



THE COUNCIL  
THE CITY OF NEW YORK  
250 BROADWAY  
NEW YORK, N.Y. 10007

April 14, 2015

To the Citizens of the City of New York  
Mayor Bill de Blasio

Dear City of New York:

Today, the Council released its Response to the Mayor's Fiscal 2016 Preliminary Budget, which totals \$77.7 billion. This Budget Response provides recommendations for inclusion into the Mayor's Fiscal 2016 Executive Budget, which will be released in May. The Council's Budget Response is the Council's first step in helping to shape the City's budget to reflect the priorities and values of the City.

The Council's recommendations are the culmination of exhaustive and comprehensive budget hearings held by Council Committees throughout the entire month of March. Through those hearings, the Council examined in detail how the Mayor has proposed to allocate the City's resources.

This fiscal year, the City's fiscal condition looks bright. The unemployment rate fell to 6.6 percent in February 2015, having been 7.9 percent just 12 months earlier. Tourism is up with a record high number of 56.4 million visitors in 2014, and the City expects a 4.9 percent increase in local tax revenue.

These are all good signs of a healthy economy. However, these positive indicators do not necessarily capture the day-to-day realities of the average New York City worker who may be struggling to support a family, or finding it difficult to continue to live in the City as a result of rising housing costs. In light of the City's good fiscal health, the Council's focus throughout this budget cycle has been, and will continue to be, to ensure that the City practices "Responsible Prosperity." Responsible Prosperity is transparent, progressive, efficient, and equitable, and aims to ensure that **ALL** New Yorkers are able to enjoy the fruits of our economy.

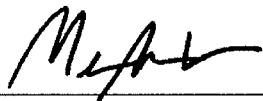
To that end, the Council's Budget Response focuses on areas that would ensure access, opportunity, and justice to all New Yorkers. Specifically, in the Council's Budget Response, the Council focuses on:

- Transparency in the City's budget;
- Securing the City's long-term budget stability;
- Providing civil justice to those who need it;
- Investing in the City's youth;
- Offering support to the City's most vulnerable;
- Providing safer and more equitable schools and providing educational opportunities;
- Addressing the needs of seniors;
- Building a police force for New York's communities;
- Improving the criminal justice system
- Stimulating the economy and increasing job creation;
- Providing stability for homeowners and renters;
- Strengthening parks for all; and
- Improving government operations.

The Council's proposals, as outlined in the Budget Response, balance the City's finances and reflect the City's values and priorities. The proposals invest in our City and its residents, and protect its most vulnerable populations. As the legislative body of the City of New York, the Council is charged with overseeing the New York City budget process. As elected officials, we are responsible for ensuring that every taxpayer dollar is spent in the most targeted and effective way to reflect the City's values and priorities.

We look forward to continuing to serve the residents of this great City, and it is our hope that the recommendations provided in our Budget Response will ensure that the Fiscal 2016 Executive Budget reflects Responsible Prosperity by providing access, opportunity, and justice to all New Yorkers.

Sincerely,



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Melissa Mark-Viverito  
Speaker



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Council Member Julissa Ferreras,  
Chair, Finance Committee

**THE CITY COUNCIL  
RESPONSE TO THE MAYOR'S  
FY 2016 PRELIMINARY BUDGET AND  
FY 2015 PRELIMINARY MAYOR'S  
MANAGEMENT REPORT**

*As required under Sections 247b and 12e of the New York City Charter*

**THE COUNCIL  
CITY OF NEW YORK**

**HON. MELISSA MARK-VIVERITO  
SPEAKER**

**HON JULISSA FERRERAS  
CHAIR, FINANCE COMMITTEE  
April 14, 2015**



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## Executive Summary

The Council is pleased to submit its response to the Mayor's Fiscal 2016 Preliminary Budget.

New York City has successfully rebounded from one of the greatest fiscal crises in the City's recent history and is currently enjoying a period of robust economic growth. In fact, 2014 was an excellent year for the City's economy. Employment and wages were up and exceeded their pre-recession levels, tourism reached an all-time high, and the City saw an unexpected increase in local tax revenue.

With increases in revenue and job growth, it appears that prosperity is here. However, while the City has rebounded well from the recession, and the current economy is healthy, too many New York City residents are not enjoying the gains of the City's economic expansion. While employment in New York City reached record high levels in February 2015 with over 4.1 million jobs, most of those jobs are in the lower-paying sectors, such as health care and social assistance, administrative and support services, leisure and hospitality, and retail. Higher-paying sectors, such as finance and insurance, which paid an average wage of \$265,000, and information technology, which paid an average wage of \$121,300, experienced flat job growth or contraction. The changing employment mix to lower-paying sectors makes it increasingly difficult for the average worker to comfortably live in the City. This inequitable impact is what a progressive agenda seeks to address.

In furtherance of the City's continued commitment to responsible budgeting and its commitment to use the City's resources to benefit its residents, the Council's deliberations and decisions regarding the Preliminary Budget will be made with an eye toward "Responsible Prosperity."

Responsible Prosperity requires thinking about more than just the year ahead. As the City's economy continues to grow, the Council is mindful of the inevitable ebb and flow of any economy, and therefore remains committed to making fiscally prudent decisions that will safeguard the City during times of economic downturn. To that end, in the Council's Budget Response, the Council proposes initiatives that reflect cautious and prudent budgeting, such as the creation of a Rainy Day Fund to help with cyclical budget management and pay as you go capital spending to allow the City to slow the growth of outstanding debt.

Responsible Prosperity is transparent, progressive, efficient, and equitable, and aims to ensure access, opportunity, and justice for *ALL* New Yorkers.

### Access for all New Yorkers

Responsible Prosperity ensures access to the City's resources to all New Yorkers. New York City provides the most extensive and comprehensive range of social services in the country. From health care and homeless prevention to veterans' affairs and senior services, New York City offers a broad range of programs to protect the City's most vulnerable populations. However, many of these services are sufficiently limited in scope or scale to hinder access by individuals

who would benefit most. To ensure that all New Yorkers have access to the City's resources, the Council's Budget Response calls for several initiatives that would offer valuable services to meet the demands of the City's residents and protect the City's most vulnerable populations. Such initiatives include calling for an increase of 100 beds for runaway and homeless youth in Fiscal 2016, bringing the total to 453 beds; the creation of an emergency housing assistance fund for disabled veterans in rental arrears; and increasing the support for the Emergency Food Assistance Program by \$14.4 million to address the current inadequacy of the food supply, which allows food pantries to provide only 5.8 meals in a typical pantry bag, rather than New York State's nine-meal standard.

#### Opportunity for all New Yorkers

Responsible Prosperity provides opportunity. Far too many New Yorkers continue to struggle to keep pace with the costs of daily life in the City. A city of opportunity is an affordable city where homeownership is within reach for everyone, opportunities for learning abound, and job availability and business growth are strong. Initiatives such as a \$250 real property tax rebate for households with incomes less than \$100,000; baselining funding for the City University of New York's merit-based scholarships; increasing funding to the City's public library systems to allow full six-day service; eliminating the commercial rent tax for businesses in the City paying below \$500,000 in base rent; and expanding the City's Summer Youth Employment Program will provide opportunities that would help make New York City a more livable and affordable City. Finally, Responsible Prosperity requires that the City set an example with the municipal workforce. All City employees and City contract workers should earn a living wage.

#### Justice for all New Yorkers

Responsible Prosperity ensures justice is provided to all New Yorkers. The Council is committed to protecting its residents against discrimination; understanding and accommodating the civil legal service needs of its residents; and ensuring that residents faced with an array of civil legal problems have the assistance they need to address those problems.

The City's Human Rights Law contains some of the most comprehensive anti-discrimination protections in the nation. In the last 25 years, the City's Human Rights Commission, which enforces the City's Human Rights Law, has seen its budget plummet from \$10.4 million in the 1990s to only \$6.7 million today, resulting in a reduction in staffing levels of more than 90 percent. To ensure that the mandate set forth in the City's Human Rights Law is sufficiently executed by the City's Human Rights Commission, namely to protect all the City's residents from discrimination, the Council calls for a budget increase of \$5.1 million for the Commission, which would increase the Commission's budget by 76 percent, and could provide funding for 25 Human Rights Specialists and up to 40 attorneys.

Additionally, to ensure that justice is provided equitably and efficiently to all residents of New York City, the Council calls upon the Administration to create an Office of Civil Justice. The Office of Civil Justice would be responsible for overseeing all civil justice programs supported by City agencies, and assessing the efficacy of civil legal service providers and pro bono programs.

In the criminal law context, justice entails ensuring that no defendant is held in the custody of the New York City Department of Correction any longer than necessary due to an inability to afford bail. A significant number of inmates in the custody of the Department of Correction are held solely because they cannot make bail. To this end, the Council is calling for the creation of a citywide bail fund, to ensure that defendants charged with misdemeanor offenses are not held longer than they would have been had they been able to afford bail.

#### Path to Responsible Prosperity

The path to progressive values and efficiency starts with transparency in the City's budget. The Preliminary and Executive Budget hearings provide the Council with two opportunities to review budget measures prior to budget adoption. This two-step process is necessary to ensure that the Council and the public have a voice in the discussion about changes to the City's budget to ensure that all New Yorkers benefit from the City's resources.

The Preliminary Budget is described by the de Blasio Administration as a budget that "reflects the administration's core values: fiscally responsible, progressive, and honest." However, the Preliminary Budget, and the February 2015 Financial Plan (Financial Plan) as a whole, omit major policy changes the City Council expected to be integrated in the Financial Plan.

For example, on May 5, 2014, the Mayor released the City's affordable housing plan, "Housing New York: A Five-Borough, Ten-Year Plan," which calls for the construction of 80,000 units of affordable housing and the preservation of an additional 120,000 units over the next ten years. The financial details of the affordable housing plan are not fully incorporated in the City's Preliminary Ten-Year Capital Strategy, which was released as part of the Financial Plan. While the Council supports the creation and preservation of affordable housing, the omission of the funding for the affordable housing plan in the Preliminary Ten-Year Capital Strategy makes it nearly impossible for the Council to determine the impact of the affordable housing plan or to assess its progress.

Similarly, the Preliminary Budget lacked details regarding any agency efficiencies, the Administration's new effort to identify ways to secure operational savings and improve operational efficiency. In November 2014, in preparation for the Preliminary Budget, the Office of Management and Budget solicited recommendations from agencies that would promote "better management of existing programs to free up funds that can be invested in enhanced services to New Yorkers." However, the process of identifying these agency efficiencies, their savings targets, and plans for implementation and monitoring has not been communicated to the Council. In addition, the Preliminary Budget did not contain any agency efficiencies that may have been identified in response to the November 2014 request, and the Council is informed that any identified agency efficiencies are now slated to be included in the Mayor's Executive Budget. The delay in the release of the specific agency efficiencies, along with the lack of release of sufficient details regarding the program's implementation, hinders the Council's ability to adequately review the agency efficiency program during the regular budget cycle.

### The Council's Response to the Preliminary Budget

The Council's Preliminary Budget Response reflects the values and priorities expressed by Council Members and the public during the Preliminary Budget hearings, which mark the beginning of the Council's official, Charter-mandated role in the budget process. The hearings also give the Council and the public an opportunity to engage in a public discourse about the Mayor's Preliminary Budget, which provides the de Blasio Administration the opportunity to reflect on its budget priorities for the upcoming fiscal year.

Throughout the entire month of March, the Council heard testimony from over 40 agencies and the public about potential changes to the Preliminary Budget that should be incorporated into the Executive Budget. While Council Members acknowledged the good fiscal health of the City's economy, happiness with the end of the budget dance, and better collaboration with the Administration, many Council Members voiced concerns about the continued lack of transparency in the City's budget and the need for long-term budget stabilization.

Among others, Council Members expressed the following concerns:

- Necessity for long-term budget stability;
- Continued use of overly broad units of appropriation in the City's budget, which impedes the City's ability to understand and assess agency spending and performance;
- Lack of adequate services and programs for the City's vulnerable populations;
- The need to improve and increase educational opportunities;
- The need for additional services and programs to encourage residency in the City; and
- Inequities in the criminal justice system.

The Council's recommendations are the culmination of exhaustive and comprehensive budget hearings held by Council Committees, during which the Council examined in detail how the Mayor proposes that the City allocate its resources. To ensure that the Fiscal 2016 Adopted Budget reflects Responsible Prosperity, the Council's Budget Response focuses on the following areas:

- Transparency in the City's budget;
- Securing the City's long-term budget stability;
- Providing civil justice for those that need it;
- Investing in the City's youth;
- Offering support to the City's most vulnerable;
- Improving our schools and expanding educational opportunities;
- Addressing the needs of seniors;
- Building a police force for New York's Communities;
- Improving the criminal justice system
- Stimulating the economy and increasing job creation;
- Providing stability and safety for our homes;
- Strengthening parks for all; and

- Improving government operations.

It is the Council's hope that the Fiscal 2016 Adopted Budget reflects the priorities of the public, the Council, and the Administration, so that access, opportunity, and justice are provided to all New Yorkers.

**Fiscal 2016 Financial Plan**

**The Preliminary Budget**

The Fiscal 2016 Preliminary Budget totals \$77.7 billion. This includes \$56.9 billion in City funds, which is revenue from City taxes, fees, fines, and other non-tax revenue. City funds are up 1.4 percent between Fiscal 2015 and Fiscal 2016. As required by law, the budget is balanced for Fiscal 2015 and Fiscal 2016. Outyear gaps are modest and of the size that have proven to be easy to close in a healthy economy.

**Table 1. February Financial Plan Summary**

*Dollars in Millions*

	FY15	FY16	FY17	FY18	FY19	Avg. Annual Change
<b>REVENUES</b>						
Taxes	\$50,428	\$51,843	\$53,666	\$55,599	\$57,610	3.4%
Misc. Revenues	7,738	6,938	6,805	6,862	7,090	(2.2%)
Less: Intra-City and Disallowances	(1,982)	(1,819)	(1,829)	(1,840)	(1,840)	(1.8%)
<b>Subtotal, City Funds</b>	<b>\$56,184</b>	<b>\$56,962</b>	<b>\$58,642</b>	<b>\$60,621</b>	<b>\$62,860</b>	<b>2.8%</b>
State Aid	12,493	12,772	13,181	13,638	13,682	2.3%
Federal Aid	8,399	6,618	6,433	6,389	6,297	(6.9%)
Other Categorical Grants	898	832	840	848	845	(1.5%)
Capital Funds (IFA)	574	547	543	546	546	(1.2%)
<b>TOTAL REVENUES</b>	<b>\$78,548</b>	<b>\$77,731</b>	<b>\$79,639</b>	<b>\$82,042</b>	<b>\$84,230</b>	<b>1.8%</b>
<b>EXPENDITURES</b>						
Personal Services	41,483	42,586	43,200	45,190	47,447	3.4%
OTPS	33,033	31,083	31,338	31,760	31,881	(0.9%)
Debt Service	6,242	7,031	7,414	7,735	8,051	6.6%
General Reserve	300	750	750	750	750	
Less: Intra-City	(1,967)	(1,804)	(1,814)	(1,825)	(1,825)	(1.9%)
<b>Spending Before Adjustments</b>	<b>79,091</b>	<b>79,646</b>	<b>\$80,888</b>	<b>\$83,610</b>	<b>\$86,304</b>	<b>2.2%</b>
Debt Defeasances	(115)	(337)	(\$201)	(\$198)		
Surplus Roll Adjustment (Net)	(428)	(1,578)				
<b>TOTAL EXPENDITURES</b>	<b>\$78,548</b>	<b>\$77,731</b>	<b>\$80,687</b>	<b>\$83,412</b>	<b>\$86,304</b>	<b>2.4%</b>
<b>Gap to be Closed</b>	<b>\$-</b>	<b>\$-</b>	<b>(\$1,048)</b>	<b>(\$1,370)</b>	<b>(\$2,074)</b>	

*Source: OMB Fiscal 2016 Preliminary Budget*

**Impact of Proposals in Council’s Response to Preliminary Budget**

The Council’s Response is consistent with prudent budgeting. Overall, the package should cost, net of tax and offsets of \$75 million, approximately 0.1 percent of the overall budget and 0.13 percent of the City funds budget. The plan below shows the changes proposed in the Council’s Preliminary Budget Response and the additional revenues from the Council’s forecast.

<b>TABLE 2: Changes to Preliminary Budget due to Council Response</b>		
<i>Dollars in Millions</i>		
	FY15	FY16
<b>February Plan Gap</b>	\$ -	\$ -
<b>Revenue Increase/( Decrease)</b>		
Council Tax Revenue Forecast	\$ 272.0	\$ 879.0
Securing the City's Long-Term Budget Stability		\$ 380.0
Addressing the Needs of the City's Most Vulnerable		\$ (127.8)
Providing Stability for Homeowners and Renters		\$ (95.0)
<b>Total Revenue Change</b>	<b>\$ 272.0</b>	<b>\$ 1,036.2</b>
<b>Expense Increase/(Decrease)</b>		
Securing the City's Long Run Budget Stability		\$ (175.0)
Expanding Access to Civil Justice		\$ 26.1
Investing in our Youth		\$ 69.8
Offer Support to the City's Most Vulnerable		\$ 33.8
Improving Our Schools and Expanding Educational Opportunities		\$ 146.4
Addressing the Needs of Seniors		\$ 26.4
Building a Police Force for New York's Communities		\$ 24.0
Improving the Criminal Justice System		\$ 21.4
Stimulate the Economy and Create Jobs		\$ 3.4
Providing Stability for Homeowners and Renters		\$ 24.8
Strengthening Parks for All		\$ 25.7
Improving Government Operations and Infrastructure		\$ 5.1
<b>Total Expense Change</b>		<b>\$ 231.9</b>
Additional Prepayment Of 2016 Expense	\$ 272.0	\$ (272.0)
<b>Surplus/(Gap)</b>	<b>\$ -</b>	<b>\$ 1,076.3</b>
Source: OMB Fiscal 2016 Preliminary Budget and NYCC Budget Response		

Even with the Council’s proposed additions, the budget has a surplus in Fiscal 2016. Though not shown in the chart above, outyear budget gaps will not increase, even with the extra spending continuing throughout the plan period.

## **Economy and Tax Revenue Forecast<sup>1</sup>**

The economy provides solid support for the financial plan. The national expansion is in its 69<sup>th</sup> month and has finally reached the point where the Federal Reserve is pulling back on some of the extraordinary support it has provided since the recession. The City's economic performance is record setting. Population, employment and gross city product are all at record levels. The Finance Division believes solid growth will continue.

### **National Economy**

The country's economic recovery accelerated over the past year, with growth rates reaching levels last seen before the recession. The country's employers added three million jobs in 2014, a pace that continued through the first two months of 2015 to create the fastest stretch of growth in two decades. Consumers took notice of the action: the University of Michigan recently reported that consumer confidence reached a ten-year peak in the first quarter of 2015.<sup>2</sup> Early April offered disappointing data for the month of March, but that data came on the heels of a nearly unambiguously positive string of indicators observed since mid-2014. The economy has generally resumed its pre-recession growth rate for four years running. The country employs more people than ever. The recovery is moving forward.

Official estimates of first-quarter gross domestic product (GDP) are due in late April, and the speculation is that productivity grew at a slower pace than expected during the first three months of the year.<sup>3</sup> For example, IHS Global Insight in early April revised its first quarter GDP expectation from 2.2 percent growth to 1.2 percent. Most recently, according to the U.S. Bureau of Labor Statistics' initial estimate, the economy had added 126,000 new positions, fewer jobs than in prior months. Analysts had gotten used to monthly job gains twice that high over the preceding year.<sup>4</sup> However, while data for March offers a reminder of the national recovery's inconsistency, it is far from eclipsing the general trend of gains experienced in recent years.

In its April forecast, IHS Global Insight expects GDP to grow in 2015 at its fastest pace since the recession, at 2.8 percent. They expect growth to continue at around that pace through 2017 and slow down a bit in the last year of our forecast period. Payroll employment should continue to grow through the forecast period. The unemployment rate is forecast to fall to 5.2 percent and stabilize at around that level. Overall, IHS Global Insight is forecasting a moderate but sustained economic expansion.

### **City Economy**

New York City received a pleasant surprise in March. The U.S. Bureau of Labor Statistic released its annual benchmarking of the City's employment numbers, with full payroll data replacing a sampling of firms. What was previously reported as an additional 86,400 jobs in 2014 compared to 2013 – which was quite strong – was upwardly-revised to a jaw-dropping 120,700, a three

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<sup>1</sup> This is an updated and abbreviated version of the Finance Division's forecast found in "Financial Plan Overview, Economy, Revenue, Pensions, Capital and Debt Service" released as a part of the Finance Committee's March 4, 2015 Hearing on the Mayor's Fiscal Year 2016 Preliminary Budget.

<sup>2</sup> University of Michigan; [http://press.sca.isr.umich.edu/press/press\\_release](http://press.sca.isr.umich.edu/press/press_release).

<sup>3</sup> US Bureau of Economic Analysis; [http://www.bea.gov/newsreleases/news\\_release\\_sort\\_national.htm](http://www.bea.gov/newsreleases/news_release_sort_national.htm)

<sup>4</sup> US Bureau of Labor Statistics; <http://www.bls.gov/news.release/empsit.nr0.htm>



percent increase. The gains were broad-based. While lower-paying jobs in leisure, hospitality and retail continued to expand by 31,100, better-paying jobs in professional and business services also grew by 25,300 - a huge 3.8 percent increase. Even the struggling securities industry showed payroll gains of 2,300. Job growth has continued at a healthy pace during the first two reported months of 2015. The City's stubbornly high unemployment rate finally fell to 6.6 percent in February 2015, having been 7.9 percent 12 months earlier. While wage growth during the recovery has been unsensational, last year the average private sector salary soared over 6.8 percent, driven largely by Wall Street wages and bonuses. Even excluding the atypical securities industry, the average private sector wage still climbed by 3.5 percent. Real gross city product expanded by a solid 2.6 percent in 2014, accelerating from 1.1 percent in 2013. Tourism marked another banner year in 2014, hosting 56.4 million visitors.

Construction starts in the City jumped 31 percent in 2014, reaching \$26.1 billion. Residential construction soared 73 percent to \$11.9 billion in value, increasing for the fourth consecutive year. This was driven, however, almost entirely by luxury apartments: in terms of square feet, residential starts increased by a more modest 17 percent. Non-residential construction climbed 26 percent, to \$10.5 billion, ending three consecutive years of declines. Development at the World Trade Center site and Hudson Yards should mean an ample supply of commercial space in the near future. In 2014, 32.8 million square feet of Manhattan office space was leased, the highest level in 15 years. The residential market, however, experienced reduced sales last year, as the price of an average home in New York soared. In Brooklyn, home sales (all types) fell 3.1 percent in the fourth quarter year-over-year, while the average and median sales prices rose 9.9 percent and 2.6 percent, respectively.

The Council's Finance Division expects private sector jobs to maintain their torrid growth at 2.6 percent in 2015. The pace will cool slightly to around 2.1 percent in 2016, and 1.8 percent annually between 2017 and 2019. Private sector wage growth is expected to slow to 1.5 percent in 2015, but will rebound to around three percent the following year, averaging 2.7 percent annually between 2017 and 2019.

**Table 3. Forecast of Selected Economic Indicators: National and New York City, CY2014-2019**

	CY14	CY15	CY16	CY17	CY18	CY19
<b>NATIONAL ECONOMY</b>						
<b>Real GDP %</b>	<b>2.4</b>	<b>2.8</b>	<b>2.7</b>	<b>2.7</b>	<b>2.4</b>	<b>2.7</b>
<b>Private Employment</b>						
Level Change, '000	2,621	2,876	2,060	1,575	1,057	1,360
Percent Change, %	2.3	2.5	1.7	1.3	0.9	1.1
<b>Unemployment Rate, %</b>	<b>6.2</b>	<b>5.5</b>	<b>5.2</b>	<b>5.2</b>	<b>5.3</b>	<b>5.2</b>
<b>Total Wages %</b>	<b>2.0</b>	<b>2.6</b>	<b>2.5</b>	<b>2.6</b>	<b>2.7</b>	<b>2.8</b>
<b>Interest rates %</b>						
3-Month Treasury B	0.03	0.21	1.18	2.84	3.51	3.51
30-Year Convention	4.17	3.88	4.70	5.48	5.89	5.89
<b>NEW YORK CITY ECONOMY</b>						
<b>Real GCP %</b>	<b>2.6</b>	<b>2.8</b>	<b>2.6</b>	<b>2.0</b>	<b>1.8</b>	<b>2.4</b>
<b>Private Employment</b>						
Level Change, '000	120.2	93.8	78.3	73.6	65.0	70.3
Percent Change, %	3.5	2.6	2.1	2.0	1.7	1.8
<b>Average Private Wages %</b>	<b>6.8</b>	<b>1.6</b>	<b>3.2</b>	<b>2.9</b>	<b>2.6</b>	<b>2.6</b>
<b>Total Private Wages %</b>	<b>10.5</b>	<b>4.3</b>	<b>5.4</b>	<b>4.9</b>	<b>4.3</b>	<b>4.5</b>
<b>NYSE Member Firms %</b>						
Total Revenue	1.4	-0.5	4.9	6.2	4.1	3.9
Total Compensation	3.2	3.7	6.5	7.3	6.1	6.0

*Source: IHS Global Insight, April 2015 (Nat'l); New York City Council - Finance Division (City)*

### **Tax Revenue Forecast**

The Finance Division expects the City will collect \$50.7 billion in local tax revenue by the end of Fiscal 2015. This would represent a 4.9 percent increase from last year. It further anticipates Fiscal 2016 tax revenue will rise another four percent, to \$52.7 billion. The forecast's outyears (Fiscal 2017-2019) include room for further increases, albeit at a slower rate of 3.1 percent on average – a rate that, if inflation holds at roughly two percent, would still represent real growth.

**Table 4. Council Forecast Difference from OMB (million \$)**

	Fiscal Years				
	2015	2016	2017	2018	2019
Real Property	0.0	72.4	(41.3)	(338.3)	(430.8)
Personal Income	155.8	295.4	326.0	292.3	246.6
General Corporation	(0.3)	76.9	21.0	(139.2)	(169.1)
Banking Corporation	34.3	32.6	76.2	128.4	160.6
Unincorporated Business	96.7	69.8	100.6	95.7	80.0
Sales	(31.1)	39.6	52.6	(28.5)	(93.7)
Commercial Rent	5.9	8.1	6.5	6.9	8.8
Real Property Tran	3.3	41.1	60.5	78.5	49.9
Mortgage Recording	9.7	45.3	(11.6)	(29.5)	(45.5)
Utility	13.0	10.0	12.0	14.0	21.0
Hotel	(15.1)	18.5	20.6	29.1	52.2
All Other	-	-	-	-	-
Audits	-	169.1	181.3	187.1	204.9
<b>Total Taxes</b>	<b>272.3</b>	<b>878.7</b>	<b>804.3</b>	<b>296.5</b>	<b>85.0</b>

*Source: NY City Council, Finance Division; NYC Office of Management and Budget*

### **Risks to Revenue Forecast and Financial Plan**

Any of a number of variables could knock the City’s revenue stream from the Finance Division’s forecast path. Some are worth noting.

The national economy, which undergirds local conditions, may unexpectedly sour. The disappointing national job numbers in March and the anticipated, weak GDP growth in the first quarter may be due to more than transient factors, such as the exceptionally severe winter, and reduced investment in energy infrastructure. Continuing, slow productivity growth may further constrain wage growth nationally. Federal Reserve Chair Janet Yellen has emphasized a cautious pace in raising short-term interest rates, but their eventual increase may nonetheless stifle economic activity more than anticipated. Anticipation of changes in Federal Reserve policy has already caused the dollar to rise in value, which could potentially weaken American exports. It is also putting pressure on emerging economies such as Brazil, Turkey and Russia. If these impacts prove to be greater than expected, they could threaten the economic expansion.

If there is a foreseeable constraint to the City’s growth, it sits at the interaction of the labor and real estate markets. Rising home prices and rents are already an issue, and the City is seeking relief. With the economy improving in other parts of the country, parts of the City’s labor force may find opportunities in places with better combinations of wages and housing prices. The timing of the additional supply of office space may not be sufficient to slow the rise of office rents, reinforcing the decision to relocate elsewhere.

The Council’s forecast is still more conservative than forecasts compiled and released by both City Comptroller Scott Stringer and the City’s Independent Budget Office (IBO).

**Table 5. Forecasted Tax Revenues: Preliminary Budget, Fiscal 2016  
Fiscal Years (million \$)**

<b>OMB levels:</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	
	50,428	51,843	53,666	55,599	57,610	
<b>Difference from OMB:</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Totals</b>
Council	272	879	804	296	85	2,336
City Comptroller	299	733	1,089	895	1,500	4,516
State Comptroller	250	450	300	300	300	1,600
IBO	308	1,259	1,768	2,156	2,877	8,368
NYS Financial Control Board	400	575	400	350	300	2,025

**Financial Plan Risks**

There are also non-economic risks to the financial plan.

**Federal Aid**

The Financial Plan is subject to variations in federal aid. Washington’s budget process is still governed by the Budget Control Act of 2011, as modified in 2013. There are caps on discretionary spending through Federal Fiscal 2021. Much of the aid New York City receives is from this part of the Federal Budget: the first indication of how this will play out will be the passage of a budget resolution establishing funding levels for Federal Fiscal 2016, which should occur this month. If Congress and the President cannot agree on budget processes, the threat of sequestration will reemerge. Either way, budgetary austerity seems likely to prevail for the foreseeable future.

**Uniform Overtime**

The City’s budget has consistently underestimated the overtime ultimately paid to uniformed employees in the Police, Correction, and Fire Departments. This threatens, if it continues, to impact spending allocated for other purposes. The City Council is asking the Administration to better account for overtime needs in its budgets.

**Department of Education Medicaid Revenue Shortfall**

The Preliminary Budget for the Department of Education includes a federal Medicaid Revenue estimate of \$67 million in Fiscal 2015 and \$97 million in Fiscal 2016. DOE’s current plan to claim Medicaid in Fiscal 2016 will not achieve \$97 million in revenue. A more realistic revenue estimate although still somewhat unlikely, would be this fiscal year’s \$67 million projection, which is \$30 million short of the Fiscal 2016 projection. In order to meet the Preliminary Budget’s \$97 million Medicaid revenue projection, DOE would have to submit claims for speech therapy. As regulated by federal Medicaid claiming requirements, DOE may only submit claims for services provided by or under the direction of speech teachers with a Speech Language Pathology (SLP) license,. In order for DOE to submit this documentation, the United Federation of Teachers (UFT) must permit the Department to use these licenses. The UFT does not currently allow DOE to use the SLPs for Medicaid claiming purposes.

### **Charter School Budget Risk**

The Preliminary Budget estimate for spending on charter schools is \$1.4 billion in Fiscal 2016. This projection is an estimate of the cost of existing charter schools, including projected enrollment growth that will occur as some expanding schools phase in additional grades. The estimate does not take into account the cost of new charter schools that will open next fall. DOE expects ten charter schools to open in the fall. The new charter schools will likely have space costs and other needs; thus, OMB's Fiscal 2016 spending projection for charter schools is largely underfunded. The Council calls on the Administration to recognize the charter school gap as a new need in the Executive Budget.

### **Head Start Deficiencies**

An Environmental Health and Safety Audit of Head Start programs funded by the Administration for Children's Services (ACS), conducted last year by the federal Office of Head Start (OHS), revealed 582 instances of deficiency, noncompliance or concern spread across approximately 71 programs. ACS receives a \$129.3 million federal Head Start grant from OHS; as a result of the review, ACS is at risk of losing this federal funding. Additionally, substantial and costly improvements need to be made in order to remedy these deficiencies.

At the Fiscal 2016 Preliminary Budget Hearing for ACS, it was noted that the costs of these remedies were not reflected in the Fiscal 2016 Preliminary Budget. Recently, at a hearing of the Committee on General Welfare regarding Head Start, ACS could not definitively say if the cost of corrective action and increased oversight would be reflected in the Fiscal 2016 Executive Budget. The Council is deeply concerned with the audit findings, and considering that ACS is at risk of losing its Head Start grant, it is requested that the costs of corrective action and increased oversight from the audit are reflected in the Fiscal 2016 Executive Budget.

### **Department of Correction's 14-point Reform Plan**

The Department of Correction and the Mayor announced a 14-point plan to aggressively combat violence and promote a culture of safety at the Department of Correction (DOC) in March 2015. The Department has released limited summaries of five main initiatives to target inmate-on-inmate violence directly, but descriptions of nine initiatives have not been released.

DOC Commissioner Joseph Ponte announced the 14-point plan after the release of the Fiscal 2016 Preliminary Budget. Although some operational changes called for in the 14-point plan, such as the crisis intervention team and the installation of cameras in DOC facilities, were funded in the Fiscal 2016 Preliminary Budget, most of the initiatives are not included in the Department's budget. The Council is concerned that DOC's Fiscal 2016 Preliminary Budget will not adequately support the Department's operations and its reform plan.

## Transparency

The proposals presented by the de Blasio Administration in his Fiscal 2016 Preliminary Budget set forth a progressive agenda consistent with the Mayor's priorities outlined in last year's budget. They also seem to align with the progressive values of the City Council. Last year, during the negotiation of the Fiscal 2015 Adopted Budget, the de Blasio Administration expressed that it wished to work together with the City Council to adopt a budget that is "fiscally responsible, progressive, honest, *and transparent*" (emphasis added). For the Fiscal 2016 Preliminary Budget, however, the de Blasio Administration removed the "transparent" descriptor and noted that its Fiscal 2016 Preliminary Budget "reflects the administration's core values: fiscally responsible, progressive and honest."

The path to progressive values and efficiency starts with transparency in the City's budget. Transparency allows the Council to be an equal partner in decisions affecting the City's finances and ensures that every dollar is spent in the most targeted and effective way to reflect the City's shared values and priorities.

For decades, the Council has faced the problem of a lack of transparency in the City's budget. This lack of transparency led to the use of overly broad Units of Appropriations (U/As), lack of details about proposals, and a lack of clarity about progress and outcomes of proposals and initiatives. Unfortunately, many of these same issues still exist today in the budget presented by the de Blasio Administration. For example:

- There are still ambiguous and broad U/A in the Fiscal 2016 Preliminary Budget;
- There remains a lack of detail about key proposals, such as the City's affordable housing plan, the financial details of which are not fully incorporated in the City's Preliminary Ten-Year Capital Strategy;
- The City Capital Budget continues to front-load funding for capital projects, which misrepresents the accurate time of completion for such projects. In the City's Preliminary Capital Plan, 22 out of the 40 City agencies that submitted a capital plan to OMB had 50 percent or more of their commitments forecast in this current fiscal year, with \$17.3 billion or 38.8 percent of project commitments forecasted to occur in Fiscal Year 2015. This method of forecasting is inaccurate and severely reduces the transparency of the capital budget process, and impedes the Council's ability to understand the financial implications of the City's capital needs; and
- The Mayor's Management Report (MMR) continues to present only limited information on the City's 44 agencies included in the report, and fails to accurately link spending for each agency to outcomes and services. While the Charter envisions a document that links a program's performance goals and measures to the corresponding appropriations, for many of the 16 City agencies with program budget areas, the MMR does not appropriately reflect spending by program area. This makes it difficult for the Council to

understand an agency's underlying trends and does not facilitate clear connections to how programs use their resources;

- The Administration has failed to present a Revised Proposed Amendment to the Department of Education's Five-Year Capital Plan for Fiscal 2015-2019, although it was due on March first pursuant to a Memorandum of Understanding between the Mayor, the City Council Speaker, and the DOE Chancellor. This is a critical omission that has prevented the Council and the public from assessing a major component of the City's Capital Budget; and
- In some cases, there is still a lack of clarity about new processes. For instance, the de Blasio Administration has said that there would not be any Programs to Eliminate the Gap ("PEGs"). Instead, the Administration will include agency "efficiencies" in the budget.

In addition to the issues of yesteryear that continue to be a problem today, new budgetary issues have arisen under the de Blasio Administration that have yet to be adequately addressed. For example, in Fiscal 2014, the Bloomberg Administration baselined \$483 million in Council funding for initiatives that restored critical agency operations and supported hundreds of programs operated by community-based organizations (CBO's). The Council and the Administration worked together to ensure that hundreds of CBOs received one-year contract extensions through Negotiated Acquisition Extensions (NAE), thereby ensuring the continuity of the critical services provided by these organizations from Fiscal 2014 to Fiscal 2015. However, many CBOs that received Council funding in the past will not receive funding for the ensuing fiscal year because: 1) in Fiscal 2015, many agencies began to formally procure some of the baselined initiatives through a Request for Proposal (RFP), as required by the City's procurement process; or 2) some agencies have changed the scope for which the Council funding was originally intended, deeming some previously funded CBOs ineligible to receive funding, and accordingly depriving the City of vital services that are provided by these organizations.

The lack of transparency in the City's budget and the Administration's failure to timely provide detailed budgetary information about key proposals to the Council impede the Council's ability to make informed decisions about the City's current fiscal condition, properly assess past and current proposals, and adequately make long-term planning decisions. In an eye toward transparency, the Council calls upon the de Blasio Administration to set forth the below changes to the City's budget so that every dollar is spent in the most targeted and effective way to reflect the City's shared values and priorities.

### **Lack of Agency Efficiencies in the Preliminary Budget**

For the Fiscal 2016 Preliminary Budget, the Mayor has indicated that the budget would not include any new Programs to Eliminate the Gap (“PEGs”), but would rather include “efficiencies.” PEGs are one category of budget changes that are introduced into the budget in order to close a budgetary gap. Since there was no budget gap in Fiscal 2015, and no gap is projected for Fiscal 2016, the Administration has stated that it plans to fund new needs and streamline programs by requiring agencies to find budget efficiencies.

In November 2014, in preparation for the Preliminary Budget, the OMB solicited recommendations from agencies that would promote “better management of existing programs to free up funds that can be invested in enhanced services to New Yorkers.” In preparing such recommendations to reduce City-funded costs for the Fiscal 2016 budget, the Director of OMB requested agencies to consider the following actions:

- Management and productivity initiatives;
- Elimination or reduction of costs for programs that are not proving effective;
- Consolidation or restructuring of programs; and
- A reduction in the use of consultants or outside contracting.

While the implementation and identification of programs aimed at securing operational savings and improving operational efficiency is a fiscally responsible goal, details about the implementation of this process has not been communicated to the Council. The PEG process previously used by OMB entailed formal and frequent PEG-monitoring meetings between OMB, the Council, and other fiscal monitors that allowed close scrutiny of PEGs through discourse and information sharing. Under the PEG process, OMB also produced and disseminated milestone reports, which indicated whether the PEG had been implemented and the projected and actual savings achieved by the PEG. It is not clear to the Council whether the process of efficiencies would be subject to the same level of monitoring and oversight as the PEG process.

The Preliminary Budget did not contain any agency efficiencies that may have been identified in response to OMB’s November 2014 request, and the Council is informed that any identified agency efficiencies are now slated to be included in the Mayor’s Executive Budget. The delay hinders the Council’s ability to adequately review the agency efficiency program during the regular budget cycle.

It is the Council’s hope that if, and when, the agency efficiency program is implemented, there will be a process in place to measure and monitor the efficiencies proposed by the agencies, and that going forward the budget will include a distinct category for efficiencies as it does for PEGs.



### Additional Units of Appropriation

Units of appropriation (U/As) are the basic levels of detail within an agency's operating budget. It is at this level that the Council approves and adopts the expense budget. The Charter requires the U/As to reflect the main programmatic activities and goals of each agency. The U/As are intended to be highly descriptive in order to facilitate the Council and the public's understanding of agency spending and performance. Despite these Charter mandates, the expense budget the Council receives from the Mayor each year is very different from the one the Charter envisions. With the exception of a few agencies, the numerous programs and activities of most agencies are often lumped together into one, or just a few U/As. This means that the Council, at budget adoption, often does not approve agency programs, but rather broad U/As that may or may not be related to disparate agency programs and goals. In short, U/As are the cornerstone of a transparent budget. When the U/As do not properly reflect the programmatic activities of the agency, the budget becomes a less honest representation of the City's priorities.

Last year, upon agreement with the City Council, the Administration committed to adding or revising six U/As in the Fiscal 2015 Adopted Budget or the Fiscal 2016 Preliminary Budget. Specifically, the Administration agreed to:

- Rename U/A 001 in the Miscellaneous Budget to Labor Reserve as all of the funds in this U/A are for the Labor Reserve;
- Within the budget of the Department of Education:
  - Move funding for networks and clusters from the General Education Instruction and School Leadership U/A to the Regional Administration U/A since funding for networks and clusters do not directly support students as its budget location would suggest;
  - Create a new U/A for the recently expanded Universal Pre-Kindergarten program (UPK);
  - Move charter school support costs to the Charter School U/A; and
- Within the budget of Department of Health and Mental Hygiene:
  - Move all budget codes for epidemiology services into the Epidemiology Services U/A to effectively capture all spending for these services within one U/A; and
  - Create a new U/A for Early Intervention.

Of the six additions or changes that the Administration committed to making, the Administration has yet to create the new U/As for UPK and Early Intervention.

As it did last year, the Council continues to believe that the identification, creation, and reorganization of U/As in the budget, like the rest of the budget process, should be considered an ongoing endeavor. To that end, the Council resubmits its request for the two new U/As committed to, but not included in, the Fiscal 2015 Adopted Budget or the Fiscal 2016 Preliminary Budget, and proposes the creation of additional U/As, budget and object codes, and improved

presentation of the school's capital plan, which, together, will significantly increase the transparency and accuracy of the City's budget.

### **Transparent and Accurate Forecasting of the Preliminary Capital Commitment Plan and Preliminary Ten Year Capital Strategy**

The City of New York's Preliminary Capital Commitment Plan and Preliminary Ten Year Capital Strategy were released simultaneously on February 9, 2015.

The City's Preliminary Capital Commitment Plan introduced planned commitments of \$44.7 billion (all funds) over the four-year period from 2015 to 2018, over this time span \$17.3 billion or 38.8 percent of the projected commitments were forecasted to occur in the current Fiscal Year. The average annual level of actual commitments of City and non-City funded capital dollars from Fiscal 2011 through Fiscal 2014 is significantly less at \$7.3 billion per year. The front-loading of the Capital Commitment Plan had become standard practice under previous administrations and in the current Preliminary Capital Commitment Plan for Fiscal 2015, of the 40 City agencies submitting a capital plan, 22 of them had 50 percent or more of their commitments forecast in Fiscal 2015 and 12 of those City agencies had 70 percent or more in Fiscal 2015. This method of forecasting is inaccurate and severely reduces the transparency of the document. The Council has called upon the Administration to address this issue during the Preliminary Budget hearings and the Administration has agreed to work with the agencies to create an Executive Capital Commitment Plan that more accurately reflects the timing of capital projects.

The City's Preliminary Ten-Year Capital Strategy totals \$67.7 billion (all funds) over the ten year period spanning Fiscal Years 2016 through 2025. The Preliminary Ten-Year Capital Strategy is compiled every two years and is intended to depict and elaborate on the Administration's priorities for maintaining the City's core capital infrastructure needs. Unfortunately, the Preliminary Ten-Year Capital Strategy contained less of the overarching narratives and descriptive charts than in the previous Preliminary Ten-Year Capital Strategy. During the City Council's Preliminary Budget hearings, this fact was brought to light and the Council was assured that the final Ten Year Capital Strategy to be released in May 2015 will be a more robust document in which the Administration's long term goals will be more clearly defined.

### **Proposed Amendment to the School Construction Authority's Five Year Capital Plan**

In accordance with a Memorandum of Understanding between the New York City Council and the DOE, the School Construction Authority (SCA) shall provide a proposed revised amendment to the Five Year Capital Plan that is usually received in February. As of the writing of this document the City Council has not received this proposed amendment. It is from this proposed amendment that the Council performs its final analysis on the SCA's Five-Year Capital Plan before voting to adopt the entire City budget in June. The Council is looking forward to the release of this document so this analysis can begin.

### **The Unintended Impact of Baseline Council Initiatives**

One of the most significant issues not addressed in the Fiscal 2016 Preliminary Budget is the impact of baselined funding on potentially dozens of CBOs that provide vital public services throughout the City. The City's budget includes approximately \$483 million that was originally included in the Fiscal 2014 Adopted Budget by the City Council to restore critical agency operations and support a wide diversity of CBOs that offer vital public services. In order to continue programming and give City agencies sufficient time to develop procurements for these baselined programs, the Administration extended the Fiscal 2014 baselined contracts through Fiscal 2015 with one-year NAEs.

During the course of this fiscal year, agencies with baselined Council initiatives have been developing procurement plans for the baselined funding for Fiscal 2016 and beyond. For many initiatives, such as discretionary child care contracts and elder abuse prevention services, agencies have issued RFPs that closely aligned to the intent of the original Council initiative and gave all providers an opportunity to apply. Unfortunately, given some of the current procurement plans, many vital, long-standing programs will not be continued in Fiscal 2016. Several of the baselined Council initiatives funded CBOs for years at the discretion of the Council, but in some cases, the RFP processes compromises the original intent of the initiative. For example, many Council-funded Naturally Occurring Retirement Communities (NORCs) were ineligible to apply to the NORC RFP released by the Department for the Aging (DFTA) in 2014. In addition, some agencies have changed the scope of what the Council funding was originally intended for, deeming some previously funded organizations ineligible to receive funding, either through a RFP or extending an existing contract for services. For example, the Council designated 25 CBOs in Fiscal 2014 for the Autism Awareness Initiative, but the RFP that will be released through the Department of Health and Mental Hygiene (DOHMH) will only award ten contracts, thus changing the scope of the initiative. For those baselined Council initiatives that will not be procured through a RFP, the agencies will either extend existing contracts for services or use the baselined funding for a related agency program.

The baselining process not only added funding to each agency's baselined budget, but also added the funded service to the agency's portfolio of programs. The Administration should again review and revise each agency's plan to expend the baselined funding to ensure that it matches the program initially supported by the Council and guarantee that any RFP issued gives all Fiscal 2015 providers an opportunity to apply. Agencies must consider the range and breadth of programming offered, the diversity of CBO providers, the target neighborhoods served through the initiatives, and the culturally and linguistically focused programming provided. Procurement plans should also ensure that small, local organizations are not at a disadvantage.

Appendix B presents a list of all the baselined initiatives by agency.

### **The Mayor's Management Report Does Not Reflect Spending Priorities**

Mandated by the City Charter since 1977, the MMR serves as a public document on how efficiently, effectively, and expeditiously City agencies perform their tasks. The Mayor is required to develop program goals and performance measurements for each agency and to report on each agency's progress towards these goals. While the MMR is released in September, a PMMR is released earlier to provide an initial update on how the City is performing in the first four months of the fiscal year. This year's hearings analyzing the structure of the PMMR were conducted in conjunction with the Preliminary Budget hearings held by Council Committees throughout the entire month of March.

Findings from the Council's hearings suggest that, despite the requirement by the City Charter that the management report include detailed performance information, the PMMR for fiscal 2015 does not contain sufficient information to accurately gauge the performance of the City's 44 agencies included in the report. One example is the lack of geographic detail that could be helpful in some metrics. Not including maintenance staff assignments for each park or police response times at the borough level (a metric used in prior MMRs) makes it difficult to assess how well services are provided across the City. Additionally, the MMR fails to accurately link agency to outcomes and services. While the Charter envisions a document that links a program's performance goals and measures to the corresponding appropriations, for many of the 16 City agencies with program budget areas, the MMR does not appropriately reflect spending by program area. This makes it difficult for the Council to understand an agency's underlying trends and does not facilitate between spending and results.

Therefore, it remains critical that the report include meaningful data and indicators. The Council calls on the Administration to revise the structure of the MMR to more accurately link spending for each agency to outcomes of services.

## Securing the City's Long-Term Budget Stability

Responsible budgeting requires thinking about more than just the year ahead. This document is replete with proposals that address issues that span beyond the ensuing fiscal year, with the most obvious examples being the capital needs of the City's three public library systems and the need for additional, high-quality seats in our schools. This section is unique in that its focus is the City budget as a whole and its focus is solely on the long-run.

The City has a set of long-term financial commitments to its bond holders, to its employees and retirees, and to its residents. Among these commitments are pensions, post-employment health insurance, and debt. While the City's pension funds are 70 percent funded, there is still a \$46.6 billion unfunded liability. Additionally, post-employment health benefits currently have an unfunded liability of \$89.5 billion and the City has an outstanding debt of \$69.3 billion. The debt and liabilities profile is one of the greatest concerns of many bond rating agencies when evaluating a municipality's creditworthiness. According to Moody's, the City's debt and liabilities profile is weak. While this is not currently a crisis, if not managed swiftly, it could harm the City's credit rating – raising the cost of the City's critically needed capital program.

There remains another challenge. City revenues fluctuate with the ups and downs of financial markets, but the needs of City residents for services such as library hours, fire companies, and street cleaning do not. To manage this, the City can save during good times and use those savings to cushion bad times when they inevitably come. The technical term for this mechanism is "cyclical budget management." During this time of relative prosperity for the City, it is time to save again.

Three of the proposals in this section are intended to help with these broad stability issues. A Rainy Day Fund would help with cyclical budget management, and it would also allow the City's device for funding post-employment health insurance, the Retiree Health Benefits Trust Fund, to invest with these long-run issues in mind. Pay-go capital can help slow the growth of outstanding debt, as well as smooth over the cyclical problem. The pied-à-terre tax would fill a gap in the City's tax system and it could be used as a source of funding for long-run stability.

OMB's estimates of interest rates are cautious. They are usually adjusted downwards as the year progresses. The Finance Division believes that the lower interest rates re-estimates are likely to occur next year and the reduced cost is a potential aid to the long-run and cyclical issues.

While the overall stability of the City's budget is vital, we also need to think about the stability of the social services agencies that provide crucial services under New York City contracts. Reestablishing the central insurance program would provide lower insurance rates for a multitude of non-profit organizations. The lower insurance costs would allow them to keep offering essential services to the City's residents, helping bring stability to those in need.

### **Pay as You Go Capital**

The Council recommends that the Administration reallocate \$250 million, currently budgeted in the General Reserve, to PayGo Capital throughout the Financial Plan. This action would have a neutral fiscal impact on the Financial Plan, while increasing the City's options with regard to

financial planning. If used, this funding would reduce the City's debt service liabilities by reducing the need to issue bonds. Using PayGo helps the city meet its capital needs without adding to total debt outstanding. It would save the City money in the long run by eliminating interest payments. The funding can also act as a budget stabilizer and could be reallocated for more urgent needs or to prepay debt. If reallocated, the City would maintain its ability to issue debt to finance capital projects.

### **Allow New York City to Create a Rainy Day Fund**

The Financial Emergency Act and the City Charter require the City to both adopt and to end the year with a balanced budget by Generally Accepted Accounting Procedures (GAAP) rules. The City ends each year with a GAAP balance of \$5 million. But this misses how the City actually runs its budget. The City has made use of various budgetary reserves to practice what Dall Forsythe of Baruch College has called 'cyclical budget management.' In good times the City builds up these funds, mostly by prepaying certain expenses and by adding funds to the Retiree Health Benefit Trust Fund (RHBT), and in bad times it uses these funds, reducing prepayments into the next fiscal year and running down the balance in the RHBT.

The practice reflects the volatility of some of the City's revenues. About half of the City's tax revenue responds quickly to the ups and downs of the business cycle. Some of these responses can be extreme. For example the \$1.2 billion banking corporation tax has risen in some years by as much as 85 percent and fallen in others by 45 percent.

Under GAAP, the City cannot establish a true rainy day fund without State authorization because such a fund would allow the City to carry forward funds from one fiscal year to the next. Current practices are essentially ways of getting around the GAAP requirement. They suffer from a lack of transparency and in the case of the RHBT use an inappropriate tool. The RHBT's primary purpose is to offset a large unfunded liability: health insurance for retirees. This unfunded liability topped \$95 billion at the end of Fiscal 2014. Use of the RHBT as a kind of rainy day fund requires that its assets be kept highly liquid, thus earning low rates of interest. Focusing the RHBT on post-employment health insurance would allow longer term investment of the fund.

Under this proposal, the City would be allowed to establish, as a separate unit of appropriation in the expense budget, a rainy day fund. It would also be allowed to establish rules for the operation of the fund, including rules for deposits to and withdrawals from the fund.

### **Pied-à-Terre Tax**

Impose an additional property tax on high value residences, whose owners are not using the property as their primary residence. Originally proposed by the Fiscal Policy Institute (FPI), this tax of up to four percent per year would apply to residences with a current market value over \$5 million. This tax would be assessed based on sale prices rather than assessed values as calculated under the current property tax.

The top four percent rate would hit the portion of properties valued above \$25 million. The estimated revenue from the tax is \$380 million, according to Independent Budget Office (IBO) calculations.

New York City's tax system is not very effective in taxing these properties or their owners. New York City's property tax system has some of the lowest effective tax rates on some of its highest priced residences. New York City's personal income tax does not apply to non-residents. Though reform of these two taxes would be a superior solution, it is difficult. This is a simple solution.

#### **Lower the Debt Service Interest Assumption**

In the Financial Plan, the short-term variable rate demand bond (VRDB) interest rate assumption for Fiscal 2016 is significantly higher than expected true interest costs. Under the same assumption, OMB recognized over \$250 million in debt service savings from VRDBs in Fiscal 2014 after the interest rate was adjusted to reflect actual costs. In the current fiscal year, OMB has already reallocated over \$117 million initially budgeted for VRDB debt service, with the possibility of more savings to come. The Council believes that OMB consistently over projects these costs far beyond what is necessary for caution and recommends that \$100 million currently budgeted for VRBD debt service be reallocated.

#### **Reduce the Reserve for Revenue Anticipation Notes (RAN).**

The Fiscal 2016 Budget includes reserve RAN funding of \$75 million for short term borrowing to address potential cash flow shortages that may occur in late November and December when the City's cash flow is typically at its lowest. The funding has not been used since 2004 and is not anticipated to be needed in the upcoming fiscal year. In the March 2015 Cash Balance Projection letter, the Office of the Comptroller reports that over the past twelve months, the City's cash balance has averaged \$9.118 billion, compared to \$6.987 billion for the same period last year. The Council recommends that \$75 million budgeted for RAN debt service in Fiscal 2016 be reallocated.

#### **Re-establish a Central Insurance Program**

For decades, New York City's Central Insurance Program (CIP) provided insurance for nonprofit providers who had contracts with one of the following four City agencies: ACS; DFTA; the Human Resources Administration (HRA); and the Department of Youth and Community Development (DYCD). By Fiscal 2011 the City's spending on the CIP was over \$285 million, insurance costs that were deducted from contracts with covered providers. Beginning in Fiscal 2013, the City ceased to provide health insurance through CIP for ACS child care providers and DFTA senior center providers. At that time, insurance benefits provided to child care and senior center workers were far more generous than policies available to City employees.

Concerns with the cost and availability of health insurance to the City's contracted workforce have recently surfaced. The Administration should examine the feasibility of restoring the Central Insurance Program, which had been cited as an innovative way to reduce operating costs for the providers, who were often too small to negotiate directly with major insurers, and the City, which was covering much of that cost under contract. Doing so could offer a number of direct and indirect benefits to the public, such as creating additional classroom space for the City's UPK program.

## Expanding Access to Civil Justice

### Create an Office of Civil Justice

The Council calls upon the Administration to create an Office of Civil Justice (“the Office”), which would be responsible for overseeing all aspects of civil justice programs in New York City. This would include assessing the efficacy and capacity of civil legal service provider programs, pro bono programs, and law school programs (e.g. clinics) to determine how many low-income New York City residents are actually being served, and more importantly, how many low-income New Yorkers are not having their civil legal services needs met. The Office would advise and assist the Mayor in each area as it relates to civil justice, including, but not limited to, the planning and implementation of civil justice programs, coordination of agencies that implement these programs, reviewing and advising the Mayor on the budgetary costs associated with civil programs as well as developing, studying, and making recommendations in all civil justice matters that affect New York City.

The Office would be responsible for conducting an annual survey formulated specifically to better assess the civil legal service needs of low-income City residents. The office would be charged with developing a five-year plan based off of the initial assessment of needs which would be disseminated to the Mayor and the Council.

The Office would also be responsible for: making budget recommendations regarding funding for civil legal services programs; exploring innovative approaches to free or low-cost programs, as well as educating the public regarding existing programs; coordinating efforts among civil legal services programs to increase efficiency, and; establishing mechanisms for providing civil legal services during and after emergencies.

In order to create the Office, the Administration would need to provide \$2 million in baseline funding to support 22 full-time positions and associated Other Than Personal Services costs. Staffing for this office would include a Director, a Deputy Director, a General Counsel, two attorneys, 10 research assistants, five procurement analysts, and two secretaries.

### Bolster Staff at the Commission on Human Rights

The New York City Commission on Human Rights (“the Commission”) enforces the New York City’s Human Rights Law (NYCHRL) and educates the public about its scope. The NYCHRL is one of the most comprehensive in the nation, as it prohibits discrimination in employment, housing, and public accommodations based on race, color, creed, age, national origin, alienage or citizenship status, gender (including gender identity and sexual harassment), sexual orientation, disability, marital status, and partnership status. In the Council’s Fiscal 2015 Preliminary Budget Response, and most recently in the Speaker’s 2015 State of the City Address, the Council highlighted the inadequate funding and staffing levels of the Commission. The Council remains concerned that the Commission is not able to meet the mandates set forth by the robust NYCHRL. This is especially true given the recent increases in the Commission’s scope to enforce the NYCHRL due to additional protected classes added by recent legislation.

The Commission’s Fiscal 2016 Preliminary Budget is \$6.7 million. Federal Community Development Block Grant (CDBG) funding accounts for \$4.2 million or 62.7 percent of the



budget and the remaining \$2.5 million or 37.3 percent is City tax-levy. The Budget supports a workforce of 66 positions. Eleven are City funded and 55 are CDBG funded. With the exception of the recent collective bargaining costs included in the Fiscal 2016 Preliminary Plan, both the budget and headcount for the Commission has remained unchanged. The Commission is short-staffed and underfunded, having seen its budget plummet from \$10.4 million in the 1990s to only \$6.7 million today. Funding has been cut by 80 percent and staffing by more than 90 percent. The Council is once again calling upon the Administration to add funding to increase the Commission's headcount. Baseline funding of \$5.1 million would increase the budget by 76 percent to approximately \$11.8 million allowing the Commission to hire an additional 25 Human Rights Specialists and up to 40 Attorneys.

### **Baseline the New York Immigrant Family Unity Project**

In Fiscal 2015, the City Council provided \$4.9 million for the New York Immigrant Family Unity Project (NYIFUP), the nation's first government-funded legal representation program for detained and non-detained immigrants facing deportation. NYIFUP provides high-quality, holistic representation to New Yorkers facing deportation who cannot afford an attorney. NYIFUP attorneys carry a full caseload of deportation defense cases, and provide services including: master calendar, bond and individual merits hearings, appeals, and social work services.

A recent economic report found that a national immigration public defender system could offset the federal government's costs through detention, foster care and transportation savings,<sup>5</sup> without accounting for other likely fiscal, social and administrative benefits of uniting hardworking immigrant families.

The Council urges the Administration to maintain New York City's reputation as a national leader in immigrant rights by including \$4.9 million in Fiscal 2016 and in the outyears to support the first-of-its-kind public defender system that offers legal representation to immigrants under the threat of deportation.

### **Baseline and Expand Services for Unaccompanied Minor Children in New York City**

According to U.S. Customs and Border Protection, over 63,000 unaccompanied children fleeing human rights abuses, violent gangs, domestic violence, drug traffickers, human trafficking, and economic deprivation were apprehended at the southern border between October 1, 2013, and July 31, 2014.<sup>6</sup> The New York City Council's Unaccompanied Minors Initiative, a groundbreaking public-private partnership between the Council, the Robin Hood Foundation and New York Community Trust, provides legal representation to all unaccompanied minors in immigration court. The organizations funded through this initiative provide direct representation, appropriate referrals to social services, as well as leverage high quality pro bono representation to ensure due process for minors struggling to maneuver the immigration system alone. In the six months since its launch, the initiative has taken in over 400 cases with four petitions for asylum already granted.

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<sup>5</sup> Montgomery, John D. (2014). *Cost of Counsel in Immigration: Economic Analysis of Proposal Providing Public Counsel to Indigent Persons Subject To Immigration Removal Proceedings*. New York: NERA Consulting.

<sup>6</sup> <http://www.cbp.gov/newsroom/stats/southwest-border-unaccompanied-children>

However, in addition to assessing the quality of legal services, this initiative has highlighted the need for comprehensive social services that are not being addressed by the courts or the City. According to a study conducted by the United Nations High Commissioner for Refugees' (UNHCR) Regional Office for the United States and the Caribbean, nearly 53 percent of minors cited issues related to poverty, lacking basic survival necessities, needing to provide support to family members, or lacking meaningful opportunity for work or education as reasons for fleeing their country.<sup>7</sup>

The Council urges the Administration to include \$4 million in Fiscal 2016 and in the outyears to provide legal services and to develop a mechanism for assessing the health and social needs of unaccompanied children/youth, so that those needs are appropriately met. The Mayor's Fiscal 2016 Preliminary Budget does not include funding for these vital services and the \$900,000 in private funding from Robin Hood and New York Community Trust for this work is slated to cover legal services until the end of calendar year 2015.

**Baseline Funding for Administrative Relief: Expanded Deferred Action for Childhood Arrivals (DACA) and Deferred Action for Parental Accountability (DAPA/DAP)**

On November 20th, 2014, President Obama announced administrative relief to help protect millions of undocumented immigrants from deportation, and grant them employment authorization for three years. The President's administrative relief includes two initiatives to benefit undocumented immigrants: Expanded Deferred Action for Childhood Arrivals (DACA) and Deferred Action for Parental Accountability (DAPA/DAP). Approximately 235,000 New York City residents are expected to qualify for the expansion of DACA and for DAPA. At the request and advocacy of the Council, the Administration included \$2.5 million in funding for Fiscal 2015 to coordinate the City's response to the President's Executive Action.

With current DACA funding of \$18 million over two years slated to end this fiscal year, the Mayor's Preliminary Fiscal 2016 budget does not include funding for continuing outreach, legal and adult education services for immigrant populations.

The Council urges the Administration to include \$10 million in Fiscal 2016 and in the outyears to support services associated with federal immigration relief, which includes outreach, legal services, Key to the City events, and adult education services for immigrant populations. This funding should also include the expansion of the CUNY Citizenship NOW program and coordination of legal services in the City.

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<sup>7</sup> United Nations High Commissioner for Refugees. Children on the Run: Unaccompanied Children Leaving Central America And Mexico and the Need For International Protection.  
[http://www.unhcrwashington.org/sites/default/files/1\\_UAC\\_Children%20on%20the%20Run\\_Full%20Report.pdf](http://www.unhcrwashington.org/sites/default/files/1_UAC_Children%20on%20the%20Run_Full%20Report.pdf)

## Investing in our Youth

### Create a New Year-Round Youth Employment Program

Nationwide, youth participation in the workforce has been experiencing a steady decline since Fiscal 1990, in part as a result of increasing youth unemployment rates that are consistently higher than those of the broader population. Last year, youth unemployment was 14.3 percent, with even higher numbers seen within the young black (24.8 percent) and Latino (16.1 percent) workforce.<sup>8</sup> Involuntary unemployment amongst 16-to-24-year-olds has been shown to correlate with lower lifetime earning potential and greater likelihood of future unemployment,<sup>9,10</sup> leaving large segments of the population at-risk for involvement in the criminal justice system.<sup>11</sup>

New York City's Summer Youth Employment Program has offered employment and workforce training opportunities to tens of thousands of New Yorkers between the ages of 14 and 24. However, at six weeks in length, these opportunities only begin to offer the level of experience and guidance young people need to develop lifelong skills. The Council calls upon the Administration to allocate \$17.3 million toward the development and implementation of a new year-round youth employment program. Modeled after an extension of the In-School Youth Program from Fiscal 2009 and Fiscal 2010, the new program could provide 8,000 participants with up to 192 hours of employment per year in jobs at ISY, Beacon and Cornerstone sites, at an hourly wage of \$9.

### Create More Summer Jobs for Youth

Last year, the City's Summer Youth Employment Program (SYEP) provided paid work experiences to 47,126 New Yorkers between the ages of 14 and 24 at a total cost of \$65 million. However, this figure represents only a third of the more than 130,000 program applicants, leaving tens of thousands of young people unserved and without productive employment. Recognizing the critical importance of the SYEP, as well as the gap in the supply of and demand for positions, the Council would like to see additional money used to fund a more robust program. The Council calls upon the Administration to add an additional \$19.9 million to DYCD's budget, not only restoring 10,000 slots that were previously supported by the City Council at \$15.2 million, but also adding 3,000 more slots, bringing the total number of SYEP program slots to 50,000.

In addition to the Council's proposal to expand SYEP, the Council calls on the Administration to add \$545,040 for approximately 360 summer youth employment positions associated with the Anti-Gun Violence Initiative. In Fiscal 2015, the Council and Administration allocated \$145,000 for 100 youth employment slots in the six original Cure Violence sites.

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<sup>8</sup> U.S. Department of Labor, Bureau of Labor Statistics (2015).

<sup>9</sup> Mroz, Thomas A. and Savage, Timothy H. (2004).

<sup>10</sup> McQuaid, Ronald, Raeside, Robert and Graham, Helen (2014).

<sup>11</sup> Munford, Tracy (2010).

### **Increase Beds for Runaway and Homeless Youth**

The Council acknowledges the Administration's expansion of dedicated beds for runaway and homeless youth in Fiscal 2015. This expansion has increased the budget for beds and outreach to \$17.2 million and the current total of shelter beds available to 353 from 247. Unfortunately, this expansion still does not meet the needs of the total population of runaway and homeless New Yorkers. The Council strongly encourages the Administration to add an additional 100 beds to expand DYCD's capacity to serve this especially vulnerable group.

### **Expand the Teen Relationship Abuse Prevention Program**

Teen Relationship Abuse Prevent Program (RAPP), introduced in 1999, is a school-based domestic violence prevention program that serves almost 50,000 middle and high school students. Prior to Fiscal 2011, Teen RAPP's budget stood at \$3 million. In Fiscal 2011, a budget cut eliminated all support for the program, but the City Council restored Teen RAPP with a \$2 million allocation. Although Teen RAPP was baselined in Fiscal 2014, the Council calls on the Administration to add \$1 million to Teen RAPP. HRA recently released a RFP for Teen RAPP, but has not yet made awards.

### **Restore COMPASS Slots**

The Council recognizes the Administration's baselining of \$51 million to support slots for elementary and middle school students in the New York City Comprehensive Afterschool System (COMPASS), bringing the total budget for afterschool programming to \$301.2 million for Fiscal 2016. Prior to the baseline, the Council had supported slots at \$2,200 per participant, a lower rate than the \$2,800 to \$2,000 paid to providers directly from DYCD's budget. In an effort to create equity across COMPASS positions, the DYCD and its community-based service providers agreed to a new standard price per participant of \$3,000 for Fiscal 2016. As a result, the baselined funds will now support 2,300 fewer slots. The Council strongly encourages the Administration to add \$7.7 million to DYCD's budget and maintain the same level of service previously supported by the Council, restoring all 2,300 slots.

The Council further requests that the Administration add \$5.9 million to DYCD's budget to restore 17 COMPASS programs previously supported by the DOE. Using grant funds received from the State, DOE had funded 17 COMPASS programs whose contracts have been administered by DYCD. With the end of this grant money, neither DOE nor DYCD has money in their budgets to continue supporting these 17 programs. The loss of these programs will mean the disappearance of 1,882 slots for City elementary school students at a time when working parents need as much afterschool support as possible. It is incumbent upon the City to restore these services.

### **Increase Funding for Beacons**

First created in 1990, Beacons were originally funded at a base rate of \$400,000 per program, per year. Adjusted for inflation, this amount represented the equivalent of \$718,353.48 in Fiscal 2015. Since 1990, a series of budget cuts and inflation adjustments have resulted in not only inconsistent, but also decreased funding across Beacons, with each Beacon now receiving

approximately \$347,000 per year. Each of the 14 Beacons supported with federal funding, on the other hand, have consistently received \$407,000 per year. The current budget allocation for all Beacons is \$39.5 million, of which \$5.5 million supports the federally-funded Beacons. The Council calls upon the Administration to fund all Beacons at the same rate, with increases of \$60,000 to each of the 66 City-funded Beacons for all budgets to achieve annual budgets of \$407,000.

#### **Fully Fund the Operation of 24 NYCHA Managed Community Centers**

In total, 132 community centers operate on the New York City Housing Authority's (NYCHA) property across the five boroughs which provide recreational, social, educational and cultural programming for youth residents and community members. DYCD oversees 70 of these centers, 38 community centers are operated by community service organizations, while NYCHA directly operates 24 community centers. Due to the high costs of managing the centers and severe government funding shortfalls facing NYCHA, the Authority has proposed closing NYCHA managed centers several times. Most recently, in Fiscal 2015, the City Council provided \$17.1 million to NYCHA's operating budget to support the ongoing services of 24 Community Centers and 33 Senior Centers currently under NYCHA management.

These centers provide critical services to youth, including recreational, social, educational and cultural programming for about 5,000 NYCHA residents and community members annually. As such, the Council calls on the Administration to fully fund the ongoing operation of these community centers. The Council estimates that this will cost \$10,148,571 in Fiscal 2016.

## Offer Support to the City's Most Vulnerable

### Double the City's Earned Income Tax Credit

New York City's earned income tax credit (EITC) is significantly less generous than New York State's. While the City's marginal tax rate for the poorest New Yorkers is a full three-fourths of the State's rate, its EITC is only one-sixth of the State's credit. Consequently, many of the poorest City residents still have to pay the City's income tax. In 2012, while only 13 percent of New York State residents receiving the State EITC had to pay State income taxes, a full 30 percent of City residents receiving the City credit still had to pay City income taxes. Doubling the City's credit from five to ten percent of the federal credit would at least lower the percentage to a little below 24 percent. The exceptionally high cost of living in New York City calls for additional support for struggling, working families. The Fiscal impact would be a cost of \$99.9 million in Fiscal 2016.

### Increase the City's Child Care Credit

The City Child Care Credit is intended to reduce the cost of child care for low-income working parents. According to Child Care Aware, the average annual cost of center-based infant day care in New York last year was \$12,280. The lack of affordable child care is a major obstacle to being in the workforce for many parents, particularly when single. The federal and State governments have similar credits, which combined come to \$2,200 per child-up through age 12 and adult dependent to offset allowable costs of care. The federal credit, however, is not refundable, which means low income families are typically unable to use the credit. Like the State program, the City credit is refundable, but unlike the federal and State credits, it is restricted to children age three and younger. The maximum City credit is set at 75 percent of the State credit. A family with a household gross income<sup>12</sup> of \$15,000 gets a maximum credit of \$866 a year.

One major limitation of the City credit is that it begins to phase out at a household gross income as low as \$25,000, and fully phases out at \$30,000. Consequently, many low-income families are ineligible for the credit. The Council supports an increase of income threshold for the full credit to \$35,000, with a phase-out to zero at \$45,000. Further, the Council calls for a deepening of the maximum credit from its current 75 percent to 100 percent of the State credit. This would increase the maximum benefit from \$866 to \$1,155 a year. It would also increase the number of credit recipients by an estimated 85 percent, from the current 23,500 to 43,000 tax filers. The Fiscal impact would come to a cost of \$27.9 million annually.

### Support "Ending the Epidemic" Initiatives in New York City

While the incidence of HIV/AIDS has remained stable in several years, there are about 50,000 new HIV infections per year in the United States.<sup>13</sup> Since the beginning of the AIDS pandemic in 1981, New York City has endured the highest U.S. burden of HIV, with New York State leading

<sup>12</sup> Household gross income is the total federal adjusted gross income of all members of a household.

<sup>13</sup> CDC. Estimated HIV incidence in the United States, 2007–2010. [HIV Surveillance Supplemental Report](#) 2012;17(No. 4). Published December 2012.

the pack and 80 percent of all New Yorkers with HIV residing in New York City.<sup>14</sup> In 2014, Governor Cuomo announced a three-point plan to end AIDS in New York by the year 2020 and reduce new HIV infections from over 3,000 a year to below 750 per year by 2020. The Governor convened a Task Force to advance this plan that included over 60 experts and community leaders and produced a set of recommendations for Ending the Epidemic.

The Council strongly urges the Administration include \$9.7 million in Fiscal 2016 and in the outyears to support and establish prevention, viral suppression and supportive services that will ensure that New York City has the tools to decrease new HIV infections to 750 per year by 2020. Detailed below are the components that will help establish New York City's blueprint towards ending the epidemic.

### *Prevention Services*

One of the goals of the Governor's Ending the Epidemic taskforce was the facilitation of access to Pre-Exposure Prophylaxis (PrEP) and non-occupational post-exposure prophylaxis (nPEP). PrEP is for high-risk persons to be protected before they are exposed to HIV and keep them HIV negative, while nPEP is the use of antiretroviral drugs after a single high-risk event to stop HIV from spreading. Both PrEP and nPEP are prevention methods recommended for high-risk individuals. In order to reduce new infections via prevention services, the City Council recommends the City allocate \$4.3 million for services outlined below.

- Expand HIV Prevention Services at STD clinics. The DOHMH's Bureau of Sexually Transmitted Diseases (STD) Clinics provides clinical services for patients experiencing symptoms, or who are sexual contacts of patients diagnosed with an STD. The Council calls for the Administration to allocate \$2 million in Fiscal 2016 to enhance and streamline linkages to HIV prevention and care at all New York City STD clinics. This funding will support efforts to bring people with HIV into care and initiate PrEP for HIV-negative individuals at high risk of HIV infection.
- Increase Access to nPEP. The Council urges the Administration to allocate \$1.7 million in Fiscal 2016 to establish an nPEP Center for Excellence in each borough. These Centers that will streamline and improve access to nPEP, linkages to care, and other forms of HIV prevention.
- Include Funding for nPEP and PrEP Training Citywide. The Council recommends adding \$300,000 in Fiscal 2016 for the City to support and expand DOHMH trainings on PrEP and nPEP for health providers and facilities.
- Establish a Pilot Project on nPEP and PrEP for High-Risk Youth. Although infection rates have decreased overall, the Council proposes that the Administration include \$300,000 in Fiscal 2016 to conduct a pilot project to provide nPEP and PrEP to HIV-negative youth at high-risk of infection.

<sup>14</sup> New York State Department of Health, Bureau of HIV/AIDS Epidemiology AIDS Institute. *NYS HIV/AIDS Surveillance Annual Report*. July 2014.  
[https://www.health.ny.gov/diseases/aids/general/statistics/annual/2012/2012\\_annual\\_surveillance\\_report.pdf](https://www.health.ny.gov/diseases/aids/general/statistics/annual/2012/2012_annual_surveillance_report.pdf)

### *Viral Suppression*

The HIV care continuum, or the HIV treatment cascade, is a model that outlines the stages of HIV medical care that people living with HIV (PLWHA) go through from initial diagnosis to achieving viral suppression (a very low level of HIV in the body), and shows the proportion of individuals living with HIV who are engaged at each stage. The Council recommends the Administration allocate \$2.4 million to help providers learn and share best practices in achieving viral suppression and for the DOHMH staff to support tracking HIV through phylogenetic analyses.

- Increase Funding for HIV Surveillance. The Council urges the Administration to add \$1.9 million to enhance DOHMH's HIV surveillance to include phylogenetic tracking which uses evolutionary relationships through molecular sequencing data to allow for improved HIV prevention interventions.
- Establish NYC Learning Lab for HIV providers. The Council urges the Administration to allocate \$500,000 to establish a learning lab for HIV care providers to support the "scale up" of interventions to overcome adherence barriers and promote viral suppression.

### *Supportive Services*

Research shows that when it comes to the management of HIV/AIDS and other infectious diseases, support services improve access to and retention in HIV primary care.<sup>15</sup> The Council urges the Administration allocate \$3 million to support and improve the social determinants of health, or the circumstances in which people are born, grow up, live, work and age, and the systems put in place to deal with illness for people living with HIV/AIDS.

- Vocational Training for PLWHA. The Council urges the Administration to include \$2 million in Fiscal 2016 for the expansion of vocational training opportunities for people living with HIV who are not Health and Recovery Plan (HARP) eligible.
- Extend the 30 Percent Rent Cap. The Council urges the Administration to allocate \$1 million in Fiscal 2016 to extend the 30 percent rent cap to HASA clients on Social Security Disability Insurance (SSDI) who are rent burdened but are not currently eligible for the affordable housing protection.

### **Boost Budget for the Emergency Food Assistance Program**

Monthly Supplemental Nutrition Assistance Program (SNAP) benefits allow more than \$250 million in food spending across the City every month. Federal cuts in 2013, which reduced SNAP benefits on average by \$18, have created a strain on emergency food pantries across the City and pantries have been inundated with people in need of food once their monthly SNAP benefits have run out. Food pantries have reported that resources are exhausted more quickly and earlier in the month than before the SNAP benefits reductions. More funding is needed to support Emergency Food Assistance Program (EFAP) pantries in the City to make up for the loss of federal funding and to accommodate the growing need.

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<sup>15</sup> Sherer R, Stieglitz K, Narra J, Jasek J, Green L, Moore B, Shott S, Cohen M. *HIV Multidisciplinary Teams Work: Support services improve access to and retention in HIV primary care.* AIDS Care. 2002 Aug;14 Suppl 1:S31-44.



The Council calls upon the Administration to increase baseline funding for EFAP by \$14.4 million to account for rising poverty and food costs, as well as adjust for current inadequacy of the food supply, which only allows food pantries to provide 5.8 meals in a typical pantry bag - far short of the New York State's nine-meal standard.

### **Emergency Housing Assistance for Disabled Veterans**

While many disabled New York City veterans receive either service connected disability benefits or disability pensions from the United States Department of Veterans Affairs ("VA"), these benefits are often not enough for disabled veterans to afford market rate apartments in New York City. High New York City rents put these disabled veterans at constant risk of being evicted and joining the ranks of homeless veterans. The Council calls on the Administration to allocate \$1 million in Fiscal 2016 for an emergency housing assistance fund to target disabled NYC veterans. The fund would provide one-time cash assistance to qualified disabled veterans who are in rental arrears.

### **Expand of the Mayor's Office of Veterans Affairs**

In its current form, with an annual operating budget of approximately \$600,000, the Mayor's Office of Veterans Affairs (MOVA) is ill-equipped to address the growing needs and growing numbers of New York City veterans. The Council renews its call on the Administration to double MOVA's budget in order to expand the Office's reach and impact for the over 200,000 NYC veterans. The additional funding should include an allocation of \$20,000 to support administrative costs associated with the operation of the Veterans Advisory Board (VAB). In February 2015, the Council passed legislation expanding the VAB and requiring it to meet a minimum of five times per year and at least once in each borough. The Board is comprised of all volunteers and currently has no budgeted resources.

### **Increase NYCHA Placements for Homeless Families to 2,500 units**

The City Council calls on the Administration to designate 2,500 public housing units a year for homeless families leaving city shelters. This would represent half of the approximately 5,000 apartments that become available each year inside developments run by NYCHA.

In order to address record levels of homelessness (more than 58,000 homeless New Yorkers, including 25,000 children, stay in the City's shelter system each night), the Administration plans to dedicate 750 apartments a year in public housing to homeless families. However, this is far less than Mayors Koch, Dinkins, and even Giuliani, who all set aside about one-third of public housing apartments for homeless families. The Council believes the record level of homelessness requires strong commitment to utilizing all available resources, including NYCHA, to combat this crisis.

### **Increase the Health and Hospital Corporation's Unrestricted Operating Subsidy**

With sweeping changes in health care delivery in the past few years, both at the State and federal level, HHC has experienced many challenges to its long term financial sustainability. As a result of these challenges, HHC's projected operating deficit is \$753 million for Fiscal 2016 and is

expected to grow to \$1.5 billion by Fiscal 2019. HHC's unrestricted operating subsidy, which totals \$6 million and was baselined in Fiscal 2015, serves as a lump-sum appropriation to HHC in recognition of the financial challenges of serving uninsured and Medicaid patients. Despite HHC's cost containment measures, HHC will continue to experience extreme deficits as a result of continued Medicare and Medicaid cuts due to the Affordable Care Act (ACA). To absorb the loss of these funds, HHC will be forced to reduce spending across its system, which could translate into service and headcount reductions – actions that will have adverse consequences to HHC patients.

The Council urges the administration to increase the Corporation's unrestricted operating subsidy by \$6 million, which will allow HHC to continue serving the most vulnerable New Yorkers.

### **Fund HHC's Women with Disability Capital Project**

In 2012, the Independence Care System (ICS) and New York Lawyers for the Public Interest released a report titled, *"Breaking Down Barriers, Breaking the Silence: Making Health Care Accessible for Women with Disabilities,"* which described common barriers to receiving health care services for women with disabilities. The report, which focused on physical, communication and attitudinal barriers, offered recommendations to increasing health care access for women with disabilities. These included HHC addressing the accessibility of all public facilities. For example, women with disabilities over age forty are less likely to have a mammogram within the past two years, with the inability to get into the required position as the most frequently cited reason.<sup>16</sup>

After the release of the report, ICS partnered with HHC to conduct an environmental assessment of selected facilities and made recommendations for renovations to increase accessibility. In Fiscal 2014, the City Council committed \$2.5 million to HHC to make capital improvements to the women's healthcare areas of select facilities in order to make them more accessible for women with physical disabilities. This funding was earmarked for facility renovations and equipment to make exam rooms and bathrooms optimally accessible for persons with disabilities at four facilities. HHC budget includes funding for adjustable exam tables and Hoyer lifts, and renovated bathrooms used by women in wheelchairs, and radiology suites that provide mammograms.

However, additional capital funding is needed to complete the second phase of capital improvements to increase accessibility in the women's health areas of select HHC facilities, and help to expedite and continue this process until all HHC facilities are compliant. The Council strongly urges the Administration to include \$15 million in capital funding to continue renovations across the HHC system.

### **Prevent Overdose Deaths**

In the past few years, the number of unintentional overdose deaths has increased, with rates increasing from 8.2 per 100,000 in 2010 to 11.6 per 100,000 New Yorkers in 2013, representing a

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<sup>16</sup>Independence Care System and New York Lawyers for the Public Interest. (2012). *Breaking Down Barriers, Breaking The Silence: Making Health Care Accessible For Women With Disabilities*. <http://www.icsny.org/sitemanagement/wp-content/uploads/2012/10/BreakingBarriers.pdf>

41 percent increase.<sup>17</sup> Naloxone, or Narcan, is a life-saving overdose prevention medication that reverses opioid overdose. As per the DOHMH, there have been 25,000 naloxone kits distributed since 2006, with roughly 10,000 in the last year alone.

The Council urges the administration to include \$2 million to distribute and expand the availability of this life-saving drug that aids in curbing opioid-related overdoses. With this allocation, the City can distribute roughly 35,000 kits that will help save over 100 lives a year and help reverse overdose trends.

### **Improve Viral Hepatitis Surveillance**

Viral Hepatitis, or the inflammation of the liver caused by a virus, can lead to severe liver disease and death if left untreated. Though there are six different types of hepatitis (A-G), the most common types are hepatitis A, hepatitis B, and hepatitis C, with only B and C capable of causing chronic, persistent infection, which can lead to chronic liver disease. According to a recent surveillance data report from the DOHMH, an estimated 100,000 New Yorkers have hepatitis B and about 150,000 have hepatitis C as of 2013.<sup>18</sup> More importantly, surveillance data from 2010 to 2012 showed that 65 percent of newly-reported chronic hepatitis B patients were of Asian descent, while newly reported cases of chronic hepatitis C was more prevalent in neighborhoods with very high poverty.<sup>19</sup>

Since the City's viral hepatitis surveillance services are largely funded by State and federal grants, the Fiscal 2016 Preliminary Budget does not include sufficient funding dedicated to the appropriate collection of reporting information that will improve services for viral hepatitis infections.

The New York City Council calls for the Administration to increase funding by \$250,000 to hire staff dedicated towards viral hepatitis surveillance that will focus on gathering detailed information on incidence, demographics, main causes of infection, and other information that will support delivery of culturally competent care for those diagnosed with hepatitis B or C.

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<sup>17</sup> NYC Department of Health & Mental Hygiene. (2014). *Unintentional Drug Poisoning (Overdose) Deaths Involving Opioids in New York City, 2000–2013*. Epi Data Brief. <http://www.nyc.gov/html/doh/downloads/pdf/epi/databrief50.pdf>

<sup>18</sup> NYC Department of Health and Mental Hygiene. (2015). *Hepatitis B and C Surveillance Report*. <http://www.nyc.gov/html/doh/downloads/pdf/cd/cd-hepabc-surveillance-report-13.pdf>

<sup>19</sup> Ibid.

## **Improving Our Schools and Providing Educational Opportunities**

### **Baseline Priority 5 Child Care Vouchers**

Priority 5 child care vouchers act as an invaluable support for families where parents work at least 20 hours per week but still struggle to afford child care and for families with children who have special needs. The Fiscal 2016 Preliminary Budget does not propose an increase to ACS' budget for child care services and includes no funding for Priority 5 child care vouchers, despite a commitment from the Mayor to do so. The absence of Administration support for Priority 5 vouchers greatly concerns the Council and as a result, \$17 million in baselined funding is requested. For Fiscal 2015, Priority 5 voucher funding totaled \$12.6 million, with \$10 million in Council discretionary funding. The \$17 million is requested so that the Fiscal 2015 funding level will not only continue, but increase and enable more families and children to be served. It is estimated that \$17 million could provide approximately as many as 6,186 vouchers, if the \$2,748 average voucher rate is utilized.

### **Eliminate All School Lunch Fees**

The DOE offers lunch to all students, serving approximately 639,000 lunches each day. A universal free lunch program is implemented in a selection of schools, and free lunch is available for qualifying students. In the Fiscal 2015 Adopted Budget the Council funded \$6.25 million for the free lunch in middle schools initiative. When the DOE instituted the initiative it was only in stand-alone middle schools. Data shows for those schools at the same time the previous year (2013) middle school student participation in the school lunch program increased by over 8 percent. During this same period, elementary and high school lunch participation remained flat strongly suggesting that increased participation in 2014 for middle school students is directly related to the implementation of universal free school lunch. There is a clear and direct positive impact on a student's educational attainment when they have a healthy meal each day. In addition, the City will receive an additional \$4.1 million in federal and State reimbursements based on the first four months of the school year increase in participation. The benefits of this initiative if implemented universally could offset the costs dramatically.

Advocates believe that in many cases, qualifying students do not participate in the program because of the stigma associated with receiving free lunch. In addition, they have expressed concern that many undocumented families living in poverty may not complete the school lunch form for fear of repercussions associated with this status. Eating a nutritious lunch is essential for learning and developing, especially for those who may go hungry at home. The DOE should offer free lunch to all students to increase participation and ensure all students eat a healthy lunch in school.

### **Fund New School Construction**

The December 2014 Proposed Amendment to the Fiscal 2015-2019 Five-Year Capital Plan identifies a need of 16,616 additional seats to meet the capacity needs. The DOE's capacity analysis has identified an overall need of approximately 49,000 seats Citywide. However, because of funding limitations, the December 2014 Proposed Amendment to the Fiscal 2015-2019 five-year Capital Plan proposes funding for new capacity of 32,629 seats.

During the Fiscal 2016 Preliminary Budget hearing, SCA testified that the cost of creating 16,616 additional seats Citywide would be nearly \$1.7 billion. It is important to note that this estimate assumes the construction of new school buildings; however, if these school buildings are leased, the estimate can be somewhat lower. The Administration should increase the Ten-Year Capital Strategy by \$1.7 billion, or \$170 million a year to fully fund the school capacity need.

### **Serve Breakfast After the Bell**

New York City was ranked last among large school districts in getting free breakfast to kids who are eligible, according to a survey earlier this year by the Food Research Action Center. Only 35 percent of eligible pupils eat school breakfast. School breakfast is strongly correlated with student achievement on standardized exams, alertness in the classroom, and even the reduction in the number of student absences. New York City provides free breakfast at all City schools however, not enough students are taking advantage of this opportunity thus the need for more breakfast in the classroom programs citywide. Currently, the breakfast program is almost entirely covered by federal reimbursements. In comparable cities like Los Angeles, which recently fully implemented breakfast in the classrooms, the federal reimbursement was over \$16 million in its third year of implementation. The Council strongly urges the Administration to fully implement breakfast in the classrooms and believes increased participation would increase the federal reimbursements therefore paying for itself.

### **Open Libraries Six Days Per Week**

During the Bloomberg Administration the three library systems were forced to reduce hours, lay-off staff, and limit their circulation in an effort to adhere to budget reduction requirements. The Council urges the Administration to restore library funding to pre-cut, 2008 levels. This would require increasing funding by \$65 million above the \$313.1 million included in the Preliminary Budget.

Libraries are no longer just a safe haven for books; they are also centers where residents find jobs, acquire professional certifications, and earn United States citizenship. The libraries play the role of community centers and educational hubs and provide essential services to the communities throughout New York City. The demand for library programs and services continues to grow. Working families need access to early childhood programs, adult learners need access to basic adult education and students need access to the educational activities that compliment the City's curriculum. For the libraries to be able to provide this service to the growing population they are in dire need of additional funding.

Restoring funding to 2008 levels would go a long way to provide six-day service, extending hours of operation per week, increasing education programs such as tech coding and English language classes, creating jobs, and giving the systems leverage to increase non-city funds.

### **Libraries Capital Need**

The City Council is concerned about the lack of capital commitments for the three library systems in the Preliminary Ten Year Capital Strategy. The three systems have expressed a need of \$1.4 billion in new capital funding but received a mere \$62.3 million in the plan, the majority

of which is front-loaded in the first few years of the plan. The Council urges the Administration to provide adequate and continual capital funding to help maintain and revitalize these critical institutions. With majority of the \$530 million in capital funding from Fiscal 2015 likely rolling over to the Fiscal 2016-2025 Preliminary Ten-Year Capital Strategy, the libraries have a remaining additional need of approximately \$450 million for the next five fiscal years. New funding will allow the library systems to be Americans with Disabilities Act (ADA) compliant, increase the amount of health and life safety projects, update heating and cooling systems, upgrade roofs, conduct full branch renovations, restore façades, and provide technology upgrades.

The libraries have received very little capital funding in the outyears of the plan, which does not allow the libraries to effectively plan the cyclical replacement of building systems, and provides little or no incentive for strategic planning for the future. Guaranteeing the three library systems a base level of capital funding would enable them to address the capital needs of the branches in a thoughtful, transparent, and systematic way.

### **Improve on Special Education Services**

The Individuals with Disabilities Education Act (IDEA) requires that schools provide children with disabilities the instructional supports they need to attend school. IDEA governs how states and public agencies provide early intervention, special education and related services to more than 6.5 million eligible infants, toddlers, children and youth with disabilities.<sup>20</sup> Based on the IDEA, the DOE is in violation of this law by not being in compliance with mandated evaluations and special education-related services for students with Individualized Educational Plans (IEP) or for those who should be evaluated and subsequently could benefit from their results within charter schools. It is the role of the Committee on Special Education (CSE) to provide evaluation services, create IEPs with the families and after consent from the parents or guardians to implement the IEP and then reassess the plan annually. According to the PMMR, in Fiscal 2014 there were 250,509 children receiving special education services, an increase of roughly 25,000 when compared to Fiscal 2013. The upward trend in special education services is projected to continue in Fiscal 2015. As the number of children with special needs continues to dramatically increase, the number of CSE teams has not increased and has an enormous backlog of cases. In particular, the need for pre-kindergarten special education CSEs has drastically increased which has resulted in delays at every step of the preschool special education process. As the Administration expands UPK, the Council demands the proper infrastructure exists to support preschoolers with developmental delays and disabilities.

Considering understaffing is the primary reason for the backlog we strongly urge the Administration to increase the CSE teams by 50 teams.

### **Increase School Crossing Guard Headcount**

The Administration should add funding to increase the budgeted headcount for school crossing guards by ten percent or an additional 236 school crossing guards. Hiring additional school crossing guards would allow precinct commanders to deploy guards to additional intersections

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<sup>20</sup> <http://idea.ed.gov/>

especially those with high traffic levels and those around middle schools, and to staff critical streets around busy after school programs and UPK centers. School crossing guards play an integral role in the Vision Zero action plan. Since its launch, the Police Department (NYPD) is working to improve recruitment methods. These efforts along with an increased headcount and expanded work hours will strengthen the City's Vision Zero efforts. Fiscal 2015 budgeted headcount for School Crossing Guards is 2,358. The actual headcount is 2,292. The total citywide vacancies are 66. The Fiscal 2016 budget is \$33.1 million. The hourly rate according to the Department of Citywide Administrative Services (DCAS) and NYPD is \$11.50 with school crossing guards working four hours a day. The Council calls upon the Administration to increase the budgeted headcount for school crossing guards to ensure adequate and increased coverage citywide.

### **Offer Merit-Based Scholarships**

In Fiscal 2015, the City Council established a new Merit-Based Scholarship Program. The program automatically offers grants of \$400 per semester to incoming first-year students at CUNY colleges who graduated from New York City high schools with a 2.5 or higher GPA and maintain that average in college. Grants can be used at the discretion of the individual student and are not required to be used toward tuition. For students who receive New York State Tuition Assistance Program (TAP) and Pell grants but still struggle to afford the cost of living and studying in New York City, the \$800 scholarship can translate to a month of rent, text books, groceries, or Metropolitan Transit Authority (MTA) fare for the length of the school year.

While scholarships were only made available to incoming first-year students this year, the intent is to make scholarships available to all eligible CUNY undergraduate students by Fiscal 2018. The scholarship program received \$11.1 million in Fiscal 2015, making grants available to as many as 13,875 students across CUNY community colleges and senior colleges, as well as at the Fashion Institute of Technology. In Fiscal 2016, so as to include both rising second-year students who have received the scholarship so far and a new incoming first-year class, the budget for this initiative will increase to \$17 million. By Fiscal 2018, the program is expected to require \$19.5 million to make scholarships available to students in all four years of college. At this level, the scholarship will be available to as many as 22,000 CUNY students. We strongly encourage the Administration to support City students with this additional earned award.

### **Restore CUNY Prep**

CUNY Prep is an innovative college preparatory program offered by the City University of New York targeting youth between the ages of 16 and 18 who have left traditional high school programs. Designed in partnership with the New York City Department of Education and the Department of Youth and Community Development, CUNY Prep offers a full-day academic curriculum to help students earn a High School Equivalency Diploma. The program is located in the Bronx and serves approximately 320 students from across the city each year.

In Fiscal 2015, the City Council provided the \$2.7 million required for CUNY Prep to keep its doors open for the 2014-2015 academic year. Currently, there is no funding included in CUNY's Fiscal 2016 budget: without an increase to CUNY's budget of \$2.7 million, the program will be

forced to close. The Council calls upon the Administration to fully restore CUNY Prep at its base operating budget of \$2.7 million.

### **Invest Foundation Aid into School Budgets**

The Enacted State Budget for 2015-2016 includes \$25.5 million more in flexible school aids for New York City than projected in the DOE's Preliminary Fiscal 2016 Budget. The Executive Budget should add all of this State aid increase to school budgets, in units of appropriation 401 and 402. The DOE should use the additional funds to support schools and provide direct benefits to students, including increasing the number of guidance counselors.

The term and condition received by the Council, as it relates to the DOE headcount, projects there are approximately 2,683 guidance counselors in schools in Fiscal 2015, though it is ultimately up to principals to decide how they spend their budgets. The current amount of guidance counselors averages to one guidance counselor per every 376 students. For high schools, the average is one guidance counselor per every 240 students which is far too few to provide the academic, career, and emotional guidance students need. The Council strongly encourages the Administration to invest the additional funding from the State directly into school budgets.

### **Create an LGBT liaison**

Adolescence is a challenging time for all youth especially lesbian, gay, bisexual and transgender (LGBT) students. National studies show that 78 - 86 percent of LGBT youth experience bullying due to their sexual orientation in addition to encountering family rejection and an increasing number of LGBT homeless youth. The thousands of LGBT youth in the City who are confronted with daily perils should be comforted knowing their schools are safe, inviting and encouraging places for their developmental growth. In order to assure that LGBT students enjoy a safe, nurturing and relevant school experience, the DOE should hire a LGBT liaison and increase the amount of professional development for teachers and exposure for students in this area.

Other City agencies that interface with youth have begun to hire LGBT liaisons to address the specific needs of LGBT youth and the adversities they may encounter. The DOE has yet to offer a position that is specifically dedicated to the needs of LGBT youth, who would also, address the intersectionality of race, sexual orientation and gender identity. The Council strongly encourages the DOE to supplement their efforts by adding a LGBT liaison in the Central Office.

In combination with the LGBT liaison, the Council encourages the DOE to provide additional professional development as well as collaboration with organizations like Lambda Literary to increase exposure for both instructors and students by the incorporation of LGBT literature, history and contemporary issues in school curricula.

### **Improve Bi-lingual Teacher Recruitment**

In NYC schools, 43 percent of students speak a language other than English at home. English Language Learners (ELL) makes up 14 percent of the student body (or approximately 140,000 students), of which 61 percent of those students are Spanish speaking but overall the student population represents nearly 160 languages. The Administration has made it clear it has a



strong commitment to bi-lingual and ELL students by creating the Division of English Language Learners and Student Support, a stand-alone division within the DOE. In addition in the next school year, the DOE plans on opening 40 new Dual Language programs and 10 Transitional Education Programs. The Council wants to ensure these efforts are fully supported and have a comprehensive approach. According to the terms and condition from the DOE on headcount, there are nearly 69,000 teachers of which 3,038 are ESL teachers, 1,157 are bilingual instructors and only 519 are bilingual special education teachers. All of these categories combined only accounts for 6.8 percent of the total teacher population. As the number of ELL students continues to increase, there should be further investments to recruit bi-lingual instructors or principals in particular those with a focus in special education.

The DOE currently invests \$292 million in ELL funding which is only 1.7 percent of the DOE's total budget; while we understand this does not encompass all bi-lingual and ESOL programming it still doesn't meet the growing need and demand from students and families. The Council strongly urges the Administration to continue their fiscal investment in our bi-lingual students and families. In addition, in Fiscal 2016, the DOE should establish a bilingual recruitment team partnering with higher education institutions and Teach for America for recruitment and retention of bi-lingual teachers and principals.

#### **Baseline and Increase Small Schools Sports**

The DOE funds high school sports through its Public Schools Athletic League (PSAL), which annually distributes a total of \$27 million to more than 400 high school sports programs throughout the City. Approximately 37,000 students participate in PSAL. PSAL funding covers the cost of team coaches, referees, medical staff and administrative costs, while participating schools must pay for practice equipment, uniforms, busing and security. Due to restrictive PSAL requirements many small high schools are not able to field teams in all the sports in which their students would like to participate.

Recognizing that the PSAL did not include a number of high school athletes, in Fiscal 2015 the Council provided \$825,000 to the Small Schools Athletic League (SSAL). The SSAL is a grass-roots league with participation requirements and teams designed to allow students who don't have access to a PSAL team to participate. On the whole, SSAL schools enroll a higher proportion of low-income, non-white students than do PSAL schools. SSAL also allows students in transfer schools and over-aged/under-credited youth to play on high school teams. This year more than 3,000 students play on SSAL teams. The Council urges the Administration to enhance and baseline the funding for SSAL to \$1 million so that more students have an opportunity to participate in athletic teams.

#### **Double Funding for Girls' Sports**

According to the U.S. Department of Education's Office of Civil Rights, the City would have to add 3,862 more sports opportunities for female students in order to be in compliance of Title IX laws. The DOE denies violating Title IX, but has entered into an agreement to resolve the complaint by adding \$214,318 in Fiscal 2016 which increases at an incremental rate in the outyears. The current funding would add 12 high school varsity female teams in the 2015-2016

school year. The DOE funds high school sports through its Public Schools Athletic League (PSAL), which distributes a total of \$27 million annually to more than 400 high school sports programs throughout the City.

While the Council applauds the DOE's investment, it is not nearly enough funding to provide young women with the sports opportunities they deserve. As national studies have proven, participation in sports decreases the chance of unintended pregnancy for high school students and improves the body image and self-confidence of girls. In addition, 80 percent of women who run Fortune 500 companies played sports in high school. Playing sports has also been positively correlated with staying in school and decreased the chances of dropping out of high school, especially for girls of color.<sup>21</sup> Understanding the importance and value of sports participation, the Council strongly urges the Administration to double their committed funding amount in Fiscal 2016 and in the outyears to expedite the number of opportunities for New York City's girls in sports.

### **Enhance Arts Education**

Since Fiscal 2009, budget cuts and funding shifts have squeezed school budgets. One discipline that has borne more than its share of cuts is the arts. Recognizing the accumulation of cuts that schools have made to their arts programs, in Fiscal 2015, upon the recommendation of the City Council, the DOE made a strong commitment to reestablish arts education in schools by investing \$23 million in baselined funding for arts education, of which \$5 million was for personnel costs to hire 120 certified arts teachers and \$7.5 million to invest in arts facilities and resources. In addition, each teacher received \$1,000 to be used for studio materials, supplies and equipment. However, this funding does not meet the needs of students in City schools.

The \$23 million should increase incrementally in the outyears to continue to rebuild and expands arts education in all disciplines. While a school may hire an arts instructor they are oftentimes limited by the equipment and resources, for example, there are school bands that lack enough instruments to rehearse or perform. In Fiscal 2014, the total budget for arts education was \$337 million; however, only \$2 million was dedicated to supplies and equipment. The Administration has taken the first step towards reinvesting in arts education but should be continuing the investment beyond instructors in the classroom. The Council calls upon the Administration to provide an additional \$4.6 million in funds for arts education specifically to increase the allocation for supplies, equipment and resources.

### **Offer Restorative Disciplinary Practices**

The Council has been working closely with the Administration to shift the approach to discipline in schools from a focus on rule breaking by students toward building relationships with them. The Administration should be providing opportunities for K-12 schools to receive support for a whole-school approach to discipline that relies less on punitive approaches and more on restorative approaches that build community and hold students accountable for their behavior while keeping them in class and learning. In New York City, according to the DOE's reporting on

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<sup>21</sup> <http://dayofthegirl.org/girls-issues/title-ix-sports-education-equity-guaranteed/>

school discipline, in school year 2013-2014 there were a total of 24,764 school suspensions. Insubordination accounted for 36 percent, or 8,878, of all suspensions. Altercations and/or physically aggressive behavior accounted for 26 percent and minor altercations accounted for 19 percent of all suspensions. There are 173 schools with over 50 suspensions in the 2013-2014 school year and of those 67 schools have 100 suspensions or more, accounting for 43 percent of all NYC school suspensions. In addition, the State Education Department released a list of the 2014-2015 persistently dangerous schools based on violent and disruptive incident reports; 36 of the 42 schools are located in the five boroughs and 18 of the 36 schools are elementary schools.

Considering the need for intervention, the Council suggests a two pronged approach: 1) increase the number of guidance counselors available for intervention, and 2) provide additional training for staff in restorative practices. The increased presence of restorative practices should be implemented in both the most persistently dangerous schools and the schools with the highest suspension rates. The Administration should introduce restorative practices at 25 schools (with five instructors at each school), and train 125 staff members, for \$447,339 in the first phase of implementation. The three schools that have both suspension rates of over 100 per school year and are persistently dangerous as deemed by the State Education Department should be targeted in addition to the elementary schools deemed as persistently dangerous. Guidance intervention could be critical for the schools with the highest suspension rates. The Council strongly urges the Administration to add an additional 25 guidance counselors for the schools with the highest suspension rates.

#### **Provide Additional School Safety Agents**

The Administration should consider hiring additional school safety agents to provide safety and security to nonpublic schools. The Fiscal 2016 budget for the school safety bureau totals \$259.1 million with a budgeted headcount of 5,147 civilian staff and 278 uniform staff. This funding, however, only provides school security to public schools across the City. Providing school safety agents at nonpublic school would ensure school safety and security across the City.

## **Addressing the Needs of Seniors**

### **Baseline Funding for Core Senior Center Operations**

The Council calls upon the Administration to baseline the Fiscal 2015 City Council allocation of \$4.3 million for core senior center operational expenses. Of the \$4.3 million, \$3 million supported underfunded senior centers in DFTA's network, \$800,000 provided enhanced funding for senior center space costs, and \$500,000 bolstered support for senior center transportation costs. The Council believes that funding for core senior center expenses is the responsibility of the Administration, as it is a vital part of the DFTA's mission. In addition, relying on one-time Council funding year-after-year compromises the consistency of services that senior centers provide, as this funding is not guaranteed. The proposed Fiscal 2016 budget for senior centers totals \$151 million.

### **Cut the Case Management Waitlist**

Case management agencies, contracted through the DFTA, provide assessment and link homebound seniors with services, including home delivered meals, homecare, information and referral, and other supportive programs. Seniors access case management services through referrals from senior centers, home delivered meal providers, hospitals and other community-based social service and health care agencies. The Fiscal 2016 Preliminary Budget for case management totals \$25.1 million.

In Fiscal 2015, the Council successfully advocated for the Administration to increase baseline funding for case management by \$2.6 million in order to reduce the case management ratio from 80 cases per manager to 65 cases per manager. The Council now calls upon the Administration to increase baseline funding for case management by \$3 million to address the waitlist of almost 2,000 pending cases awaiting case management services across the City. The \$3 million would allow DFTA to maintain the current case management ratio and fund 24 additional case managers and 14 supervisors.

### **Cut the Homecare Waitlist**

DFTA's Homecare Program provides assistance to low-income frail seniors who are above the Medicaid eligibility threshold and are in need of assistance with daily chores and personal care in order to safely remain in their homes. Currently, the homecare waitlist is over 500 cases and the Council calls upon the Administration to add \$4.25 million to the \$18.3 million budgeted for homecare in Fiscal 2016 to address this waitlist. The \$4.25 million would provide eight hours of homecare services per week to over 500 waitlisted clients. The Preliminary Fiscal 2016 Budget for homecare is approximately \$18.3 million.

### **Increase Support for Naturally Occurring Retirement Communities**

In Fiscal 2015, the Council allocated \$1.5 million to enhance baselined funding for 13 existing DFTA and Council funded NORCs. In addition, the Council allocated \$1 million for Neighborhood Naturally Occurring Retirement Communities (NNORCs), which supported eight NNORC programs and two NNORC planning grants, one for Staten Island and the other for the Far

Rockaways. It is important to note that DFTA's Fiscal 2016 Preliminary Budget does not include any City funding for NNORCs, as City Council discretionary funding provided the only support in Fiscal 2015. The proposed Fiscal 2016 budget for NORCs is approximately \$6.3 million for 28 NORCs.

The Council calls upon the Administration to expand funding for NORCs and NNORCs by \$3 million, where \$1.5 million would support additional NORCs across the City and the remaining \$1.5 million would support the eight NNORCs the Council funded in Fiscal 2015 and two new NNORCs in Staten Island and Far Rockaways.

### **Fully Fund the Operation of 33 NYCHA-Managed Senior Centers**

In total, 120 senior centers operate on NYCHA's property across the five boroughs. They provide recreational, social, educational and cultural programming for senior residents and community members. DFTA oversees 75 of these centers, 12 senior centers are operated by community service organizations, while NYCHA directly operates 33 senior centers. Due to the high costs of managing the centers and severe government funding shortfalls facing NYCHA, the Authority has proposed closing NYCHA managed centers several times. Most recently, in Fiscal 2015, the City Council provided \$17.1 million to NYCHA's operating budget to support the ongoing services of 24 community centers and 33 senior centers currently under NYCHA management.

These senior centers serve as a hub for senior services and activities and provide a range of programs, including the Senior Chorus, Senior Festival, Chess Program and Resident Art Show. The Council calls on the Administration to fully fund the ongoing operation of the 33 senior centers currently under NYCHA management. The Council estimates that this will cost \$11.88 million in Fiscal 2016.

## **Building a Police Force for New York's Communities**

### **Increase Uniform Headcount by 1,000**

The Council renews its call for the Administration to hire an additional 1,000 police officers. As highlighted in the Council's Fiscal 2015 Preliminary Budget response, each precinct has lost approximately 60 to 75 officers since its peak headcount in Fiscal 2001. The Department's funded peak headcount, which represents the headcount the Department is allowed to reach twice a year with its Police Academy classes, of 40,710 officers decreased to its current funded peak headcount of 35,437. The Fiscal 2014 average uniform headcount was 35,095. In December 2014, the average uniform headcount was 34,598. The decrease in uniform headcount has caused a heavy reliance on precinct staff for unplanned events and special operations. In addition to the drain on precinct resources, the Department has in practice relied on uniform overtime to meet the City's daily enforcement demands. At the Fiscal 2016 Preliminary Budget hearing, the Commissioner projected overtime to reach \$672 million in Fiscal 2015 an increase of \$89 million from Fiscal 2014. The Fiscal 2015 uniform overtime budget totals \$498.6 million, whereas the Fiscal 2016 budget for uniform overtime totals \$423.6 million.

The Fiscal 2016 Preliminary Budget did not include additional funding to hire an additional 1,000 officers or funding for the 350 member Critical Response Vehicle unit that the Commissioner plans to establish. The Council's call to hire an additional 1,000 officers would allow the Department to focus on new programs without depleting community resources. It would allow the Department to effectively pilot new programs and roll out initiatives Citywide that would bring much needed resources to communities. The total cost to hire 1,000 officers in two classes in Fiscal 2016 is \$68.7 million growing to \$95.1 million in Fiscal 2017. To address understaffed precincts, the Council urges the Administration to place these officers at precincts across the City. In addition to the Council calls for an increase of 1,000 officers, the Council calls for major investments in youth employment and afterschool programming.

### **Implement a Police Overtime Control Plan**

The Council renews its call upon the Administration to reduce NYPD's Fiscal 2016 City-funded overtime budget by \$50 million. The NYPD projects total overtime costs to reach \$672 million in Fiscal 2015. The Fiscal 2015 budget for uniform overtime is \$498.6 million (City and non-City funds). NYPD's total uniform overtime have expenditures averaged \$444.1 million for the past ten fiscal years. Over the past ten fiscal years, the Department's uniform overtime expenditures have exceeded its adopted overtime budget by an average of 40 percent. As of January 2015, the Department has spent approximately 72 percent of its uniform overtime budget. Despite the overtime spending pattern, the Fiscal 2016 City-funded budget includes \$415.9 million for uniform overtime without a plan to limit spending. The NYPD has argued that uniform overtime is critical to meet varying enforcement needs, to give the Department flexibility in officer deployment due to reductions in headcount, and to address unplanned events across the City. However, the Department should implement a strict uniform overtime control plan that reduces its City funded overtime by \$50 million and includes an assessment of predictable patterns of overtime spending.

### **Civilianize 200 Positions**

The Council renews its call for the Administration to continue civilianizing more positions at the NYPD. A significant cohort of police officers has long been assigned to administrative and clerical duties. This leaves fewer uniform personnel performing critical public safety functions in the City's communities than the budgeted levels would indicate. In the Fiscal 2015 Adopted Budget, the Council and Administration added \$7.1 million for the civilianization of 200 positions at the NYPD. In order to maximize existing uniform staff, the Council calls upon the Administration to continue civilianization at the NYPD.

In NYPD, there were 697 full-duty uniform officers in administrative and patrol commands performing civilian functions during the fourth quarter of 2014. This headcount does not include officers that are on limited, restricted, or modified duties. The 697 full-duty uniform officers performing civilian functions means that 697 officers are not performing their core patrol and public safety functions. The Council calls upon the Administration to increase civilian staff by hiring 200 Police Administrative Aides (PAAs). The total cost to hire 200 PAAs in two classes is \$5.3 million in Fiscal 2016, which includes fringe benefits.

### **Modernize and Rehabilitate Police Facilities**

The Council renews its call for the Administration to increase the NYPD's capital budget to adequately address concerns of poor NYPD facilities across the City. In Fiscal 2015, the Administration added capital funds to support the rehabilitation of the 40<sup>th</sup> Precinct, 13<sup>th</sup> Precinct, and 245 Glenmore Avenue (Brooklyn North). However, this does not provide the Department with the necessary funding to address remaining precincts or facilities in need.

The Department has identified the 5<sup>th</sup>, 66<sup>th</sup>, 70<sup>th</sup>, and 110<sup>th</sup> Precincts as in need of immediate major renovation and rehabilitation. The Department has also requested funding for a new 116<sup>th</sup> Precinct out of the southern portion of the 105<sup>th</sup> Precinct. The estimated cost per precinct is approximately \$68.9 million. Along with these identified precincts, the Department requested additional funding to support renovations of the old Police Academy, which shares facilities with the 13<sup>th</sup> Precinct. The estimated cost of repairs in the old Police Academy totals \$27 million. In addition to these precincts, they have identified the Harbor Dock and Rodman's Neck as facilities in need of major repairs. Repairs to these two facilities are estimated to cost \$12.5 million.

The proposed Capital Budget and Ten-Year Capital Strategy should reflect the Department's needs to bring all its facilities to a state of good repair, provide modern upgrades and facility redesigns to support critical law enforcement strategies and provide communities and officers with a safe and welcoming work environment.

## **Improving the Criminal Justice System**

### **Create a Citywide Bail Fund**

The Council calls upon the Administration to create a Citywide Bail Fund to provide bail for indigent defendants charged with low-level misdemeanors with bail set at \$2,000 or less. A significant number of inmates in the DOC custody are there solely because they cannot afford to make bail, particularly for petty cases where small amounts of bail are required.

According to the 2012 annual report by the Criminal Justice Agency, only 16 percent of defendants in non-felony cases posted bail at arraignment even when the bail was set as low as \$500 or less, and only 12 percent posted bail when it was set between \$500 and \$1,000. In many of these cases, the defendants were held longer than they would have been if solely because they were too poor to afford bail.

A Citywide Bail Fund could be established with an initial investment of \$1.4 million. Of this amount \$445,000 would support staff and administrative costs and \$1 million would seed the bail fund. The bail fund would be sufficiently funded to meet the demand of the system and would be replenished as participants made their court dates. Creating a Citywide Bail Fund has the potential to generate cost savings for the DOC by reducing the population of detainees at Rikers Island.

### **Fund Juvenile Detention Center Renovations**

ACS operates two juvenile detention facilities, Horizon and Crossroads. Both centers opened in 1998 and are due for a variety of upgrades and repairs. The ACS reported that \$13 million has been secured and approved for facility renovations at the Horizon Juvenile Center, but additional funds are required for renovations at the Crossroads Juvenile Center. The Preliminary Capital Budget already includes \$820,000 for renovations at Crossroads, but approximately \$13 million is still required to complete the renovations. The \$13 million will help to support vital upgrades at the Center, including air conditioning and HVAC renovations.

### **Increase the Budget of the Board of Correction**

The Administration should increase the Board of Correction's (BOC's) Fiscal 2016 budget of \$1.7 million by \$678,310 to add nine field representatives and one computer programmer analyst. The DOC is implementing major changes to jail operations, including the establishment of the enhanced supervision housing units and units for inmates diagnosed with mental illnesses. These changes will require additional monitoring and analysis to evaluate the DOC's reforms. Additionally, a series of reports, investigations and audits released during the last year alone have uncovered significant criminal activity, wrongdoing, and operational failures at DOC. A stronger BOC is required to not only track the Departments planned reforms, but also to monitor compliance with all applicable laws and standards.

The DOC operates nine jails on Rikers Island, and three borough jails, as well as court pens and hospital wards. The DOC jails are open 24 hours a day and the BOC lacks the staff resources to monitor conditions in the jails during the late afternoons, evenings, and weekends. Current



resources allow for only sporadic coverage of DOC facilities and make the monitoring schedule fairly predictable by the DOC. The BOC's current field operation consists of nine field representatives and two supervisors. Increasing the BOC budget and staff level will enable the Board to better monitor the DOC facilities and to produce accurate and timely reports.

#### **Increase Salary and Promotional Path for Civilian Complaint Review Board Investigators**

The Council calls upon the Administration to add \$2.1 million to increase the salary and promotional path for Civilian Complaint Review Board (CCRB) investigators. At the Fiscal 2016 Preliminary Budget hearings, CCRB identified a growing concern of retention and turnover within its investigation unit. The actual headcount for CCRB is 154, whereas CCRB's budgeted headcount is 178. With an attrition rate at approximately 30 percent, these results in significant operational challenges, such as the loss in productivity, diminished investigative experience for the City, case transferring, and the constant hiring of new staff. When compared to other City agencies, the starting salary of a CCRB investigator, which is \$37,000, is approximately 20 percent less than those of similar investigative agencies. The Administration added \$470,000 in the Fiscal 2016 Preliminary Budget for three positions in a new training unit. To bolster and enhance CCRB's primary investigative role, the Administration should add \$2.1 million to CCRB's Fiscal 2016 budget to attract and retain well-trained investigators.

#### **Fully Fund Phase Two of the Fire/Life Safety Upgrade for the Department of Correction**

The Ten-Year Capital Strategy should reflect an increase in the DOC's Capital Budget to fully fund Phase Two of the Fire/Life Safety renovations on Rikers Island. The current Capital Plan includes \$62.7 million in Fiscal 2015 for the continued installation of fire alarms and smoke systems on Rikers Island, while the DOC has completed Phase One of the mandatory upgrades to these facilities. The mandatory Phase Two upgrades focus on fire suppression and are only funded at \$64 million. In order for the DOC to complete Phase Two, it will require a capital commitment from the Administration of \$300 million in the Ten-Year Capital Strategy.

#### **Civilianization at Department of Correction**

According to the DOC's response to a Fiscal 2015 Term and Condition related to civilianizable positions, there are approximately 100 correction officers at the DOC performing clerical and administrative tasks rather than staffing security posts. The City Council proposes that the 100 uniformed officers performing tasks eligible for civilianization be assigned to security posts within the jails, and that those positions are to be certified with civilian employees. Increasing civilian staff will address the headcount and overtime needs of the Department and ensure that fewer security posts are operated on overtime, which will curtail overtime spending.

The Council proposes that the Administration hire 100 principal administrative associates to begin replacing the 100 uniform officers performing administrative tasks. The starting yearly salary for a principal administrative associate, according to the DOC, is \$39,981. The estimated cost to hire 100 principal administrative associates at that salary, including fringe benefits, is approximately \$5.9 million. The average cost of a correction officer's salary is \$78,592, almost double the starting salary of a principal administrative associate.

### **Expand Discharge Planning for Inmates**

The Fiscal 2016 Executive Budget should include an additional \$8.7 million to further expand discharge planning for inmates. The Fiscal 2016 Preliminary Budget added \$4.3 million in Fiscal 2015 and \$8.7 million in Fiscal 2016 and the outyears to expand existing discharge planning programs run by the DOC and the DOHMH to serve an additional 4,100 inmates with chronic health conditions or those with a substance abuse history. This expansion is intended so that 50-60 percent of those released from Rikers Island return to their communities with a plan, because only 13 percent are currently receiving these services. The Council calls upon the Administration to further expand discharge planning to serve additional inmates beyond those with chronic health conditions or those with a substance abuse history.

### **Expand the Applicant Investigation Unit**

The Fiscal 2016 Executive Budget for the DOC should include an additional \$2.3 million to further expand the Applicant Investigation Unit beyond the eight uniform and 23 civilian positions added in the Fiscal 2016 Preliminary Budget. According to Commissioner Ponte, the DOC plans to hire approximately 2,000 correction officers in the next fiscal year to reach its Fiscal 2015 authorized uniform headcount of 9,537. In order for DOC to thoroughly screen the large influx of new recruits, the DOC will need to significantly expand the size of the Applicant Investigation Unit beyond what the Fiscal 2016 Preliminary Budget provides.

### **Increase Funding for the Anti-Gun Violence Initiative**

The Council calls upon the Administration to add an additional \$1.67 million to the Crisis Management System to bring the planning sites in the 44<sup>th</sup>, 46<sup>th</sup>, 47<sup>th</sup>, 60, 67<sup>th</sup>, 73<sup>rd</sup>, 101<sup>st</sup>, and 114<sup>th</sup> Precincts to full Cure Violence sites. In Fiscal 2015, the Council and the Administration allocated \$12.7 million for the expansion of the Crisis Management System to ten additional catchment areas to bring the total number of Cure Violence sites to 17. The Cure Violence model is a public health approach to gun violence. Based off the work of CBOs, Cure Violence organizations provide violence interruption and violence prevention to individuals, families, and communities at the highest risk for gun violence. The Council's call to add \$1.67 million to the initiative will allow groups to fully implement the Cure Violence model and continue their work in the identified precincts.

## Stimulating the Economy and Create Jobs

### Office of Labor Standards

The Council calls upon the Administration to create an Office of Labor within the Department of Consumer Affairs (DCA). The Office of Labor would focus on helping to protect workers under local employment laws and helping businesses access and understand the relevant information needed to comply with those laws. The Office of Labor would lead enforcement of paid sick leave and transit benefit laws, a responsibility the broader department already manages. Other laws that could fall to this new office for enforcement may include the Pregnant Workers Fairness Act and living/prevaling wage laws. The agency would also play a variety of roles, such as: serving as a one-stop shop for certifications; working with the New York State Department of Labor to help pursue wage theft claims; working with agencies when wage theft claims are made at City-licensed facilities; highlighting model businesses by organizing a “High Road Business Week,” and; providing statistics on the City’s labor force.

### Scale Up Green Jobs Training Programs

Green jobs are a growing sector of New York’s economy, with the most recently available data showing a gain of 15,000 green jobs across the State between 2010 and 2011. Most jobs are likely to be created as the City works to green its building stock, reduce greenhouse gas emissions, and invest in climate resiliency. While some green jobs, like auditing the energy usage of large buildings, require specialized degrees, others like planting urban farms, creating green and cool roads, auditing one to four family homes, performing basic energy efficiency retrofits, maintaining green infrastructure, and leading community greening initiatives could easily be taught to program enrollees over the course of six months to a year.

The City Council announced support for the Green Jobs Corp in its September 2014 *Comprehensive Platform to Combat Climate Change*. The Corps would be a six-month to one-year transitional jobs program to train economically-disadvantaged New Yorkers and the long-term unemployed for careers in the burgeoning green economy. At the same time, HRA announced a new employment plan that would phase out the Work Experience Program, tie job trainings and placements to growing industries, and focus on placing clients in sustainable careers that allow them to permanently transition from public assistance. The Council urges the Administration to incorporate the Council’s Green Job Corps into HRA’s new plan and train 1,000 TANF recipients and NYCHA residents.

### Provide Living Wages to the City’s Workforce

Last year, the Mayor expanded the City’s living wage protections by ordering that commercial tenants at projects receiving more than \$1 million in City subsidies be covered by living wage provisions and increased the relevant living wage provision. The Council believes living wage protections should be extended even further. Many municipal and contractor employees earn less than the City’s living wage benchmark of \$13.13 an hour. The City should extend living wage protections to cover more of its contracted vendors, including those in the social assistance

sector. The living wage schedule should also be expanded to cover City agencies and authorities with employees earning extremely low wages.

### **Industrial Business Solution Providers**

The Council calls upon the administration to fully fund IBSPs in the amount of \$1.4 million. There is currently no funding for IBSPs in the Fiscal 2016 budget.

IBSPs are non-profit organizations that are contracted to provide services to the manufacturing businesses in New York City. These services are unique to the manufacturing industry and have been invaluable in helping these businesses stay and thrive in New York City. In Fiscal 2015, the Administration provided \$578,203 for the IBSPs and the Council provided \$830,000. The Council urges the Administration to restore and baseline \$1.4 million in funding necessary to support the IBSP contracts citywide.

### **Support Worker Cooperatives**

Worker cooperatives are businesses that are owned and managed solely by their employees and, therefore, help build assets and wealth among low-income individuals and communities and create entrepreneurs and community leaders. The Worker Cooperative Program supports these businesses through education and training resources and by providing technical, legal and financial assistance. The program targets the long-term unemployed and the growing number of under-employed and discouraged workers in high-needs neighborhoods. Advocates contend that this business model offers worker-owners higher wages, however, the nature of budding worker co-ops makes it difficult for them to secure loans and a general lack of knowledge about the model means that it receives little attention from the City's business service agencies.

Last year the Council provided \$1.2 million to support this initiative. The partners have 24 new worker cooperative small businesses positioned to launch in the summer, which will provide 194 worker-owner positions by July. This initiative has attracted natural attention for New York City and prompted several cities such as Madison, Wisconsin to follow suit.

### **Restructure the Commercial Rent Tax (CRT)**

Currently, the CRT is imposed on businesses located in Manhattan, south of 96th Street which pay base rents of \$250,000 or more per year, with a partial credit for rents between \$250,000 and \$300,000. The statutory tax rate is six percent of the base rent paid by the tenants liable for the tax. The City allows tenants an across the board 35 percent reduction in their computation of taxable base rent, which reduces the effective tax rate from six percent to 3.9 percent.

The Council proposes to implement two changes:

1. Eliminate the CRT for businesses paying base rents under \$500,000, and
2. Decrease the 35 percent deduction in base rent to 30 percent for businesses paying base rent of \$2 million or more.

In the last few years, the City's small businesses, especially retail stores and restaurants in the core areas of Manhattan, have been struggling more than usual. While it has never been easy to launch a business in New York City, recent high rents, corporate competition and real estate

development deals have heightened the struggles of small businesses. The base rent exemption for the CRT was last increased in 2001, to \$250,000. The last decade has seen an incredible rise in rents per square foot. According to Cushman and Wakefield, asking rents for retail space rose by as much as 20 percent in some parts of Manhattan last year. Outside of retail, small businesses typically use class B office space, whose asking rents in Manhattan rose by almost seven percent last year, according to Collier International. With higher rents, the exemption is leaving out more and more small businesses and it needs to be increased to appropriately address today's challenges.

The Council estimates that eliminating the tax for those paying under \$500,000 in rent will save small business tenants \$32.16 million in Fiscal 2016. Decreasing the deduction for larger tenants will raise approximately the same amount, making this reform revenue neutral for the City.

## **Providing Stability for Homeowners and Renters**

### **Match Council's \$25 million to Increase Resources and Empower Tenants at NYCHA**

In her February 2015 State of the City address, Speaker Mark-Viverito announced the City Council would allocate \$25 million in Fiscal 2016 for critical systems improvements, including brickwork and roofing, elevator replacements, and heating and plumbing repairs, to improve the underlying conditions causing open work orders at five targeted developments. The Council believes the Administration should match this allocation. These funds will be targeted towards the NYCHA development in each borough with the highest number of open work orders.

### **Create a Language Assistance Program at NYCHA**

NYCHA has a Language Services Unit that translates NYCHA documents and provides interpretation services to residents and applicants with limited English-speaking abilities. Despite these efforts, elected officials at the State and City level have reported unacceptable handling of resident phone calls by NYCHA employees unsure of how to handle calls in a widely-spoken non-English language. Communication attempts could be in regards to a critical safety issue, a rent discrepancy or other important quality-of-life issue, thus proper handling of resident concerns is a must. To this end, it is important to provide NYCHA residents access to critical services in non-English languages, if a substantial number of residents of the development require services in that language. The creation of a language assistance program would require NYCHA to survey all of the residents in its 334 public housing developments to determine the percentage of those who are not English-proficient. If more than 10 percent of the residents in any development are not English-proficient, NYCHA should provide a language assistance program. Such a program would require NYCHA to hire additional staff so that every resident has a staff member who speaks their native language. In addition, NYCHA would have to consider proficiency in the non-English languages spoken at the development as a major criterion in the hiring process, ensure that all staff members are trained on how to utilize the Language Services Unit, and provide translation of all commonly used forms and informational materials. The Council calls on the Administration to provide \$11.6 million in funding for the hiring of interpreters and translators to coordinate language access at NYCHA developments.

### **Provide Funding for Participatory Budgeting at NYCHA**

Participatory Budgeting (PB) is a democratic process where community residents directly decide how to spend part of a public budget. In 2011, four New York City Council Members — Melissa Mark-Viverito, Brad Lander, Eric Ulrich, and Jumaane D. Williams — launched a PB process to let residents allocate part of their capital discretionary funds. Currently, 24 Council Members are participating in the process, which includes \$30 million in taxpayer money. PB is organized at the district level, with support from Council staff and CBO's. Budget decisions and transparency can be improved by engaging NYCHA residents in the PB process, giving access to understanding NYCHA's budget processes through an open and inclusive model, and funding new, meaningful projects that improve the lives of public housing residents. The Council calls on the Administration to provide \$375,000 in funding to support the PB process at five NYCHA developments.

### **Provide \$200 million in Capital Funds to NYCHA**

Currently, NYCHA has an \$18 billion dollar gap between what NYCHA will receive in federal capital funding and what its buildings and infrastructure require to maintain the properties in state of good repair. NYCHA reports that from 2001 to 2014 it has experienced a cumulative federal capital grant funding loss of \$1.16 billion compared to eligibility. As the capital needs of aging buildings grow, operating costs, such as maintenance and repair, increase. NYCHA's aging housing stock requires far more capital investment than has been available from federal, State, and City subsidies. Although the State historically provided capital funds for NYCHA developments, in 2001 State contributions were reduced from \$15 million to \$6.4 million before being completely terminated in 2007. Since then, the Council's allocations have attempted to fill critical capital funding gaps within NYCHA. For example, in Fiscal 2015, the City Council allocated \$115.3 million to NYCHA for security measures, including closed-circuit television (CCTV) cameras and layered access security systems.

In February 2015, the City lobbied the State for \$300 million in funding for NYCHA. While the State recently reversed the trend of disinvestment by allocating \$100 million for modernization funds for NYCHA in the 2015-2016 Enacted Budget, more capital funding is needed to address critical infrastructure improvements. The Council calls on the Administration to provide \$200 million in capital funds to NYCHA.

### **Provide Funding for Moving Related Expenses Due to Section 8 Downsizing**

In Fiscal 2015, the New York City Council allocated \$250,000 to the Department of Housing Preservation and Development (HPD) in order to create a Moving Allowance Program. The goal of this program is to assist tenants who are impacted by the Section 8 subsidy standard changes that HPD implemented in Fiscal 2013 as a result of federal budget reductions. As part of the Moving Allowance Program, HPD has been providing \$250 grants to households based on the following criteria: households who had a voucher size reduction after July 15, 2013 as result of HPD's subsidy standard change and had an increase in their share of rent of at least \$100 and moved to a smaller-sized apartment; or have already completed a move to a smaller apartment between July 15, 2013 and December 31, 2014. As of December 2014, HPD estimates that the number of households impacted by the subsidy standard change is about 3,400 households, or approximately 11 percent of HPD's Section 8 program. As the \$250,000 the Council provided in Fiscal 2015 is too limited to assist all impacted households, the Council calls on the Administration to provide \$250,000 in funding in order to provide an estimated 1,000 households with a \$250 grant for moving related expenses.

### **Increase the City's Contribution to HPD's Alternative Enforcement Program**

The Alternative Enforcement Program (AEP) is a program which identifies the 200 most distressed multiple dwellings citywide each year and allows the City to make repairs to these buildings. The landlords are then billed for the repairs. This keeps residents whose buildings are in the direst of conditions from waiting for landlords to act.

AEP is largely supported through \$7.9 million in federal funding, though the Preliminary Budget has \$553,000 in City tax levy dollars allocated for the program. In Fiscal 2015, the New York City

Council ensured that \$750,000 was allocated to the HPD in order to expand the program to cover an additional 50 buildings. This increase in funding dovetails with recently passed Council legislation that increased the number of buildings eligible to enter the program each year from 200 to 250 buildings. The Administration should baseline the \$750,000 in City tax-levy funding to support emergency repair work at the 50 additional buildings each year.

### **Support the Homelessness Prevention Project**

The Court-Based Homelessness Prevention Project originally began as the Housing Help Program (HHP) in January 2005. HHP was launched by the United Way of New York City (UWNYC) in partnership with the Civil Court of the City of New York and was a new and innovative program model that responded to the homelessness crisis by bringing together partners from the court system and the human services field. The Court-Based Homelessness Prevention Project targets at-risk tenants from specific zip codes with high rates of families entering shelter in the Department of Homeless Services' (DHS') shelter system. The program provides ongoing social services case management to families in addition to "brief" legal services, such as housing counseling from lawyers or paralegals when appropriate. Cases are identified by housing court staff and assigned to a specific judge in each housing court who is assigned to the program.

In December 2015, the HRA released a \$13.5 million RFP for the Homeless Prevention Law Project (HPLP). Of the \$13.5 million for the HPLP, \$10.5 million will fund the Anti-Eviction Legal Services program to provide legal representation for approximately 11,000 cases and \$3 million will fund the Court-Based Homeless Prevention Program, which will serve an estimated 2,400 cases. The anticipated start date for the HPLP RFP is July 1, 2015.

The Court-Based Homeless Prevention Project has been proven to be a unique approach to preventing families entering the shelter system. The Council calls upon the Administration to increase Court-Based Homelessness Prevention Project funding by \$7.5 million to serve 6,000 more families annually in a total of ten zip codes.

### **Add 30 Code Enforcement Personnel at the Department of Buildings**

Recent events involving the collapse of unsafe buildings, the upward trend of illegal conversions, and fraud and bribery indictments within City housing and building agencies, have enlightened us to the fact that there are many unsafe conditions that continue to be overlooked. The Council supports DOB's request to fund 30 additional inspectors in Fiscal 2016, at an estimated cost of \$2.4 million.

Currently, there are 429 inspectors at DOB to perform inspections on issues related to boilers, plumbing, electrical, construction and elevators citywide. In DOB's Fiscal 2016 Preliminary Budget, \$2.2 million was added to support the hiring of 32 full-time positions, including seven technical support positions, 20 inspectors and five support staff to improve efficiencies and response times for quality-of-life complaints. The Council believes that the City should fund 30 additional inspectors beyond this level.



### **Increase Funding for the Office of Special Enforcement**

The Council calls upon the Administration to add \$2 million to the Office of Special Enforcement's (OSE) budget to hire 25 additional staff. The Fiscal 2016 budget for the OSE totals \$1,647,000. OSE has 11 staff members deployed from agencies, such as the Mayor's Office of Criminal Justice (MOCJ), NYPD, the Law Department, DOB, the Fire Department (FDNY), and the Department of Finance (DOF). The additional funding will bring OSE's total budget to \$3.6 million. In addition, the funding will strengthen OSE's operations by increasing staff at each agency and involving other ticketing agencies, such as the Department of Sanitation (DSNY), DOHMH, and DCA, for a more proactive, rather than reactive, approach to enforcement. The Administration should ensure that the City's budget provides a clear and complete description of OSE's budget and headcount. This could be accomplished by creating a budget code for OSE within each agency.

### **Offer a Property Tax Rebate**

The Council calls for a \$250 property tax rebate to provide residential property homeowners of one-, two-, or three-family homes, co-ops and condos with household incomes below \$100,000. New York City last offered a homeowner rebate in 2005-2009. The rebate would cost the City \$95 million in Fiscal 2016.

The DOF's 2015/2016 tentative assessment roll shows an average tax bill increase of \$228 for one-family homes. Due to the City's surging real estate market and to the perplexing property tax assessment process, homeowners have seen their tax bills increase in recent years, but incomes have not been keeping up. While reform of the property tax system would flatten increases, the property tax rebate is an easier way to provide relief to lower-income homeowners. The proposed rebate averages would approximate the tax increase for single-family homes expected this year.

## **Strengthening Parks for All**

### **Provide Capital Funding for DPR's Green Thumb Program**

Community gardens play an important role in the neighborhoods they serve by providing much needed green space to neighborhoods and schools. These gardens help to promote environmental education, encourage local food production and activate unused open space in neighborhoods. Because the budget for supporting the City's 628 community gardens and 483 school gardens is so small, the Council calls on the Administration to allocate additional capital funding of \$5 million in the DPR's budget in Fiscal 2016 for the Green Thumb program. The funding will provide for infrastructure needs such as fencing, irrigation systems, and other equipment needed for the community gardens.

### **Increase Funding for the Green Thumb Program**

Community gardens play an important role in the neighborhoods they serve by providing much needed green space to neighborhoods and schools. These gardens help to promote environmental education, encourage local food production and activate unused open space in neighborhoods. The Green Thumb program has historically relied on federal block grant funding which has been inadequate. As such, the Council urges the Administration to include additional baseline funding of \$1 million in DPR's budget in Fiscal 2016 for the Green Thumb program to support the City's more than 600 community gardens.

### **Increase Funding for DPR's Trees and Sidewalk Program**

DPR's tree and sidewalk program helps to repair severe sidewalk damage caused by tree and root growth citywide. Currently, DPR's budget includes annual funding of only \$3 million for the tree and sidewalk program. Over the past several years, DPR has experienced significant budget cuts in this area, resulting in a huge backlog of repair orders. As a result, to ensure that DPR has adequate funding to begin to make safe the approximately 25,000 backlogged sites, the Council urges the Administration to include additional baseline funding of \$3 million, for a total of \$6 million, in DPR's budget in Fiscal 2016 for the tree and sidewalk program.

### **Increase Funding for Playground Associates**

Playground associates play a vital role in the City's neighborhood parks by providing supervised recreation in the local parks and playgrounds. Currently, the DPR has only 145 playground associates to serve all of the City's 680 playgrounds that have comfort stations. Consequently, many City playgrounds lack the services of playground associates. City playgrounds remain a vital source of recreational opportunities for every New Yorker, and supervised recreational activities are crucial in fighting obesity and keeping the City's kids healthy. The Council calls on the Administration to include additional baseline funding of \$5.4 million in DPR's budget in Fiscal 2016 to hire 204 additional playground associates.

### **Restore and Baseline Funding for Parks Enforcement Patrol**

PEP officers are responsible for enforcing quality of life laws, the New York City Administrative Code, Parks' Rules and Regulations, and acting as Parks' ambassadors. Public safety in parks and playgrounds is one of their most important responsibilities. However, because there are only 182 PEP officers available many City parks are left without any PEP presence. To address the need for additional PEP officers and to ensure that more City parks receive the benefit of having PEP officers present, the Council allocated \$5 million in the Fiscal 2015 budget for 80 additional PEP officers. However, because the funding was not baselined, it is not included in the Fiscal 2016 Preliminary Budget. The Council urges the Administration to increase the baseline funding for PEP officers in Fiscal 2016 by \$5 million for 80 additional PEP officers, bringing the total number of PEP officers to 360, including 98 that are privately funded in Fiscal 2016.

### **Restore and Baseline Funding for Park Maintenance Workers**

Last year, the Council successfully negotiated an \$8.7 million funding allocation for additional gardeners and City Park Workers (CPWs) including a \$3.7 million allocation from the Council to help maintain neighborhood parks citywide. The majority of this funding was later used by the Administration to support the expense component of the Community Parks Initiative (CPI) program. CPI is a new City initiative launched by the Administration to aggressively tackle equity issues in the City's under-resourced communities by investing \$130 million in parks with less than \$250,000 of capital investment over the past 20 years. Because the Fiscal 2015 allocation was not baselined, all workers associated with the funding are in jeopardy of losing their jobs in Fiscal 2016 and in the outyears. For the current year, DPR has a total of 750 CPWs and 150 gardeners including 50 gardeners and 100 CPWs that are paid for with this funding allocation. Increased public spending is needed for the wellbeing of the City's precious green spaces, especially in low- and moderate-income neighborhoods. The Council calls on the Administration to restore and baseline the \$8.7 million funding for park maintenance workers in Fiscal 2016.

### **Restore and Baseline Funding for Parks Equity Initiative**

The Fiscal 2015 Adopted Budget includes \$750,000 allocated by the Council for the Parks Equity Initiative program. This program supports community programming in smaller neighborhood parks through grants to local community groups. The groups do outreach and programming in neighborhood parks. This initiative was absorbed into the new citywide Community Parks Initiative (CPI) program launched by the Administration after the 2015 Budget was adopted. However, the Council's allocation was not baselined and therefore not included in the Fiscal 2016 Preliminary Budget. To help support volunteer stewardship groups in parks in low- and moderate-income neighborhoods, the Council recommends that the Administration restore and baseline this funding in Fiscal 2016.

### **Restore and Baseline Funding for Tree Pruning**

The Fiscal 2016 Preliminary Budget does not include \$1 million allocated by the Council in the Fiscal 2015 Adopted Budget to support DPR's tree pruning efforts. With the Fiscal 2015 Council funding the DPR has experienced the highest level of block-pruning in over 13 years. DPR will prune over 70,000 trees this year, out of 590,000 street and park-perimeter trees that need to

be pruned resulting in a pruning cycle closer to the industry standard of seven years if sustained. The failure to restore this funding could hinder the DPR's efforts to reduce the pruning cycle. Since adequately pruning trees would help minimize the danger posed by falling tree limbs, the Council urges the Administration to restore and baseline this funding in Fiscal 2016. This action will restore total funding for tree pruning to \$4.4 million in Fiscal 2016.

#### **Restore and Baseline Funding for Tree Stumps Removal**

The Fiscal 2015 Adopted Budget includes a \$750,000 allocation provided by the Council for a total of \$3 million for tree stump removal citywide. The funding provided in Fiscal 2015 will allow the DPR to remove 6,700 stumps and continue to remove 99 percent of reported dead trees within 30 days. However, the Council's allocation was not baselined and therefore not included in the Fiscal 2016 Preliminary Budget. As such, to ensure that DPR will continue to meet its target for tree stump removal, the Council urges the Administration to restore and baseline funding in the amount of \$750,000 in Fiscal 2016 for tree stump removal.

## Improving Government Operations & Infrastructure

### Open Animal Shelters in Queens and the Bronx

In 2000, the City Council passed Local Law 26, the Animal Shelters and Sterilization Act,<sup>22</sup> which required a full-service animal shelter, defined as one that accepts dogs and cats 24 hours per day, seven days per week; has an adoption program seven days a week; and provides veterinary services, to exist in each of the five boroughs. In 2011, the Animal Shelters and Sterilization Act was amended by Local Law 59, which repealed the requirement that there be a full service shelter in every borough.<sup>23</sup> Currently, the City operates shelters with veterinary and adoption services in Manhattan, Brooklyn and Staten Island, while Queens and the Bronx have receiving centers. These two receiving centers do not have sufficient space to be converted into full service shelters.

The Council strongly urges the Administration to include \$40 million in capital funding for full-service animal shelters in the Bronx and Queens.

### Increase Vision Zero Great Streets Initiative Funding

One of the key priorities in the Fiscal 2016 Capital Plan is the “Vision Zero Great Streets” initiative. Under the initiative, Department of Transportation (DOT) will redesign and reconstruct four of the City’s most dangerous streets, including Queens Boulevard, on an accelerated timeline. Given the number of miles (443) identified in the Department’s Borough Pedestrian Safety Action Plan that urgently need to be reconstructed, the Council calls on the Administration to increase Vision Zero Great Streets capital funding by \$250 million, for a total amount of \$500 million in Fiscal 2016. This increased funding will enable DOT to increase the number of streets redesigned and reconstructed under the Vision Zero Great Streets initiative in a more rapid fashion.

### Increase Vision Zero Funding for Public Education

On February 28, 2014, the Mayor released the City’s Vision Zero report as a first step to begin to address the issues of death and injuries on City streets. The report laid out the City’s action plan to reduce traffic fatalities and called for a Vision Zero Task Force, with five City agencies including the DOT, assigned to implement the report’s 63 recommendations encompassing enforcement, engineering, and education. The Council is encouraged by the progress that has been made so far, but to truly achieve Vision Zero, we must together find ways to increase the resources for this vital initiative as increased awareness will undoubtedly save lives. The Council calls on the Administration to increase Vision Zero funding for a public education campaign by \$2.5 million in the Fiscal 2016 Budget.

<sup>22</sup> NYC Admin. Code §§ 17-801 *et seq.* (2000).

<sup>23</sup> Press Release, N.Y. City Office of the Mayor, Mayor Bloomberg, Speaker Quinn, Council Member Lappin, Health Commissioner Farley, Animal Care & Control of NYC, ASPCA and the Mayor’s Alliance for NYC’S Animals Announce Agreement to Enhance Services for Shelter Animals, July 27, 2011, [www.nyc.gov/html/om/html/2011b/pr274-11.html](http://www.nyc.gov/html/om/html/2011b/pr274-11.html).

### **Increase Baseline Funding for Street Resurfacing**

The Fiscal 2016 Preliminary Budget includes \$206.7 million to resurface 1,000 lane miles in Fiscal 2016, thereby maintaining the status quo of repaving 1,000 miles each year. However, since Fiscal 1999, the City has resurfaced approximately 2,000 fewer lane miles than it should have. To close the over 2,000 lane miles gap within the next four years would require that the annual lane miles goal be increased by 500 lane miles in each of the next four years. The Council calls on the Administration to increase baseline funding for street resurfacing citywide by \$103.4 million for a total funding of \$310.1 million in Fiscal 2016.

### **Fund Webcasting**

Additional funding is needed to accelerate the timetable for implementation of Local Law 103 of 2013, which requires that all public meetings be webcasted. Municipal webcasting and on-demand archival video of open meetings increase public access to government and lead to increased transparency and community involvement. Because the City's Community Boards do not currently have the funding to comply with this local law, the Council calls on the Administration to include additional funding of \$1 million in the Fiscal 2016 Budget to ensure that all Community Boards meet the requirements of Local Law 103 of 2013. The funding would be used for the purchase webcasting equipment and to provide training to the Community Boards.

### **Staffing of Mayor's Office of Media and Entertainment**

Over the last eight years film production in the City has continued to boom and has nearly doubled. However, staffing at the Mayor's Office of Media and Entertainment (MOME) which oversees film production in the City, has not increased to meet the increased demand. MOME is responsible for the permitting of film production and site management. MOME is also charged with ensuring that production companies adhere to City ordinances with respect to the neighborhoods in which they film. As such, to ensure that MOME has adequate staffing to meet the increased demand in permitting and production site visits, the Council urges the Administration to increase MOME funding by \$1 million in the Fiscal 2016 Budget for an additional 16 positions. This action would increase MOME's headcount from 16 to 32 positions.

### **Increase Funding for Female Sanitation Worker Bathrooms and Locker Rooms**

The Council calls upon the Administration to increase the DSNY's capital budget by approximately \$2.7 million to address the poor conditions of female bathrooms and locker rooms citywide. This is an issue of safety, privacy, and equal employment as the state of facilities currently limits at which sanitation garages women are comfortable working. The Fiscal 2016 Preliminary Budget includes approximately \$2.5 million in capital funding, and an additional \$950,000 is expected to roll over from Fiscal 2015, for facility upgrades at 14 garages. However, this funding level is less than adequate and leaves 11 locations with unresolved bathroom and locker room issues. The increase in funding would bring the renovation budget to approximately \$6.2 million in Fiscal 2016 and allow the DSNY to address all of its capital related facility concerns affecting female sanitation workers.

### **Increase Capital Budget for Firehouse Renovations**

The Administration should increase its capital commitment Plan for firehouse renovations by ten percent in the Fiscal 2015-2018 Capital Commitment Plan. The FDNY plans to undertake approximately five firehouse renovations per year, however nearly all of the 218 firehouses need renovations. The Administration should increase the Fiscal 2015-2018 Capital Commitment Plan beyond the current funding level of \$39.4 million for firehouse renovations by an additional 10 percent, or \$3.9 million which, will allow the Fire Department to perform these necessary renovations on additional firehouses.

### **Department of Education Procurement Reforms**

The Administration should make the DOE subject to the City's strong procurement rules and require all DOE contracts to go through VENDEX, HHS Accelerator, and the Automated Procurement Tracking System. If the DOE were subject to the City's Procurement Policy Board's (PPB) rules, it would allow the Council to see the picture of the City Contract Budget more fully and would help to achieve maximum integrity, transparency, and efficiency in City's contracts. The DOE has the largest contract budget, almost \$5.2 billion, among all the City agencies, and it administers the largest dollar amount in the two types of contract categories - Payments to Contract/Corporate Schools and Transportation of Pupils. The annual Agency Procurement Indicators report that the Mayor's Office of Contract Services (MOCS) releases does not include the DOE, therefore the City Council does not see the full picture of the City's Contract Budget.

### **Create an Inspector General Squad for DoITT**

The Council calls upon the Administration to add funding to the Department of Investigations (DOI) to create a dedicated investigative squad to cover DoITT. In light of the recent DOI report on the Emergency Communications Transformation Program and the previous CityTime report, DOI should increase investigative staff dedicated to overseeing DoITT. Currently, the investigative squad that covers DoITT also oversees approximately 15 City entities, including elected officials. The unit would include six new positions: one inspector general position, one attorney, two investigators, one investigative assistant/paralegal and one secretary/PAA.

**Appendix A:****Recommended Units of Appropriation and Improvements to Budget Reports****Department of Buildings**

**Divide PS and OTPS U/As.** The Department of Buildings only has two U/As, Personal Services (PS) and Other Than Personal Services (OTPS). About 79 percent of the agency's budget, \$94 million out of a total expense budget of \$119 million in Fiscal 2016, is reflected in its PS U/A. The recommendation is that the agency's PS U/A be divided to reflect its two main functions as an agency, enforcement and development.

**Administration for Children's Services**

**Create Separate U/As for Foster Care and Adoption Services.** Both foster care services and adoption services should be separated from U/A 006 (Child Welfare OTPS) given their substantial funding levels and importance. In total, the Child Welfare OTPS U/A 006 includes \$1.2 billion, of which foster care services makes up \$510.9 million and adoption services entails \$318.7 million. These two services are central ACS functions and discrete U/As would enable better tracking of spending.

**Create an U/A for Child Welfare PS.** The 001 Personal Services U/A totals \$343.3 million and has 4,839 full time positions. Child welfare services already has a separate U/A for OTPS, so separating child welfare PS would create greater visibility regarding the number of and costs associated with Child Protective Workers. Services provided by Child Protective Workers and other child welfare personnel are vital agency functions and grouping them with all other personal services inhibits transparency.

**New U/A for Child Care Vouchers.** Funding for child care vouchers is currently included in U/A 004 (Head Start/Daycare OTPS); in the past, it has also been included in U/A 003. These U/As also include funding for Head Start, EarlyLearn NYC, and all other child care programming. The only separation between funding and programming is the delineation of Other Than Personal Services and Personal Services funding streams. Child care in ACS is currently operating at a deficit of approximately \$70 million and much of the deficit can be attributed to mandated vouchers. Funds are often moved across program areas which make it difficult to assess how funding sources are used to support vouchers and how spending on vouchers impact the overall ACS budget. A separate U/A for child care vouchers would allow child care voucher funding to be tracked more easily.

**Improve Universal Pre-Kindergarten Funding Transparency.** In addition to supporting early childhood education services in the Department of Education, Universal Pre-Kindergarten funding bolsters the Administration of Children's Services' EarlyLearn program and Head Start program. ACS' budget structure does not allow for UPK funding to be easily tracked. The agency only has eight units of appropriation (U/A); UPK funding is housed in U/A 004, Head Start and Daycare OTPS, under two different budget codes. Additionally, ACS' Budget Function Analysis document does not clearly list UPK funding in any program area. In addition to creating a new



U/A for the City's UPK program, the Administration should improve the Budget Function Analysis for ACS to clearly indicate how UPK revenue is used.

### Department of Education

**Divide U/As 401 and 402 – General Education.** These U/As for General Education Instruction and School Leadership currently include funding for Pre-Kindergarten, Elementary and Middle Schools, and High Schools. The existing U/As are estimated to total \$6.57 billion in the Fiscal 2016 Preliminary Budget. This is a massive budget and should be divided into smaller U/As to increase accountability and transparency. While we anticipate a separate U/A for UPK which would reduce the budget size, the Council also suggests U/As to show funds for Elementary/Middle Schools and High Schools separately.

**Eliminate U/As 481 and 482 – Categorical Programs.** The DOE appropriates funding for a variety of programs in U/As 481 and 482 (Categorical Programs). These programs are related by their funding source – Categorical Funds – but they are not programmatically related. The U/A structure is supposed to organize funding by program. The DOE should eliminate the Categorical Program U/As and move the funding into the appropriate programmatic U/As. For example, Categorical Programs includes funds for Pre-K, which could be moved to the new U/As for Pre-k.

**Improve the Five-Year Capital Plan.** In the December 2014 Proposed Amendment to the Fiscal 2015-2019 Five-Year Capital Plan, the School Construction Authority (SCA) includes \$650 million for Technology Enhancements. The Five-Year Capital Plan contains a two page description of one entire technology related budget. Given the importance of these initiatives, the Five-Year Capital Plan should include the list of projects, dollar amount and schools. Of particular concern is the sub category of non-infrastructure projects. Currently, the SCA identifies those projects as upgrades and improvements to DOE's existing student information systems, the provision of greater network security, and increases to mobility for its users within the ecosystem.

**Create an object code for charter schools in City's Contract Budget.** The Council proposes creating a separate object code in City's Contract Budget to indicate the funding allocated to charter schools. As of December 2014, there were 197 charter schools in New York City. Currently, payments to all non-public and charter schools are funded under object code 670 - Payments to Contract/Corporate Schools, which totals to approximately \$2.6 billion. With the existing data in the City's Contract Budget, it's impossible to identify the amount allocated to charter schools.

**Improve transparency of SCA's source of funding.** Currently, there is no information about the percentage of funds received from the State or the funds that were transferred from other City agencies to SCA. Adding a separate section in the five-year Capital Plan about the source of funds will increase transparency.

### Department of Health and Mental Hygiene

**New U/As for Disease Prevention and Treatment - HIV/AIDS.** Currently, the Department of Health and Mental Hygiene has two U/As that include funding for the HIV/AIDS services (U/A 102 and U/A 112). These U/As also include funding for Epidemiology, World Trade Center

Programs, and all other Disease Prevention programming. Since over 98 percent of HIV/AIDS programming funds are derived from federal and state sources, new U/As should be created for HIV/AIDS funding to fully capture the changes that result from state and federal actions.

### **Department of Homeless Services**

**Aligning the Living in Communities Funding in Appropriate Program Areas.** The Department of Homeless Services' (DHS) proposed Fiscal 2016 Budget includes over \$15 million in funding for the Living in Communities (LINC) program, which is the City's new rental assistance program for homeless adults and families. Currently, funding for LINC is reflected in DHS' General Administration budget, although it does not align with the purpose of this program area. Before the Adoption of the Fiscal 2016 Budget, funding for LINC should be accurately reflected in the appropriate program budget areas in DHS' budget for transparency purposes.

### **Human Resources Administration**

**New Budget Program Area for Legal Services.** In Fiscal 2015, the Administration consolidated most of the City's legal services contracts into the Human Resources Administration (HRA). Given the number of legal services contracts now under HRA's purview as well as new initiatives by the Administration for legal services and anti-eviction services, a new budget program area for legal services should be created to better understand legal services funding sources and the overall budget for various legal services programs.

**New U/A for Public Assistance Grants.** Currently, the Human Resources Administration has one U/A for public assistance grants (U/A 103) totaling \$1.4 billion. This U/A also includes funding for employment services administration, employment service contracts, food stamp operations, general administration, home energy assistance, office of child support enforcement, public assistance and employment administration, public assistance support grants, subsidized employment and job-related training, and substance abuse services. The only separation between funding and programming is the Other Than Personal Services funding stream.

Given the amount of funding allocated towards public assistance grants within HRA's budget, a new U/A should be created for public assistance grants to better understand how funding is spent. Within each new U/A, various categories of spending should be reflected in budget codes. For example, it would be useful to understand how exactly Temporary Assistance for Needy Families and Safety-Net Assistance funding is allocated in detail.

### **Law Department**

**Divide PS and OTPS U/As.** Currently the Law Department's budget is organized in two U/As, Personal Services and Other Than Personal Services. Its proposed budget for Fiscal 2016 totals \$171.6 million and is comprised of 16 legal divisions and four support divisions. The Council recommends that the Department restructure its budget to include additional U/As that reflect its programmatic nature, creating U/As for legal services and support services.

### Miscellaneous Budget

**Divide U/A 003.** This U/A covers fringe benefits, including health insurance, mandated benefits such as FICA and workers' compensation, and contributions to supplemental welfare benefit funds. It is a \$5 billion U/A for benefits of both active and retired City employees. Most other descriptions of these appropriations (such as in the City's financial statements) make the distinction of how much of this funding is dedicated to the active versus retired City employees. For example, post-employment benefits are treated as part of the New York City Other Post-Employment Benefit Plan, the largest component of which is the Retiree Health Benefit Trust (RHBT). This U/A should be broken up into current and post-employment U/As. Besides aiding transparency, this would be useful given the special role that the RHBT plays in the City budget.

**Divide U/A 002.** This \$3 billion U/A contains a diverse and unrelated group of City payments and reserve funds. This includes the general reserve, reserve for judgments and claims, subsidies for the New York City Transit and private buses, and state building aid. The logic of grouping such a diverse set of activities in one U/A is unclear. The U/A should be separated into components that more closely track the activities involved. At minimum, the general reserve and the reserve for judgments and claims each deserve their own U/A.

### New York Police Department

**Divide U/A 001.** Currently U/A 001 cover \$2.9 billion of the department's \$4.8 billion budget. Within this U/A, there are ten program areas. This U/A could be broken up into six U/As to reflect patrol, patrol support, detective bureau, organized crime control bureau, reimbursable overtime, and special operation. Some of the other program areas covered in U/A 001 could be moved to the existing U/As such as housing or school safety, for example.

### Department of Probation

**Divide U/As 002 and 003.** The Department of Probation has two U/As for Probation Services: one for Personal Services and one for Other Than Personal Services. Funding for these U/As account for 91 percent, or \$82.4 million, of the Department's \$90.8 million budget for Fiscal 2016. These U/As currently include funding for the pre-sentencing investigation of most adult and juvenile offenders and supervision for those sentenced to probation in adult and family courts. In addition, they include funding to operate several related supervision programs for adult probationers and alternative-to-placement programs for juvenile probationers. The Department's budget should be separated into smaller U/As to increase accountability and transparency of the services for its clients to clearly determine what the Department budgets and actually spends on the two populations. The Council encourages separate U/As for adults and for juveniles, to address the need for further transparency.

### Taxi and Limousine Commission

**Create a U/A for Enforcement.** Currently the Taxi and Limousine Commission's budget includes only two U/As (U/A 001 and U/A 002) for Personal Services and Other Than Personal Services, respectively. As a result, all of the Commission's responsibility centers are within the two U/As. With the arrival of the City's new borough taxis, enforcement, both for illegal street hail and

service refusal, has become particularly important. Therefore, there should be new U/A for enforcement to better monitor spending in this area.

### **Department of Youth and Community Development**

**Create a new U/A for COMPASS.** COMPASS funding is concentrated in Unit of Appropriation (U/A) 312, one of four U/As assigned to DYCD. U/A 312 accounts for \$442 million, or 86.9 percent, of the Department's \$508.8 million budget for Fiscal 2016. Given that COMPASS alone accounts for \$301.2 million of U/A 312's \$442 million, the organization of funds within this U/A creates challenges in tracking program expenditures. Particularly in light of the significant role COMPASS plays in the Mayor's agenda, it is imperative that DYCD's budget documents provide more comprehensive financial oversight of this area of the budget. The Council recommends a new U/A dedicated solely to COMPASS activities.

**Appendix B: Baselined Initiatives**

Agency	Restoration / Initiative	Amount
ACS	Child Care Voucher Restoration	\$5,000,000
ACS	Discretionary Child Care	\$57,400,000
ACS	Job Training and Placement for Day Care Workers	\$100,000
DFTA	Case Management	\$5,500,000
DFTA	Elder Abuse Services	\$800,000
DFTA	Information and Referral Services	\$1,000,000
DFTA	Naturally Occurring Retirement Communities (NORCs)	\$900,000
DFTA	Nutrition Services	\$1,000,000
DFTA	Senior Centers	\$3,000,000
DFTA	Social Adult Day Care (SADs)	\$400,000
DFTA	Space Costs	\$1,500,000
DFTA	Transportation Costs	\$2,000,000
DOHMH	Asthma Control Program	\$500,000
DOHMH	Callen Lorde Health Center	\$350,000
DOHMH	Cancer Initiatives	\$1,525,000
DOHMH	Clinic & Outreach Restorations (EHACE)	\$318,000
DOHMH	HIV Prevention/Health Literacy for Seniors	\$400,000
DOHMH	HIV/Aids Prevention - Evidence Based	\$2,716,000
DOHMH	HIV/Aids - Faith Based Initiative	\$1,500,000
DOHMH	HIV/Aids - Communities of Color	\$1,125,000
DOHMH	Family Planning	\$350,000
DOHMH	Infant Mortality Reduction	\$2,500,000
DOHMH	Injection Drug Users Health Alliance (IDUHA)	\$1,000,000
DOHMH	NYU Dental Van	\$268,000
DOHMH	Nutrition Program Administration	\$995,000
DOHMH	Obesity Intervention Programs	\$1,300,000
DOHMH	Rapid HIV Testing (HHC pass-through)	\$2,000,000
DOHMH	Sexual Health - STD Clinic Hours/STEP UP	\$297,000
DOHMH	School Based Health Center Restoration	\$775,000
DOHMH	Autism Awareness	\$1,310,000
DOHMH	Bailey House	\$125,000
DOHMH	Children Under Five	\$1,250,000
DOHMH	Geriatric Mental Health Services	\$2,000,000
DOHMH	Mental Health Contracts	\$375,000
DOHMH	Mental Health Contracts - FY13 Restoration	\$246,000
DOHMH	MH Contracts - DD Clinics	\$806,000
DOHMH	MH Contracts - Chemical Dependency/ADUPCT	\$525,000
DOHMH	MH Contracts - Mental Health Providers	\$1,164,000
DOHMH	Suicide Prevention Hotline - Samaritan's NYC	\$247,000
DOHMH	Young Adult Institute and Workshop, Inc.	\$200,000
DOHMH	Anti-Gun Violence - Cure Violence	\$1,770,000
DOHMH	Anti-Gun Violence - Mental Health	\$615,000
DYCD	Adult Literacy Services	\$2,500,000
DYCD	Immigrant Opportunities Initiative - Literacy Services	\$1,000,000
DYCD	Immigrant Opportunities Initiative - Legal	\$3,300,000
DYCD	Beacon Programs	\$4,450,000
DYCD	Cornerstone Programs	\$926,000
DYCD	Out of School Time Council Restoration	\$51,000,000
DYCD	Runaway Homeless Youth	\$7,170,000
HRA	Emergency Food Pantries (EFAP)	\$1,500,000
HRA	Hasa Financial Advocacy	\$200,000
HRA	HASA Supportive Housing Contract Reduction	\$2,368,000
HRA	Hasa Supportive House Case Managers	\$2,718,000
HRA	Teen Relationship Abuse Prevention Program	\$2,000,000