couple million, your
6 risk of being on the AMT went down and therefore,
7 those people were benefiting from the state and local
8 deduction and have lost.
9

10 But for a large chunk of the city population, if
11 you just like reversed everything back to where it
12 was before the 2017 law, you still wouldn't have
13 state and local deductions.

14 CHAIRPERSON ROSENTHAL: Got it, I think maybe. I
15 accept that I get the impact. So, that's interesting
16 thank you. Uhm, I think with that and the you know
17 perhaps we can follow-up sooner rather than later.

18 RONNIE LOWENSTEIN: Yeah, of course.

19 CHAIRPERSON ROSENTHAL: Thank you for that. I
20 would like to turn it back now to Committee Counsel.

21 COMMITTEE COUNSEL: Thank you. If Council
22 Members have questions for IBO, please use the Zoom
23 raise hand function and you will be added to the
24 queue. Council Members, please keep your questions
25 to five minutes, including answers. Please wait for

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3 Sergeant at Arms to let you know when your time
4 begins. The Sergeant will then let you know when you
5 time is up.

6 I am looking at the queue right now to see if
7 there is any hands raised. And Chair, it appears
8 that there are no questions.

9 CHAIRPERSON ROSENTHAL: Okay, thank you very
10 much. So, with that and with just tremendous
11 gratitude to IBO and tremendous gratitude to this
12 staff at the City Council for all their preparatory
13 work and to the of course Sergeant at Arms for their
14 help, this meeting has come to a close. [GAVEL]

15 RONNIE LOWENSTEIN: Thank you.

16 GEORGE SWEETING: Thank you.

17 RONNIE LOWENSTEIN: Take care. We'll be in
18 touch.

19 CHAIRPERSON ROSENTHAL: Thank you.
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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 July 20, 2021