



New York City Council

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**The Council's Response to the Mayor's Preliminary
Budget for Fiscal Year 2011**

In fulfillment of City Charter section 247(b)

April 8, 2010

Hon. Christine C. Quinn

Speaker

Hon. Domenic M. Recchia, Jr.

Chair, Finance Committee

Summary

The Mayor's Preliminary Budget for FY 2011 was released in the context of an unusual degree of uncertainty.

On the one hand, the economic recession – nationally, the worst in 8 decades – appears to be hitting bottom. However, given the wrenching dislocations in the housing market and financial services industry, the recovery seems likely to be much slower than is typical, with employment levels not projected to reach their 2008 peak before 2013.

The bottoming out of the economy is in part due to the federal government's rescue of major financial institutions, which, combined with extremely low interest rates, has led to a record-breaking year for Wall Street profits. As a result, the Mayor's preliminary budget projected higher revenues – up \$1.8 billion in 2010, compared to the Adopted budget.

Nonetheless, like employment, tax revenues are projected to recover only slowly after dropping 7 percent in 2009, reaching their 2008 level in 2011.¹

The combination of higher revenues, a PEG program totaling \$484 million this year, and the use of reserves and other resources, has yielded a \$2.9 billion surplus for 2010, which would be used to help close next year's gap. It is worth noting that two-thirds of the \$4.5 billion 2011 budget gap projected as of November would be closed using the surplus, while only \$1.5 billion are 2011 actions – primarily the \$1.1 billion PEG program.

Finally, the Preliminary Budget comes against the backdrop of a severe fiscal crisis at the State level. At the time the budget was released, the State Division of the Budget projected the State's budget shortfall at \$500 million for the current State fiscal year and \$8.2 billion for the coming year. The Governor's Executive Budget for FY 2010-2011, released 9 days prior to the Preliminary Budget, proposed actions that the Mayor's Office of Management and Budget projected would lead to a \$1.3 billion additional shortfall in the City's FY 2011 budget. Although the final outcome of negotiations between the Governor and the Legislature will likely be somewhat more favorable to the City, both the Mayor and the Council recognize that the Executive Budget will have to address an additional gap. On March 23rd, the budget director instructed City agencies to prepare for additional cuts totaling 3.6% for uniformed agencies and 7.2% for all other agencies. The Education Department budget faces a \$493 million cut in State aid that the City does not anticipate being able to close with City funds.

These circumstances make developing a response to the Mayor's Preliminary Budget particularly challenging. It is clear that, even without further cuts, Council Members are deeply concerned about the impacts of the Preliminary Budget on public safety, education, and social services. Any further cuts cannot follow the "across-the-board" approach taken so far. Already, because the Preliminary Budget PEG program ignores the Council's restorations to the public libraries, CUNY, Aging, Cultural Affairs, and other agencies, FY 2011 cuts to these agencies risk crippling key public service areas. The Council urges the Mayor to consider this in preparing the Executive Budget. The Office of Management and Budget must also provide the Council with the analysis of the

¹ Without the changes in property, sales and business taxes done in 2009 and 2010 it would be 2013 before tax revenues returned to their 2008 level.

budget's impact on service levels required by the City Charter, to assist the Council in working with the Administration to adopt a budget for 2011 that protects the services most critical to our City's – and its residents' – well-being.

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The Economic and Revenue Outlook

The economy is improving, albeit unevenly. Some data points to a sustained recovery yet other data clouds that outlook. Nationally, the consumer is spending again, exports and business equipment spending are rising again, and the stock markets have held onto their gains since rallying last year. However, small businesses are still struggling, and real estate is sputtering, particularly commercial real estate, which has yet to reach bottom. The \$787 billion stimulus package of the American Recovery and Reinvestment Act of 2009 will continue to act through 2019, shoring up jobs, budgets and capital projects. However, future impacts will be limited as it has already registered its maximum impact². Various liquidity and financial stability measures implemented by the Federal Reserve and the Treasury are gradually being withdrawn. The risk is that the economy will be unable to maintain momentum once federal economic and financial supports are gone.

Despite this risk Council Finance believes that the national economy will grow at a level slightly below its long run trend during 2010 and 2011. However, the labor market's response will remain weak and unemployment will remain at unacceptably high levels through the forecast period.

National Economic Projections

	2008 (actual)	2009 (actual)	2010	2011	2012	2013	2014
Real GDP Growth (%)	0.4	-2.4	3.0	2.9	3.4	3.0	2.6
Private Employment Change (millions)	-1.1	-5.9	-0.8	2.4	3.3	2.5	1.7
Unemployment Rate (%)	5.8	9.3	9.6	9.1	8.2	7.4	7.0
Wages & Salaries (%)	3.0	1.5	1.9	1.7	1.8	2.3	2.4
S&P 500 Stock Index	1,221	947	1,160	1,252	1,335	1,409	1,483

Source: Global Insight March 2010 National Forecast

New York City in particular has benefitted from the Federal government's market interventions; investment banks have taken advantage of low rates and relative stability in the markets to make their greatest profits ever, more than recovering the losses of the prior two years³. By enabling a major driver of the City's economy to bounce back, job losses have been mitigated. In the Fiscal 2010 Adopted Budget forecast Council Finance estimated total peak-to-trough losses of 256,000 jobs, and OMB forecasted 311,000. These estimates are now 155,000 and 203,000, respectively. Even after accounting for the recently enacted business tax conformity and sales tax increase packages, OMB's most recent estimate of Fiscal 2010 tax revenue is about \$1.8 billion higher than it had been in the Adopted Budget. Council Finance estimates that net gains in employment are likely in the second half of 2010, and consumer spending is set to rise after six quarters of decline. Additionally, international travel began to pick up in September.

² IHS Global Insight March 2010 U.S. Executive Summary

³ New York Stock Exchange member firms' total profit was \$61.4 billion in 2009. This followed losses of \$42.6 billion in 2008, and \$11.3 billion in 2007.

While this is good news to be sure, one should keep in mind this growth will start from levels last seen in 2005. Also, the housing market is still weak, and the commercial real estate market even more worrisome. Until these markets recover, the construction industry cannot truly recover. Moreover the lack of firming prices in the commercial markets complicates its usage as a key type of small business collateral.

Confidence will truly return with jobs, and many of the highly-paid jobs lost in finance are not likely to return. They reflected a workload inflated by the country's real-estate bubble. Also, depending on the nature of Federal financial regulation reforms, the City's competitive advantage in this area could be dulled. The healthcare and education jobs that the City gained even through the recession are not as lucrative as those in finance. If the City successfully diversifies its economy away from finance, it will replace those lost jobs, but probably not at the same level of compensation.

City Economic Projections

	2009 (actual)	2010	2011	2012	2013	2014
Private Employment Change (thousands)	(107)	(20)	37	41	38	32
Total Wages	-12.9%	3.7%	5.2%	6.0%	5.0%	4.2%
Total Revenue of NYSE Members	29.2%	14.4%	6.3%	5.8%	4.8%	5.3%

Source: Council Finance, based on NYS Dept. of Labor, US Bureau of Labor Statistics and SIFMA data

Tax Revenue

Looking forward, property taxes will help compensate for diminished revenue from business and real estate transaction taxes, at least in the near term. As the pipeline of property value increases is exhausted, slowed growth in the property tax will drag overall growth down, even as the other taxes resume growth after the recession. Certain taxes, such as the real-estate transactions taxes, i.e. the "other property taxes," below, will not reach their recent peaks, even several years from now, because they had been exceptionally high due to the real-estate boom. Similarly, with bonuses subject to deferral and the financial industry set to be subject to greater regulation, the personal income tax and probably business taxes will recover but show only modest growth.

Revenue Forecast: Council Finance Growth Rates

Fiscal Year	2010	2011	2012	2013	2014
Real Property Tax	12.0%	5.2%	2.9%	1.5%	1.4%
Other Property Taxes	-14.9%	3.9%	11.4%	10.4%	14.0%
Business Taxes	-7.9%	-3.5%	10.0%	4.8%	3.3%
Personal Income Tax	2.6%	13.0%	6.6%	5.8%	5.3%
Sales Tax	8.3%	5.6%	7.3%	6.1%	4.4%
Other Taxes	-10.8%	-9.3%	2.3%	4.0%	1.8%
Overall					
Council	3.3%	5.2%	5.4%	4.0%	3.5%
OMB	2.7%	4.9%	5.1%	3.9%	3.3%

Revenue Forecast: Council Finance Relative to OMB

In millions

Fiscal Year	2010	2011	2012	2013	2014
Real Property Tax	-	(\$50)	(\$183)	(\$137)	(\$35)
Other Property Taxes	\$19	(\$27)	\$38	\$31	\$123
Business Taxes	\$190	\$11	\$77	(\$70)	(\$193)
Personal Income Tax	(\$58)	\$319	\$311	\$365	\$401
Sales Tax	\$96	\$132	\$277	\$319	\$267
Other Taxes	(\$20)	(\$25)	(\$13)	(\$12)	\$83
Total	\$228	\$360	\$507	\$497	\$647

NOTE: Positive number indicates Council Finance forecast exceeds OMB's.

SOURCE: Council Finance, OMB FY11 Preliminary Budget

Spending

As agencies now face another round of cuts potentially nearly as deep as those imposed in the Preliminary Budget, the Council questions whether we can continue to take the “across-the-board” approach that typically characterizes the City’s approach to budget cuts.

Many agencies – particularly smaller agencies or those with a single programmatic focus – may be reaching the point where they are no longer able to achieve their core missions and programs.

We urge the Administration to consider carefully whether, in its Executive Budget, some agencies or programs should be spared additional cuts, and other programs perhaps slated for elimination.

Unequal Cuts

The Council also urges the Administration to reconsider its approach to imposing PEG targets on agencies. Currently, PEG targets are based on the agency’s budget level for the year as of the previous financial plan. However, in many cases those budget levels are considerably below the current year’s budget for the agency because the Council restored funding at Adoption. Thus, an 8 percent PEG target may represent more or less an 8 percent reduction on a year-over-year basis – or it may represent a much deeper reduction.

The Council therefore urges the Administration to impose reductions taking the current year’s adopted (or modified) budget condition as the baseline. This may mean that the PEG targets may have to be modestly larger in percentage terms order to achieve the same level of savings. But the benefits of a more equitable approach to cutting will allow both the Administration and the Council to focus more attention on defining priorities as budgetary resources shrink.

Council-sponsored initiatives and Council Member discretionary line items would be excluded when calculating the baseline for cuts, although some agencies may wish to incorporate certain initiatives into their baseline budget and should be given the option to do so.

The outyears of the financial plan should be adjusted to reflect the revised agency budget levels.

Service Impacts

In addition, the Administration must begin preparing and submitting the statements of service level impacts required by Charter section 100(b)(i). Although a considerable amount of information is produced both in the budget process and in other documents (such as the *Mayor's Management Report*), for the most part it is poorly integrated with budgetary decisions as reflected in the Preliminary and Executive budgets. It is thus difficult, and often impossible, to understand the consequences of budget proposals on City services. The statements of service level impacts should accompany the Executive Budget as required and provide a detailed and meaningful analysis of the consequences of budget decisions.

Key Areas of Concern

Among the many issues raised during the Council's hearings on the Preliminary Budget, concern about the impact of the budget on public safety was particularly acute. With uniformed police force strength headed to a level last seen in the early 1990s, and the Fire Department proposing the closure of 20 fire companies – even before the impact of the State budget is felt – the gains made in the last decade in crime reduction and fire fatalities are at risk.

The Council took the lead to restore proposed Police class eliminations in Fiscal Year 2009. With only two classes currently scheduled – for 250 officers this July, and another 700 next January – the Council is concerned that the Department's patrol strength is slipping to an insufficient level. Other components of the criminal justice system – in particular the District Attorneys – are also inadequately funded.

Last year the Council also acted to restore funding for 16 fire companies facing closure. This year, those companies, plus another four, are again slated for closure. The Council is concerned both about the prospect of increased safety risks, and about the process and criteria used by the Department in deciding which companies are selected for closure.

In the following sections, other issues raised during the Preliminary Budget hearings, as well as follow-up information requested from agencies, are summarized.

Committee on Finance

Hon. Domenic M. Recchia, Jr., Chair

Department of Finance (836)

Among the issues raised by Council Members in the Finance Department hearing was that of the Department's plans to increase their staffing to conduct audits. The Preliminary Budget contains an initiative to hire 29 additional tax auditors. The initiative aims to net about \$13.1 million in extra audit revenue in Fiscal 2011.

Council Members noted that the agency has been quite successful with its audits. In recent years audits have ended the year dramatically over the adopted budget plans; one year by \$190 million, another over \$470 million, and a third year by over half a billion dollars. The Chair asked the Commissioner to follow up with an explanation as to what this initiative would do that the agency can't already do.

In addition, the Chair posed the following questions to the Commissioner in a follow-up letter:

- How many individuals and firms do you audit a year? How many of those end up without changes to their taxes?
- What protections do you have to ensure that people do not get audited unnecessarily?
- How does the agency deal with taxpayers who are unable to pay taxes when audits identify errors? Do you have programs to help people deal with back taxes?

DOF is creating a tax shelter unit, similar to such units in tax departments in other taxing jurisdictions, including NY State. The unit will focus on identifying and pursuing sub-national tax shelter activity, such as the shifting of profits out of City entities through the creation of captive subsidiaries in low-tax states. The Committee asked the Commissioner to address the following questions:

- Can you cite examples of entities that have created subsidiaries in low-tax state?
- Do you have an estimate of how much revenue has been lost in previous fiscal years due to this practice?
- Why are you pursuing these tax shelters now when you didn't pursue them in previous years? Has there been a growing trend in sheltering taxes in other states?
- Will this new unit perform other functions that will increase audit revenue?

DOF has been implementing data-mining and screening techniques to increase the inventory of audit-worthy business income and excise tax cases. Recent data-mining efforts have produced cases related to the underreporting of business income and sales tax by cash businesses, unreported business income by high-income entrepreneurs and inappropriate expenses deducted by corporations conducting business in the City. The Committee requested the following information from the Department:

- Which industries have underreported business income and sales taxes?

- Please give examples of inappropriate expenses deducted by corporations conducting business in the City.
- Are there any concerns that this aggressive auditing initiative will drive businesses out of the City or hinder general business activities within the City?

Committee on Sanitation & Solid Waste Management

Hon. Letitia James, Chair

Department of Sanitation (827)

The following issues were raised at the Committee's March 5th hearing:

MTS constructions costs: Bids for construction of the Hamilton Ave. MTS came in higher than expected leading DSNY to increase planned commitments for this project by \$54 million. Commissioner Doherty testified that he anticipates bids for the Southwest Brooklyn and East 91st Street MTS to come in higher as well, which will significantly increase the size of DSNY's capital budget.

Public space recycling: Since DSNY initiated the public space recycling pilot back in 2007, the number of locations citywide dedicated to public space recycling has increased from 9 sites to 56 including a total of 294 paper and MGP receptacles. Several Council Members were interested in seeing this program expanded even further in the Executive Budget.

Apartment building recycling initiative (ABRI): Council Members were also interested in discussing ways to further expand the ABRI program whereby DSNY educates and offers outreach to tenants, landlords, building managers and superintendents interested in assistance to improve their buildings' recycling rates. Since the program's inception in 2006, over 390 buildings with almost 34,200 units have received assistance.

Snow removal: The Fiscal 2010 Adopted Budget included \$38.3 million for snow removal though the current modified budget now stands at \$42.7 million because of higher than expected spending on snow removal so far this year. However, this does not include the last two major snow storms and therefore the Sanitation Department expects to overspend the current modified budget by \$15 to \$20 million.

Committee on Higher Education

Hon. Ydanis A. Rodriguez, Chair

City University (042)

The Committee addressed the following questions for follow-up in a letter to Chancellor Goldstein sent April 1st.

Budget Overview

CUNY's total budget is projected at approximately \$2.5 billion with approximately \$1.9 billion for the senior colleges and \$647 million for the community colleges in Fiscal 2011.

- Where are alumni giving reflected within CUNY's budget? What is the current level of alumni giving for the community colleges?

Enrollment Growth

- Application and enrollment numbers for CUNY are at its highest. How many students were pending admissions to a community college for the spring semester?
- What is the anticipated FTE enrollment growth for the 2010-2011 academic year?

Tuition and Fees

- How many of out-state students attend CUNY institutions? Please provide a breakdown between community colleges and senior colleges.
- What is the current county chargeback rate? How much did CUNY collect from outside counties in the 2008-2009 academic year?
- Outside of tuition, what other fees are charged at the start of a semester and what are their amounts?

Community College Reductions

The Fiscal 2011 Preliminary Plan does not contain \$21.4 million restored to the community colleges by the City Council in the Fiscal 2010 Adopted Budget and has additional reductions of \$9.5 million in Fiscal 2010 and \$15.4 million in Fiscal 2011 and the outyears.

- Please share the effect of these reductions to the ability of the community colleges to maintain current course selections, class sizes, number of full-time and part-time faculty, faculty instructional hours, student counseling and health services, and research development.
- The proposed State Executive Budget for next year decreases its funding support for New York City primarily due to the reduction in federal stimulus funds. If passed as is, the Administration will look for additional reductions from the agencies. Has CUNY had any discussion with the Administration with regards to additional cuts to the community colleges? If so, what has been the outcome of those discussions?

- How does CUNY plan to fund the expenses of a new community college, while current community colleges are under-funded?

Vallone Scholarship Funding

- How many recipients are there for the 2009-2010 academic year?

Other Actions Proposed in the State's Executive Budget

- If the proposed legislation is passed, CUNY would implement differential tuition by program. Why is this legislation important to CUNY? How would this new policy be implemented?
- The Executive Budget also includes legislation that reduces, eliminates, and changes requirements for TAP awards in which CUNY found the effects of these changes to be detrimental to its students. In what ways is CUNY working with the State Legislature to ensure that these changes are not passed?
- The State proposes a decrease of \$1.44 million in federal TANF funding for 17 licensed campus-based child care centers. How many child care centers are on CUNY campuses? If this is passed, how will CUNY determine which centers to close? Which centers will close at the community colleges? Which centers will close at the senior colleges?

The Mayor's Commission for Economic Opportunity

The Fiscal 2011 Preliminary Budget provides a one-year allocation of \$14.9 million for five initiatives created by the Center for Economic Opportunity at CUNY.

- Please name and describe the purpose of these programs.
- How many participants are there for each program?
- What is the number of staff allocated to each of the five programs?
- Are there new staffing needs for these initiatives?
- Please explain the evaluation process of these programs.
- Are CUNY students direct recipients of these programs?
- The Administration has increased funding for some of these programs. Please share how the programmatic funds offset, if they do, operational reductions to the community colleges.

Capital

- How much in unmatched State funds is still not appropriated by the City for the community colleges?

Committee on General Welfare

Hon. Annabel Palma, Chair

Department of Homeless Services (071)

Chair of the General Welfare Committee, Council Member Annabel Palma opened by voicing her concerns with the proposed cuts in the Preliminary budget, including changes to the HomeBase Homeless Prevention program model, the elimination of safe haven and stabilization beds, elimination of employment specialist, medical services, and contracted security in DHS shelters and facilities.

Rapid ReHousing Initiative. Commissioner Hess' testimony highlighted the HomeBase homeless prevention program's assistance to more than 17,700 households since its inception in 2004. The Department of Homeless Services ("DHS") maintains that 90 percent of these families have avoided the shelter system for at least one year after receiving HomeBase services. DHS has allocated \$45 million of the \$73.5 million it received in HPRP Stimulus funding for the expansion of the HomeBase program. In the Fiscal 2011 Preliminary Budget, DHS proposes to implement the HomeBase rapid re-housing model in hotels managed by DHS. Commissioner Hess said that DHS will increase placement services provided through HomeBase which will reduce the length of stay for families in hotels, help them gain employment, obtain a subsidy, and locate housing within 120 days. Council Member Gale Brewer expressed concern about the amount of money DHS spends on private hotels, and the portion of the DHS shelter system that is comprised of such hotels. Commissioner Hess said that about one-third of the DHS shelter system is comprised of hotels, and further explained this portion aids in the way DHS meets shelter demand. When asked how much HPRP funding will be used toward the implementation of this Rapid Re-Housing initiative, he responded about \$15 million. Concerns were also raised about a possible change in the responsibilities of the HomeBase providers and whether or not they will be diverting people from shelter or possibly providing case management in hotels.

Reductions to Shelter Security and Medical Services. Council Member Annabel Palma inquired about DHS' decision to remove contracted security and medical services from shelter facilities. She cited an incident in December in which two men were involved in an altercation and ended with one man being stabbed to death. DHS acknowledge that it has experienced 16 incidents over the last year with police involvement. Commissioner Hess, however, said that DHS will replace the contracted security with DHS Peace Officers. He could not, however, provide detailed information on which facilities the Peace Officers will be placed. When why DHS would propose to reduce medical services in adult shelter facilities, the Commissioner said that it was a cost savings measure, and indicated that the reduction would be to facilities that do not serve populations with special medical needs. When how many adults asked received medical treatment within the last year, what type of medical treatment they received and how frequently, the Commissioner said he would have to get back to the committee with that information.

Safe Haven and Stablization Beds. As part of the 2005 restructuring of street homeless services, DHS planned to increase the amount of Safe Haven beds from 300 to 500, and the number of stabilization beds from 150 to 180 by fiscal 2010. Commissioner Hess testified that DHS currently

has 377 Safe Haven beds and 399 stabilization beds, and planned to have 482 Safe Haven beds on line by the end of Fiscal 2010 by using a portion of the HPRP funding.

Council Member Palma inquired about tracking and reporting of the number of stabilization beds. Commissioner Hess conceded that this information is not currently publicly reported and that single adults who are in Safe Havens and veterans' shelters are reported separately and not included in the "total shelter census" on the DHS "Daily Report". He said that he would look into getting the number of stabilization beds posted on the website

Education for Children in Shelter. DHS is coordinating with the NYS Board of Regents as well as NYC DOE to ensure that students are afforded the opportunity to retake the exam in this instance. Commissioner Hess said that he is willing to have future discussions with the Committee about how it will ensure that the educational needs of children in shelter are met.

State Budget Impact. Questions were raised regarding the State budget and its proposal to eliminate State support for Adult Shelters. The State proposes to align adult and family shelter programming, by requiring DHS to conduct public assistance eligibility determinations for all individuals seeking placement in shelter. The City impact is a projected shortfall of \$65 million. When asked about DHS' assessment of the impact of the reduction Commissioner Hess said that if the cut is implemented DHS will take legal action against the State. The impact of this cut could possibly lead to a cut back on non-mandated programs like Single Room Occupancy (SRO) Support Services, street outreach, and homelessness prevention programs.

Follow-up Questions

Homeless Prevention and Rapid Re-housing (HPRP) Stimulus Funding

NYCHA has recently terminated 2,597 vouchers of which 1,115 were held by DHS Advantage clients. It is our understanding that the Administration has asked the State to extend the Advantage NY to participants in the Children's and Fixed Advantage programs on a year-to-year basis, and to extend the Advantage program to domestic violence victims and youth aging out of foster care.

- What discussions are taking place between DHS and that State regarding the extension of Advantage?
- Has the State provided any indication about when they will reach a decision?

As an alternative, or until the State makes a decision about the extension of the Advantage program, DHS is exploring other options such as placing eligible clients in the Family Eviction Prevention Services (FEPS) program.

- How many families with terminated section 8 vouchers are eligible for enrollment in the FEPS program?
- Has DHS also considered the possibility of using the Senior Citizen Rent Increase Exemption (SCRIE) and the Disability Rent Increase Exemption (DRIE) programs in addition to the FEPS program?

- Has DHS performed an assessment of which rental assistance programs the individuals and families with terminated Section 8 vouchers are eligible for? If so, can you please provide the Council with a list of your findings (i.e. number of families eligible for FEPS, SCRIE, DRIE, number eligible for HRA rental assistance, etc)

HomeBase Housing Flex-Fund. In response to the NYCHA Section 8 voucher shortfall a \$1 million HomeBase Housing Flex-Fund has been created with HPRP stimulus funding in order to assist clients and will be available to HomeBase providers.

- Since the \$1 million HomeBase Flex-Fund is created with HPRP funds, when does the funding have to be expended?
- If \$1 million proves not to be enough money to serve the needs of this population, will you use more stimulus money to assist them? If not, why not?
- Has DHS done an assessment of how it will assist this population and future graduates of the Advantage program if the Section 8 voucher program shortfall is not met? If so, what did you conclude in your assessment?
- Will any of the HPRP HomeBase funds be used to provide rental subsidies? If so, how much and for how many months per individual and family?
- DHS testified that none of those whose vouchers were revoked who received assistance from Home Base entered shelter. Of those, how many were placed in permanent housing with leases in their own names? Please provide the number of people assisted resulted in any housing placements? If so, how many? How many are living in family members' homes? How many no longer reside in New York City?
- How are HPRP funds being used toward the implementation of the Rapid Re-Housing initiative?
- Please provide information on how much funding is included in the budget for temporary housing, as well as the amount of funding the Housing and Preservation Development (HPD) budgets for units of housing for homeless services.
- Please provide the Committee with an estimate of what providers have billed to DHS for HomeBase services in Fiscal 2009.
- How much stimulus funding was provided for the purpose of providing rapid re-housing services to people in hotels? Does this mean that existing HomeBase staff will have additional responsibilities, or has new staff been hired?
- How will DHS track whether/how the federal stimulus money (vs. other funding sources) is helping to reduce homelessness?

PEG Restorations and Alternative Cuts

Reductions to Contracted Shelters. A number of proposed cuts (PEGs) proposed last fiscal year have been restored in the FY11 Preliminary Budget. However, DHS proposes alternative cuts (PEGs) in the FY11 Preliminary budget including a reduction of 4.19 percent to Adult Shelter providers which would generate a savings of \$5.4 million in FY 2010 and in the out years and a

reduction of 1.4 percent to Family Shelter providers which would generate a savings of \$897,000 in FY10 and in the outyears.

- Will adult family contracted shelters be excluded from this decrease since the Agency is already proposing to reduce their budgets by five percent?
- When will the reductions take place?
- What will be the impact to services?

Performance-Based Payments for Adult Shelter Providers. Last fiscal year DHS proposed to the implementation of a new Adult Performance Incentive Program (PIP), which ties the performance of facilities to payment rates and is based on the number of contracts with adult shelter providers. The Fiscal 2011 Preliminary Plan partially restores this proposed PEG from the last fiscal year because they have "re-designed" it.

- Please elaborate on how the agency will structure the new performance incentives (i.e. 10% base payment increases for placements within a 6 month period, etc)? What will be the new performance target?
- Does the agency expect that any shelters will close based on increased competition between shelters to perform? If so, how many and is this reflected in the budget?

Costs of Emergency Housing & Capacity

- What is the average cost per person per year for a faith-based bed?
- How much money is DHS currently spending on non-contracted transitional housing? (e.g. per diem arrangements)
- The Commissioner testified that if DYCD and DHS shelters were consolidated under one agency, you do not believe there would be an overall cost savings to the City. Please provide your analysis of why.
- Of the funding that DHS gave to DYCD for young adult programs, how much is stimulus funding and how much is City Tax Levy?
- By what percentage has transitional housing capacity increased in the last year?
- The Commissioner testified that DHS sends out newsletters to landlords and brokers on a quarterly basis to make sure they are aware of the City's need for transitional housing. Please provide a copy of the latest newsletter to the Council.

Data and Reporting

At the hearing DHS acknowledged that the number of stabilization beds is not currently publicly reported and that single adults who are in Safe Havens and veterans' shelters are reported separately and not included in the "total shelter census" on the DHS "Daily Report". The Commissioner testified that he would look into getting the number of stabilization beds posted on the website.

- When will this information be available on the DHS website and will it be included in the "Daily Report"? If not, where will it be reported?

- In the last year, how many people who were evicted from NYCHA housing entered the DHS shelter system?
- If you use the new poverty measure set forth by the Mayor's Commission on Economic Opportunity, would more people qualify for DHS services? If so, how many?

Education of Children in Shelter

Please provide the Committee with more information about how DHS is coordinating with these agencies and the plan that is being developed avoid this happening in the future.

Of children and youth who are in the shelter system, in the last year:

- How many stayed at the school they attended when they entered the system?
- How many transferred schools once while they were in shelter?
- How many transferred schools twice while they were in shelter?
- How many transferred schools three times or more while they were in shelter?

Administration for Children's Services (069)

The following issues were raised at the Fiscal 2011 Preliminary Budget Hearing for the Administration for Children's Services (ACS).

- **Elimination of 202 Child Protective Services (CPS) positions:** ACS proposes to eliminate 202 CPS positions through attrition. Commissioner Mattingly assured the Committee that CPS caseloads would remain below the State mandated standard ratio of 12:1. Should ACS experience a rise abuse/neglect reports, causing a rise in caseloads above 12, the Commissioner committed to adding CPS staff. In the event of further cuts in the Executive Budget, ACS should not allow the caseload ratio to rise above 12:1.
- **Elimination of 16 Child Care Programs:** ACS proposes to eliminate 16 child care programs (at 15 sites). Selection of the centers was based on an analysis of all 577 centers within the current system. The major factors considered were duration and cost of the leases, condition of facilities, vacancies/use of actual physical space within centers, and the community need within districts. According to ACS, its goal was to maintain capacity in the form of subsidies, even though the elimination of facilities was necessary. Of approximately 1,200 total child care seats being proposed to be eliminated, 753 are currently enrolled. ACS has made assurances that all children currently enrolled in one of these fifteen centers will be offered an alternate contracted seat or a child care voucher for continued child care. Therefore, no child should be without care.
- **Child Care Enrollment:** ACS testified that the current enrollment within the child care system is 87 percent. This is down from 94 percent in the previous fiscal year. Possible reasons given for this decrease in enrollment were programs not being able to recruit more 3 and 4 year olds (after being required to "age down" facilities), and the gentrification of communities thereby modifying the areas of need for subsidized child care. ACS is working closely with all child care centers to increase enrollment by providing technical assistance for outreach and recruitment.

- **Reductions in Preventive Services:** ACS plans to reduce the number of preventive slots in an upcoming Preventive Services RFP. The Fiscal 2011 Preliminary Budget further reduces these slots in the following manner.

General Preventive

- Current slots – 10,290
- Proposed RFP – 7,600
- Proposed Slots after Jan Plan Reduction – 7,230

Family Treatment/Rehabilitative

- Current slots – 1,830
- Proposed RFP slots – 1,750
- Proposed Slots after Jan Plan Reduction – 1,660

Additionally, ACS proposes to reduce rates for Persons in Need of Supervision (PINS) providers by five percent. These providers offer information and assistance to families placing children in foster care through a PINS petition. Lastly, ACS proposes to reduce homemaking service hours to families receiving preventive services, such that all families will receive 80 fewer hours of care on an annual basis.

Follow-up Questions

The Chair addressed the following questions to Commissioner Mattingly in a letter sent March 16th:

Child Care Budget

- How will the loss of CDBG and stimulus funding affect the child care system in Fiscal 2011?
- What other federal funding streams are being explored to offset the current child care budget deficit?

Child Care Center Closings

- How many jobs will be lost as a result of these closings? Will any staff be transferred to alternate ACS centers?
- Is there a possibility of overcrowding at any center which will absorb additional children, as a result of this transition? What will be done to address this?
- What percentage of the child care slots are located in each borough?
- Of those who applied for subsidized child care in the last year, how many were not eligible because they were over the income level?
- Please provide a list of all ACS child care centers with the following information.
 - Address and annual lease costs for each center
 - Lease expiration dates
 - Info on City benefits the center receives (subsidized utility bills, tax abatements/exemptions or credits, etc)
 - How many are month-to-month leases?

Day Care Center Renovations

- What current renovations and repairs will be affected by this \$2 million cut?
- How does ACS plan to use capital funding in Fiscal 2011 for renovations and repairs of day care centers?

Foster Boarding Home Rate Delay

- Will this cause provider agency layoffs? If so, how many?
- Will this cause increased caseloads as a result of layoffs/downsizing?
- How will ACS support those agencies which may struggle to meet IOC requirements, as a result of this cut?
- Provider agencies may lose matching State/federal funds that support their programs, as a result of this cut. What impact will this have on those agencies?
- When can agencies reasonably expect to see an increase in their administrative rates?
- It is our understanding that foster care agencies have submitted proposals to ACS anticipating the increase in rates. Will any requirements or expectations be deferred as a result of the delayed implementation of this rate?

Human Resources Administration/Dept. of Social Services (068)

HASA Cuts. Commissioner Doar's testimony provided a bit of clarification about HRA's proposal to eliminate 279 positions within the HIV/AIDS Services Administration (HASA). HRA proposes to include caseworkers and contracted case management staff in the ratios for HASA, and said that this action would reverse the January 2010 PEG that reduced contracted case workers. The reduction of 279 HASA case managers would occur through attrition and redeployment. As part of the proposal, liaisons would be assigned to serve the needs of supportive housing staff and clients. The new liaison positions along with some additional support staff would offset the HASA staff reduction, which would bring the number of eliminated HASA caseworkers to 248 positions.

Council Member Palma along with other Council Members including Van Bramer, Brewer, and Barron asked a series of questions regarding this proposed PEG. When questioned about the current HASA caseload being above the LL49 mandated 34:1, Commissioner Doar stated that HASA caseloads are currently 34:1 and contracted caseloads are currently 29:1. With this proposed PEG HRA is projecting caseload levels to be 32:1. When asked about the proposal being a violation of LL49 for many reasons including the fact that contracted and HASA case managers perform different functions, and contracted case workers are not City employees and are not entitlement specialists, and can not link clients to benefits, his response was that case load ratios should take into account all case management not just benefits.

Teen RAPP Elimination. Council Member Palma asked a series of questions regarding HRA's proposal to eliminate funding for the Teen Relationship Abuse Prevention Program (Teen RAPP). When asked if the Agency has considered reducing the program's funding rather than eliminating the entire program, Commissioner Doar said that they had not considered a program reduction.

He testified that the program is successful, however because the Agency has a budget reduction target to meet the decision to end the program had to be made. A suggestion was made about the Department of Education possibly picking up the cost of the program. However, the Commissioner stated that HRA has not participated in discussions with DOE on this issue. Council Member Palma urged him to do so, and to strongly consider restoring the funding for this program, and he said that he would consider it.

Mayor's Office to Combat Domestic Violence. Council Member Melissa Mark-Viverito questioned the purpose of the Mayor's Office to Combat Domestic Violence OCDV, and asked why the services at OCDV could not be provided via HRA. Commissioner Doar could not provide much information on her question at the hearing. However, he said that he would be willing to discuss this further.

Follow-up Questions

Domestic Violence

Teen RAPP. HRA proposes to eliminate funding for the Teen Relationship Abuse Prevention Program (Teen RAPP), a program that educates and counsels teens about domestic violence in middle schools and high schools citywide. The elimination of this program will result in a savings of \$3 million in FY11 and in the outyears.

When asked by Chairwoman Annabel Palma if HRA would reconsider this cut, Commissioner Doar said that he would.

- Has HRA identified any alternatives to this cut?
- Have conversations taken place with the Department of Education regarding about picking up the cost of this program? If so, please provide details?
- If this program is terminated will participants be referred to similar programs? If so, please explain?

Domestic Violence Coordination. Does HRA's Office of Domestic Violence coordinate with the Mayor's Office to Combat Domestic Violence? If so, how? Please provide details.

HIV/AIDS Administration (HASA) Service Reductions

Reduction of HIV/AIDS HASA Case Management Staff. HRA proposes to eliminate 248 HASA case management positions through attrition and maintain the number of contracted case management workers at supportive housing programs. The agency claims that they will be able to maintain the required case management ratios of 34:1 for HIV/AIDS services. This action would result in a City Tax-Levy savings of \$4.2 million in FY11 and \$8.5 million in FY12, \$8.5 million in FY13, and \$8.8 million in FY14.

- Please explain why the savings increases by \$4.3 million in FY12, and by \$200,000 in the outyears?

Commissioner Doar testified that HRA will now include caseworkers at contracted supportive housing programs in the mandated HASA ratio.

- Will the responsibilities of contracted case workers change? If so, how?
- Will the contracted caseworkers be able to determine HASA clients' eligibility for benefits?
- Contracted caseworkers are not considered staff of the HIV/AIDS Services Administration. By including them in the HASA case management staff ratio how would this not be a violation of Local Law 49?

Momentum Nutrition Program Contract Reduction. The January Financial Plan did not restore the 50% budget cut (\$491,000) for the HIV food and nutrition program, which City Council restored in the FY10 adopted budget.

- What are HRA's plans for proceeding with funding for the HIV nutrition grants now that the Mayor's budget only baselines half of the funding for the program?
- Will HRA re-RFP these services? If so, what changes will be made?

HASA Homemaking Re-estimate. HRA claims that due to the declining numbers of family HIV/AIDS cases utilizing homemaking services, which provide support services including parenting skills, money and life management to families, they have re-estimated spending for these services which results in a savings of \$375,000 in Fiscal 2010 and in the out years.

- How are clients notified about this service?
- What type of outreach does HRA do to notify HASA clients and providers that this service is available?

Employment Services

Employment Restructuring. HRA proposes a savings of \$1.2 million in FY 2010 and \$7.1 million in FY2011 to restructure employment services for cash assistance recipients, which includes The contracting out of English as a Second Language (ESL) Services which is currently being directly operated in BEGIN.

- Why is HRA proposing to contract these services?
- How will participants be impacted?
- Will this action result in headcount reductions?

Job Training Program. HRA proposes eliminating 1056 job training participant (JTP) positions in the POP program in FY 10 and FY 11. While we understand that HRA is planning to add JTP positions within HRA, it appears that this cut will result in an overall loss of JTP positions.

- How many JTP positions currently exist citywide?
- Will the number of JTP positions be posted to the HRA fact sheet?
- How many JTP positions will be added in HRA or other agencies in the next fiscal year, through stimulus funding or otherwise?

Committee on Environmental Protection

Hon. James F. Gennaro, Chair

Department of Environmental Protection (826)

The main issues voiced by Council Members at the March 10th DEP Preliminary budget hearing were the following:

DEP's tracking of individuals and businesses that are receiving water and sewer services but are not being charged for them. DEP responded that they monitor outflow of water from the Hillview Reservoir and then how much water is billed. Since the Hillview Reservoir is the last stop for water on its way to the five boroughs the difference between outflow and billing gives DEP an idea of how much water is being used and not paid for. DEP stated that they are effective in their unbilled usage tracking using this method and is addressing the larger problem of customers tampering with their meters.

The amount of the residual from DEP's rental payment is growing and will eventually become untenable. What if anything does DEP plan to do about it? DEP responded that while they are not in control of either the rental payment or the residual, the amount DEP is being charged by New York City is below average for large cities according to a Booz Allen study. Commissioner Holloway agreed that the increasing amount of the rental payment residual will have to be addressed eventually and said that DEP would work with the committee toward that end.

The Committee contends that the EPA's mandate to cover the Hillview Reservoir is unnecessary and should not be charged to the City if it has to be done. DEP is in agreement that the cover for the Hillview Reservoir is not necessary and is negotiating with the EPA to get this requirement removed. In the meantime the \$2 billion project is scheduled in the out years, meeting the EPA's demand that it be in the budget while giving DEP time to demonstrate the quality of the water without the cover. The cover would have to span the 98 acre reservoir and is a project of daunting enormity in both scope and cost.

Committee on Oversight & Investigations

Hon. Jumaane D. Williams, Chair

Department of Investigation

The following were the main issues touched upon during the course of the Fiscal 2011 Preliminary Budget Hearing for the Department of Investigation:

- DOI Commissioner Rose Gill Hearn delivered a statement summarizing the basic structure of DOI's budget as well as its enforcement activities.
- The Department's investigative and enforcement activities resulted in financial recoveries, both criminal and civil, totaling some \$27.8 million or approximately 143% of its Fiscal 2011 Preliminary Budget during calendar 2009.
- An inquiry was made regarding alternatives to the "rubber room" where teachers under investigation await the results of their investigations. Commissioner Gill Hearn expressed some reservations regarding the fairness and efficacy of such measures but said that it was a matter to be determined by the Department of Education.
- The Commissioner was asked if DOI assisted agencies in managing their resources more efficiently in addition to its enforcement activities. The Commissioner stated that DOI regularly conducted internal management surveys through its PPR (Policy and Procedure Recommendations) Program to aid agencies in improving managerial efficiency.
- The Commissioner was asked to follow-up on two issues:
 1. Statistics on the racial and ethnic demographics of DOI's managers
 2. Source of US Marshall's Revenue (do they obtain it through asset forfeiture or from some other types of activities) as well as the source of other types of federal revenues.

Committee on Aging

Hon. Jessica Lappin, Chair

Department for the Aging (125)

The following issues were raised at the Fiscal 2011 Preliminary Budget Hearing for the Department for the Aging (DFTA).

Reorganization of the Homecare Program. DFTA proposes to reorganize homecare services to assess Medicaid eligibility, as DFTA's program is reserved for non-Medicaid eligible seniors. Those currently being served by DFTA who are Medicaid eligible will now be transferred to the Human Resources Administration (HRA) Homecare Program. The Committee will monitor issues with the transition to HRA, including the possibility of seniors having to switch home care providers as a result of this reorganization.

State Cut of Title XX Funding to DFTA. The Fiscal 2010-2011 State Executive Budget proposes the elimination of all discretionary dollars within Title XX funding to offset State and local Adult Protective and Domestic Violence costs, thus saving the State \$18 million. DFTA currently receives \$25.2 million in Title XX funding. Commissioner Barrios-Paoli testified that DFTA estimates the closure of 75-100 senior centers, if they were to lose this funding in Fiscal 2011. Title XX funds support senior centers, meals programs, transportation, and educational/recreational activities for seniors. The Commissioner testified that DFTA would institute the following plan, if forced to close senior centers.

- Close programs serving fewer than 15 seniors daily
- Close part time programs which operate 2-3 days a week
- Review locations and availability of senior centers and programs in each District, to possibly eliminate the existence of multiple centers in one neighborhood

Senior Center/Program Lease Negotiations. Council Member Reyna raised the issue of negotiations with landlords to reduce space/facility costs for senior centers. Information on current active leases was requested. The Committee hopes to continue working with DFTA to find ways to reduce senior center space/facility costs.

Follow-up Questions

In a letter to Commissioner Barrios-Paoli dated March 17th, Chair Lappin requested the following information.

Additional 4.5% Cut to Senior Centers. Letters from DFTA went out in December 2009, asking senior centers to submit their annual budget proposals and include a 4.5% cut (implemented in a previous fiscal year). Fortunately, in Fiscal 2010, senior centers were saved from this cut as a result of Council funding and Federal stimulus funding being infused into their budgets.

- What is the impact to senior centers?
- Will senior centers be forced to cut services and/or meals if this funding is not restored?

Federal Stimulus Funding. DFTA received approximately \$4.2 million in stimulus funding. (\$1.9 million for congregate meals, \$1 million for home delivered meals, \$1.3 million for senior employment)

- How will the discontinuation of stimulus funds in Fiscal 2011 affect senior centers and meal programs?
- It is our understanding that a portion of the stimulus funding for senior employment remains unspent. How and when does DFTA plan to distribute the remaining funds for senior employment?

Council Initiative Funding. The Fiscal 2010 Adopted Budget included over \$44 million in Council funded restorations, initiatives, and discretionary spending for DFTA.

- What is the status of Fiscal 2010 Council initiative and restoration funds? Has all funding been dispersed to providers?
- If the Council were only able to restore a portion of the previous fiscal year's allocations, which restorations would have the greatest impact on seniors?

Negotiations with the Office of Management and Budget (OMB)

- What cuts were originally submitted to OMB but were not included in the Fiscal 2011 Preliminary Budget?
- What are possible areas from which DFTA is considering submitting cuts for the Fiscal 2011 Executive Budget?

Senior Center Lease Negotiations. Please provide a list of all DFTA senior centers with the following information.

- Address and annual lease costs for each center
- Lease expiration dates
- Info on City benefits the center receives (subsidized utility bills, tax abatements/exemptions or credits, etc)

Possible Cuts to Central Insurance. At the hearing, the Commissioner testified that DFTA is currently exploring ways to reduce spending for central insurance.

- How much could possibly be cut from this area?
- What affect would this have on providers?
- What alternatives for insurance are available to providers?

Bulk Purchasing of Food. Please provide information on how DFTA plans to move toward the bulk purchasing of food, thereby reducing meal costs for providers.

- What collaboration has been done with other City agencies which participate in bulk purchasing?
- What impact would this change have on providers and their ability to serve the same number of meals, despite budgetary cuts for Fiscal 2011?

- Would bulk purchasing have any impact on provider ability to serve culturally sensitive/kosher meals?

Committee on Juvenile Justice

Hon. Sara M. Gonzalez, Chair

Department of Juvenile Justice (130)

The Commissioner discussed the Department's Preliminary Budget and highlighted three significant budget actions which included the following:

- DJJ/ACS integration – Reduction of 22 City-funded positions generating over \$2 million in savings annually.
- Reducing the use of Detention – Reduction of 81 City-funded positions generating approximately \$5 million in savings annually.
- Re-investment in alternative-to-detention (ATD) – \$1.8 million from the savings in the January Plan will be used to expand the availability of ATD programs.

State Budget Issues

Regarding State reimbursement, the Commissioner indicated the following:

- Despite the fact the City has reduced the number of young people sent to the Office of Children and Family Services (OCFS) direct-operated facilities the State has failed to reduce its expenses in these facilities. The cost is rising even as the City diverts more youth into alternatives.
- The Governor's proposed budget includes cuts to alternative-to-detention and alternative-to-incarceration programs, Persons in Need of Supervision (PINS) programming, and the Summer Youth Employment Program, all of which have an impact on the ability to expand community-based alternatives and after-care services.
- ACS plans to meet with OCFS to discuss a variety of issues which include some of the following:
 - The States efforts to improve services at its OCFS facility's
 - Ways to reduce the City's expenses for youth who are in State operated facilities
 - The manner in which rates for youth placement in OCFS-operated facilities are determined (According to statements made by the Commissioner at the hearing, the State has declined to give the Department information regarding the rates)

Questions and discussion, led by Chair Gonzalez, covered a wide range of areas, which included:

- The future of the Collaborative Family Initiative, which is currently funded by the Council in Fiscal 2010 for \$640,000;
- The potential closure of the Bridges secure-detention facility and the capacity at each of the secure detention facilities.

Fire & Criminal Justice Services Committee

Hon. Elizabeth Crowley, Chair

Fire Department (057)

The Commissioner opened his testimony citing the FDNY's performance measures including record lows both for deaths due to fire and response times to structural fires. He then discussed the Department's Preliminary Budget and highlighted significant budget actions that included:

- Elimination of 20 Fire Companies – The Commissioner noted that this action would have significant impact on response time citywide and result in the decrease in the number of neighborhood inspections performed by local fire companies.
- De-activation of Fire Alarm Boxes – This action is subject to the lifting of existing judicial restraints.
- Elimination of 5th firefighter for 60 engine companies – This action would require collective bargaining negotiations with the Firefighter Union.

Questions and discussion by the Council Members led by Chair Crowley focused on the proposal to eliminate 20 companies. Members questioned the Commissioner with regard to how this action would impact public safety, including response times. The Commissioner emphasized that 90% of the Department's budget is dedicated to operations and thus cuts would inevitably impact personnel.

Other areas of discussion included:

- Implications of the State budget
- Overtime – Possible source for alternative cuts. Commissioner noted that 96 hours of overtime is built into each firefighter's contract.
- Firefighter Class schedule
- Discriminatory Hiring - Implications of Judge Garaufis' finding and ordered remedy, status of the City's response thereto, and status of existing hiring list.
- Firefighter Attrition rates

Follow-up Questions

The Chair addressed three follow-up questions to Commissioner Cassano in a letter sent April 7th:

Firefighter Overtime

- Please provide the Committee with the approximate percentage of total firefighter overtime that is mandated by labor contract.

Fire Alarm Boxes

- Please provide the Committee with a map of all Fire Alarm Box locations citywide including, the volume of calls and the percentage of false alarms for each location.

Firefighter Deaths

- Please provide the Committee historical data with regard to on-the-job firefighter deaths for the past 10 years.

Department of Probation (781)

The Department is working with the Office of Management and Budget to replace two PEG proposals (Fees for Probation Services and Vacancy Reductions) with other cost-savings and revenue producing initiatives. According to the Commissioners testimony, he will report to the Council on the status of the new initiatives during the Fiscal 2011 Executive Budget hearings.

The Commissioner discussed the agency's efforts in enhancing public safety which included:

- DOP's national model of weekend court processing for juveniles
- The expansion of the sex offender containment model of supervision to include all registered offenders
- Geo-coding the Departments Reusable Case Management System to support data-driven community corrections
- The job development initiative "Employment Works", launched in 2008 which reached the 1,000 mark in placing probationers into jobs with an average wage of approximately \$10.00/hour

State Budget Issues

Cost of Placement. "The City has reduced the number of adjudicated juvenile delinquents placed with private providers or directly with OCFS from 1,247 in 2004 to 750 as of November 2009 and despite the delivery of significant cost savings by local jurisdictions the State has continued to raise per-diem rates and thus the cost incurred by the locality." According to the Commissioner, there is proposed legislation that attempts to address this issue and the Department may ask for the Council's support in helping to eliminate this disparity.

Probation Reimbursement Rate. The reimbursement rate which was as high as 46.5% from 1983-1989 is now projected at a low of 16.0% in 2009. In addition, the State continues to increase unfunded mandates on Local Probation but the Governor has proposed cutting the State share of appropriations for Probation services by an additional ten percent while providing no meaningful relief.

Department of Correction (072)

Chair Crowley addressed the following questions and requests to the Commissioner:

U.S. Immigration and Customs Enforcement (ICE)

During the Preliminary Budget Hearing, Council Member Melissa Mark Viverito asked questions regarding the presence of the U.S. Immigration and Customs Enforcement agency within the Department of Correction.

- What are the activities of ICE at the Department of Correction?
- How are ICE “retainers” implemented?
- What is the current population of inmates who are detained under ICE?
- What associated cost does DOC incur as a result of being compliant with ICE?

Revision to the Inmate Custody and Classification System

DOC secured the advice of national subject matter experts (SME) to update the 20-year old custody classification system to accurately classify incoming inmates and to eliminate the need to maintain the large number of special custody populations. The Committee requested that the results of this analysis be forwarded to the Committee and the Finance Division upon completion.

Capacity Replacement

DOC facilities consist of 14 jails and 19,404 beds. To address the needs of capacity the Department has directed a comprehensive assessment of the detention facilities and beds in the DOC Jail system, which will be completed shortly. The Committee requested that the results of this analysis be forwarded to the Committee and the Finance Division upon completion.

Criminal Justice Coordinator / Indigent Defense Services

Criminal Legal Services

The Deputy Criminal Justice Coordinator (CJC) was questioned about the overall provision of indigent defense services citywide, as well the specific implications of the recently released request for proposals (RFP) for trial-level legal representation. She was asked about the quality of work and cost of the existing providers. Little was able to be reported on the issue of quality. She further was asked to discuss two new elements of legal services provision that are being sought: services by geographic catchment area and services by institutional providers (as opposed to individual 18-B attorneys) for conflict cases. Council Members asked questions about the merits and the downside of having conflict cases handled by institutional contractors. Both individual 18-B attorneys and representatives of all the borough bar associations testified as to the harm that would be caused to the criminal justice system if the CJC contracts out a substantial portion of cases currently handled by 18-B attorneys. Both these 18-B attorneys and the bar associations lamented that the CJC did not reach out to them prior to the issuance of the RFP. They implored the City Council to intervene on their behalf.

The Legal Aid Society testified about the need for appropriate funding in Fiscal 2011 and beyond, noting that the amount of available funding anticipated in the RFP does not include the budgetary enhancement of \$11.3 million provided by the City Council in Fiscal 2010. The Society's representatives also discussed the implications of the anticipated start date for RFP-associated contracts: January 1, 2011 -- half way through Fiscal 2011. Lastly, the Society informed the Council Members of the recently promulgated cap in New York City on the number of cases attorneys may handle at a time, as well as the maintenance of effort (MOE) provisions contained in State law. Neither the case cap nor the MOE, Legal Aid pointed out, were contemplated in the CJC's RFP.

Civil Legal Services

Representatives of Legal Aid and Legal Services NYC testified on the importance of restoring City Council funding for civil legal services. In particular, they indicated that the economic downturn has led more and more individuals and families to seek their services, such as those to prevent eviction, address wage discrimination and obtain appropriate governmental benefits. They indicated that in this economic climate they are able to address the needs of only a small fraction of those seeking their expertise.

Committee on Public Safety

Hon. Peter F. Vallone, Jr., Chair

Police Department (056)

The Speaker delivered a statement at the start of the Police Department hearing focusing on NYPD headcount, the size of upcoming Police Academy classes, and the impact on patrol strength. She emphasized the Council's role in helping to restore previously proposed class eliminations, but noted that doing so this year would be particularly challenging.

- The proposed pilot program to shift prosecutorial authority for some substantiated Civilian Complaint Review Board (CCRB) cases from NYPD attorneys to Board attorneys.
- The potential scale and scope of the pilot and the importance of discipline within the Department.

Impact of Declining Headcount

Commissioner Kelly was queried about the Department's uniform headcount, focusing more on the impact recently proposed budget reductions have had on the Department's headcount both in actuality and also as reported in the City's Financial Plan. The Commissioner expressed the sentiment that he has been concerned with the Department's declining resources for some time.

Chair Vallone expressed concern with current attrition rates within the Department and how the agency is going to continue to implement Operation Impact given reduced Police Academy class sizes. The Commissioner responded that because of the smaller class sizes, Operation Impact would indeed be negatively impacted but that graduating cadets would still be assigned to designated impact zones.

The Chair also asked the Commissioner to address the likely budget impact should the 9/11 terrorism trials be held in lower-Manhattan. Commissioner Kelly responded that, whatever the final decision was, the Department would do its best to keep the city secure for the duration of the proceedings.

CCRB Pilot Prosecution Program

The Commissioner was asked a question regarding some logistical aspects of the proposed CCRB pilot program, including the likely number of cases that would be prosecuted by CCRB attorneys during the pilot's initial year. Commissioner Kelly said he thought they would prosecute about five cases during the course of the year.

School Safety

The Commissioner was asked a question regarding the fact that while the reported number of infractions is down in the City's public schools, the budget for the Department's School Safety Bureau has been held harmless at the expense of other departmental units. The Committee also wanted to know:

- Why there are far more School Safety Agents (SSAs) than school counselors, and even more SSAs than the total number of uniform officers in the Housing and Transit Bureaus combined.
- Why cuts could not be made to School Safety funding and the resources transferred elsewhere, either within the NYPD or the Department of Education (DOE).

Commissioner Kelly pointed out that the funding for School Safety Agents is provided via an intra-City transfer from the DOE and that he therefore has no authority to reduce or reallocate these funds. When pressed on this matter, he did indicate his opinion that existing School Safety funding should be maintained, citing a 33% drop in school-based crime since the NYPD assumed responsibility for safety in schools.

Federal Aid

The Commissioner was asked about the outcome of the Department's attempt to obtain federal COPS Program funding last year and responded that:

- Based on the City's declining crime rate (and with no regard for our declining police headcount), the Department was denied funding under the current COPS Program.
- The Department did obtain funding for 112 officers under the federal Stimulus Program's Transit Security Grant initiative.

The Commissioner did express that he felt that the Department had done better in obtaining federal funds overall during the last round of awards, the funding emphasis for the federal grants had moved from funding personnel to funding equipment.

Summonses

The issue of summons-writing quotas at the Department was raised:

- Whether there actually are quotas.
- Whether revenue gained from issuing summonses might not be useful for countering reductions to the Department's expense appropriations.

Commissioner Kelly asserted that increases in summons revenue in the Department are mostly due to enforcement of the "Block the Box" initiative, and that the Department does not have quotas for writing summonses

District Attorneys and Special Narcotics Prosecutor (901-906)

Chair Vallone expressed grave concern about proposed reductions to the budgets of the District Attorneys. He feared the cuts would impose increased caseloads on existing staff and eliminate the ability of the DA's to offer competitive compensation, leading to the possibility of inadequate staffing and increasing workloads. The DA's responded that:

- One of the impacts of the reduction in resources suffered by their offices was that while crime was down, cases (especially misdemeanors) were up.

- DA Johnson addressed the increasing workload in his office juxtaposed with a decrease in staff of 21% between 2001 and 2009.
- Special Narcotics Prosecutor Brennan observed that increased workload would often mean lengthier processing times for functions such as “arrest-to-arraignment” which would ultimately impact the functioning of other offices (such as NYPD) that also played crucial roles in these functions.

Revenues from deferred prosecutions were discussed at some length.

- DA Vance observed that his office generated more revenues from this source than the Manhattan DA's proposed Fiscal 2011 Preliminary Budget.
- The Chair was concerned about the state's portion of the collected revenues which amounts to about 50%.
- Chair Vallone suggested that if the State felt it necessary to collect 50% of revenues generated by the Manhattan DA, it should be prepared to fund 50% of the DA's budgets.

There was discussion about the revenue sharing agreement between the prosecutors. The previous agreement has just ended and a new agreement is being negotiated. There had been some concerns about the nature of the prior agreement and how it might impact upon the work of the DA's:

- Either creating a “Manhattan-centric” atmosphere since virtually all of the revenue is generated by the Manhattan DA, or distorting the work of the offices to focus too much on prosecuting revenue-generating types of cases at the expenses of other equally-important cases.
- The Chair asked of each of the DA's if these aspects of the prior agreement posed particular concerns for any of them. No one expressed any concerns in this regard.

The issue of stimulus funding was also raised during the hearing. The DA's lost Byrne Grant funding in the last round of awards. Other stimulus funding awarded to the DA's did not compensate for the loss of the Byrne Grant.

Civilian Complaint Review Board (054)

Chair Vallone initiated a discussion with CCRB Board Chair Ernest Hart about the proposed prosecutorial authority unit pilot program:

- He asked Chair Hart for a few details regarding the length and scope of the program and its trial period.
- Chair Hart's answers mirrored those of Commissioner Kelly on this particular matter. Chair Vallone then queried him about the Board's resources and whether he believed he had enough to carry-out the Board's regular duties in addition to the proposed trial.
- Chair Hart pointed out that, in spite of diminished resources, the Board was continuing to make headway against its backlog of cases and to keep processing times from ballooning.

Council Member Garodnick focused a series of questions on the logistics and possible inefficiencies built into the current investigative process as carried-out between the CCRB and the NYPD:

- The Council Member was especially concerned whether the process contained any appreciable amount of duplicative effort.
- Chair Hart was asked whether cases sent to the NYPD by the CCRB were not merely “fact-checked” but, whether whole investigative efforts were duplicated thereby wasting resources.
- Chair Hart insisted, however, that some duplication of effort or repetition of process is inevitable in these types of detail-oriented procedures in order for all players involved to have done their due diligence.

Chair Hart was asked whether the CCRB was also attempting to generate policy recommendations from the body cases they investigated in the course of their work. The Chair responded that, given the current scarcity of resources and the increasing complaint load, the CCRB was primarily focused on their core functions at the present time.

Committee on Land Use

Hon. Leroy G. Comrie, Chair

Landmark Preservation Commission (136)

Council Members were largely concerned with the agency's budget reduction of \$204,000. The agency's PEG consisted of the attrition of 3 positions. Since LPC only has 61 funded positions in its agency the loss of any positions was a concern to the Council Members. Moreover, the agency stated that if there are no attritions in Fiscal 2011 there will likely be layoffs in FY12 to meet PEG targets. LPC has a \$4.8 million budget, with \$4.2 million in City funds and \$620,000 in Community Development Block Grant (CDBG) funds. Council Members expressed support for the Commission's request to OMB to allow the agency to receive more CDBG funds, which OMB has not agreed to at this point.

Department of City Planning (030)

The agency's PEG program totals \$814,000 for Fiscal 2011. The PEG consists of eliminating 8 tax levy positions, as well as generating revenue from the sale of a new zoning resolution handbook. Council Members expressed concern that since Fiscal 2009, DCP has lost the equivalent of 42 positions or about 15 percent of the agency. DCP stated that despite this loss in total staff, it has enough resources and capacity to meet the agency's objectives. The agency also stated, however, that it has maxed out on tax levy funded positions and that if asked by OMB for further cuts they may have to be more creative in meeting its PEG target, such as finding PS and OTPS budget lines that would be eligible for CDBG funding. The Committee asked the Department to report back on projected revenue generated by the sale of copies of the Zoning Resolution at its two stores in Fiscal 2010 and 2011.

Department of Information Technology and Telecommunication (858)

Joint with the Technology Committee

Hon. Daniel Garodnick, Chair

Commissioner Post opened the hearing with a brief summary of the Department's Preliminary Budget Plan. She then discussed, in detail, the Department's plan to modernize and consolidate the City's Information Technology infrastructure, which would save the City \$100 million in operational costs over the next five years. She further discussed plans to reorganize the Department. Plans include shifting 311-Call Center management to the Mayor's Office of Operations, and the creation of the Office for Web/New Media Operations and the Office of Telecommunications/Broadband Policy.

Chairs Comrie and Garodnick focused their questions and discussion on the Department's new plans with regard to implementation, additional costs, and potential savings.

Other topics of discussion included:

- Emergency Communications Transformation Project (ECTP) – PSAC capital costs
- NYC exclusive internet domain name “.nyc”
- 311 call wait time
- NYC Wireless Network (NYCWiN) - various City agency usage

The Chairs requested the following information be provided to the Committees:

- Percentage of DoITT employees who are minorities;
- Percentage of DoITT management who are minorities.

Committee on Youth Services *joint with* Committee on Community Development

Hon. Lewis A. Fidler, Chair, Youth Services

Hon. Al Vann, Chair, Community Development

Department of Youth and Community Development (260)

Out of School Time Reductions (OST). The Out of School Time (OST) program will receive a total reduction of \$2.5 million in Fiscal 2010 and \$7.5 million in Fiscal 2011 and in the outyears.

The largest portion of the budget action is the elimination of 33 elementary and middle school-year only programs in what the Department calls "non-targeted" zip codes. This achieves savings of nearly \$2 million in Fiscal 2010 and \$5.95 million in Fiscal 2011 and will result in 4,113 fewer slots. The second proposal is the elimination of middle school summer services. This will impact 1,943 young people and save \$1.38 million in Fiscal 2011. Stimulus funding used to support OST Option 2 programs will also expire on August 31, 2010.

Council Members were concerned with the methodology in deciding what a priority zip code was and the overall use of zip codes to decide what OST program would be eliminated.

Beacon Reductions. Beacons will sustain a cut of \$1.58 million in Fiscal 2010 and \$2.75 million in Fiscal 2011. This will be achieved by reducing the base contract of all 66 Beacon Centers supported by City Tax Levy (CTL) funding. It also will eliminate enhancements made to 12 Beacon program locations that previously hosted OST programs. It will require scaling back on contracts services while preserving traditional Beacon activities.

Summer Youth Employment Program Reduction. Of utmost concern to the Department and the Council is the complete elimination of funding to SYEP totaling \$35 million Statewide, including \$19.5 million to the City. (UPDATE – The State Senate has proposed fully restoring the \$35 million Statewide, while the State Assembly has proposed restoring only \$21 million Statewide.). Less the \$18.5 million in Workforce Investment Act (WIA) American Recovery and Reinvestment Act (ARRA) allocation, and a reduction of \$1 million in CTL funding, SYEP will look far different this summer. Under the current budget, the City will be able to serve approximately 18,000 young people. This will be supported by \$13.1 million in CTL (representing 8,890 youth) and \$12.4 million (8,772 youth) in federal funding. In 2009, over 149,000 youth applied to SYEP citywide.

Follow-up Questions

In a letter to Commissioner Mullgrave dated March 31st, Chair Fidler posed the following questions:

Out-of-School Time (OST)

- How many OST Option II programs will be eliminated due to the lack of federal stimulus funding, which the Department reported will end in August 2010?
- How many OST Option II slots will be lost?

- How much funding is needed to restore OST Option II once it is defunded in August 2010?
- What is the total universe of the OST reduction when totaling the above requests and the Department's Fiscal 2011 Preliminary Budget proposed reductions to OST?

Out-of School Youth (OSY) Request for Proposals (RFP). Funding from the federal Workforce Investment Act (WIA) – the country's main funding stream for job training services – is designated for programs aimed at getting “disconnected youth” back into school or the labor market. This year, New York City is in line to receive nearly \$14 million in WIA funding for out-of-school youth programs.

The Department recently released a request for proposal (RFP) for Out-of School Youth (OSY), which seeks programs that will successfully integrate educational services and workforce development, in keeping with the express purpose and requirements of the Workforce Investment Act (WIA). In addition to occupational training, successful proposals will offer a blend of meaningful activities to improve participants' ability to pursue post-secondary education and advanced training.

- Advocates have been vocal in their dismay over the OSY RFP saying the city's new rules for spending millions in Workforce Investment dollars won't achieve the best outcomes. What if any steps has the Department taken in responding to the advocates concerns?
- Please update the Committee on OSY funding.

Community Service Block Grant (CSBG): DYCD received \$50.5 million in CSBG from the Federal Stimulus funding, of which \$32.5 million has been allocated. In a follow-up letter to Commissioner Mullgrave dated March 23rd, Community Development Committee Chair Vann requested the following information regarding the grant:

- Which DYCD programs received CSBG Federal Stimulus funding?
- How many individuals were served?
- How many jobs were created and/or retained?

Governmental Operations Committee

Hon. Gale A. Brewer, Chair

Board of Elections (003)

The agency testified that its budget for Fiscal 2010 is running a multi-million dollar deficit, even after large-scale new needs were funded by OMB since the beginning of the fiscal year. Likewise, BOE indicated that, as proposed, the Fiscal 2011 budget is grossly insufficient to meet its general operational needs or those needs particular to the implementation of Help America Vote Act (HAVA) requirements. HAVA cost centers include the switch to optical scan voting machines from lever machines; the retention, recruitment and re-education of poll workers; the training of voter machine technicians; and the education of the voting public.

The Committee hopes that in the months ahead OMB will work with BOE to ensure that it has the funding and expertise it needs to run this Fall's challenging elections in a seamless fashion. On the positive side, BOE believes that adequate Capital Budget funding is available to purchase the new voting machines. Additionally, BOE believes that the voting machine contractor will be able to produce and deliver the machines on time.

Law Department (025)

The Corporation Counsel discussed the Department's Preliminary Budget and highlighted the following significant budget actions:

- The Fiscal 2010 Preliminary Budget reduced the agency's PS Budget for Fiscal 2011 by approximately \$5.1 million which amounted to a reduction of 71 positions. The Department is currently using attrition to achieve the reduction.
- Compared to the Fiscal 2010 modified budget of \$146 million, the Department's Fiscal 2011 budget of \$132.4 million is ten-percent less. According to the Commissioner, although it will be a challenge for the agency with fewer lawyers and support staff, he believes that core business will continue to function at the same high quality level.

Questions and discussion, led by Chair Brewer, covered a wide range of areas, which included:

- Tort reform
- Judgment and claims cost projections which, according to OMB, skyrocket to \$898 million by Fiscal 2014
- Judgment and claims payments, specifically updating the Committee on the City's exposure from the Deutsche Bank fire, and the Staten Island Ferry and crane accidents

Department of Citywide Administrative Services (856)

Commissioner Hirst provided comprehensive testimony with regard to DCAS's performance and budget, covering the Department's budget, its role in citywide energy management efforts, technology initiatives, and other topics.

Questions and discussion, led by Chair Brewer, covered a wide range of areas which included:

- Energy Efficiency Projects – Building retrofits, auto shut-off initiatives, etc.
- Energy Audits – DCAS is in the process of benchmarking all City buildings for energy usage.
- Heat, Light and Power expenditures, Citywide – Commodity prices make budgeting difficult
- City Vehicle Fleet – Commissioner expressed the need to focus on converting the emergency vehicle fleet to more environmentally friendly fleet.
- Civil Service Exam Schedules
- City publications – Commissioner indicated that offering the City Record exclusively online could save the City \$1 million annually but requires change in State Law which the Department is working on.
- Courts – Percentage of DCAS court expenditures reimbursed by the State.
- Alternative Fuels – City's efforts to explore use of alternative fuels. Pilot programs for wind and solar power.

Follow-up information to be provided to Committee includes the Civil Service Exam Schedule and Fee schedule, and information on the percentage of DCAS contracts awarded to Minority and Women-owned Business Enterprises (MWBE).

Community Boards (499)

Testimony from Community Boards indicated that their proposed Fiscal 2011 budgets would be crippling, forcing them to lay off staff in what are already minimally staffed agencies. Repeatedly highlighted was how little it would cost to properly fund these entities and how much pro bono expertise and work is provided annually by Board committee members. Significant attention was paid to the increasing responsibilities of the Boards and the stagnant size of their budgets over the past decade while almost every other City agency's budget grew. Over and over the Board representatives indicated a feeling of abandonment by the Administration. In fact, multiple Boards indicated a fear that the mayor would seek to eliminate them completely through the recently-empanelled Charter Revision Commission

Committee on Public Housing

Hon. Rosie Mendez, Chair

New York City Housing Authority (NYCHA)

The biggest issue NYCHA will face in Fiscal 2010 is the deficit of \$45 million within the Section 8 program. NYCHA testified that in addition to the 2,597 vouchers that were revoked in 2009 there exists a Section 8 budget gap of \$45 million in the Authority's Fiscal 2010 budget (NYCHA's budget operates on a calendar year). Specifically, NYCHA will receive \$1.052 billion in Section 8 revenue from HUD, while projecting to spend \$1.097 billion on voucher payments. NYCHA will be receiving increased operating subsidies from the recently approved Mixed Finance Modernization Plan, however those funds are specifically for the operating costs to run the 21 City and State developments. Furthermore, NYCHA cannot close its Section 8 budget gap by re-appropriating funds from the operating budget to the Section 8 budget. Consequently, NYCHA testified that it will pursue three main options to solve this problem:

1. Reduce Section 8 Payment Standard: NYCHA's Section 8 voucher subsidies are based on the "payment standard" which is the maximum monthly housing assistance payment for the family. NYCHA suggested that it might reduce the payment standard thereby reducing the voucher subsidies for approximately 30,000 voucher holders which the Authority estimates would lead to \$20 million in savings. This in effect would mean Section 8 residents would have to pay a greater amount out of their own pocket to pay their rent each month.
2. Terminate Families from Section 8: Another option NYCHA suggested from the hearing was to terminate approximately 10,000 families from the Section 8 Program which the Authority believes would close the entire \$45 million gap.
3. Additional Federal and Local Government Funds: NYCHA testified that it will try to avoid options 1 and 2 by seeking local aid from the City and State as well as working with the Federal delegation and HUD in order to receive an infusion of funds to close the Section 8 deficit.

Committee on Cultural Affairs, Libraries, and International Intergroup Relations

Hon. James G. Van Bramer, Chair

Department of Cultural Affairs (126)

Concern was expressed about implementation of the tiered approach to the FY11 PEG to Cultural Institutions Groups ("CIGs"). Council Members requested additional details.

Several Council Members expressed concern about the inability of the CIGs to recoup any energy cost-savings in their budgets, as well as about the Department's unwillingness to apply the cuts to the CIG total budget (operational and energy) since it is all City funding.

also asked why there had been no notification to the Speaker, the Chair, or Committee members about the personal finance seminar for individual artists offered by DCLA this year. Members suggested creating borough-wide personal finance seminars.

Chairman Van Bramer expressed concern about the low number of Cultural Development Fund (CDF) applicants that have completed a funders profile with the Cultural Data Project.

Follow-up Questions

In a letter dated March 19th, Chairman Van Bramer requested follow-up information from Commissioner Levin on several issues.

Budget Reductions

- What are the eight institutions that would likely receive the 17.5 percent cut if the proposed FY11 reduction is implemented?
- Does the Department have a plan in place if the Mayor's Contingency Plan is implemented by the Executive Budget?

The CDF

- How much of the \$19.5 million for the Fiscal 2011 CDF are for payments for last year's multi-year recipients?
- How many previous CDF recipients have attended the CDF informational seminars?
- Please provide a geographic analysis of the 80 groups that have registered for the CDF.
- Since the Cultural Data Project is a new factor in the CDF application process, does DCA have a special appeals process in place for those organizations that were unable to complete it or if there were errors within a completed funders profile?
- Although the Cultural Data Project was created to capture information on cultural non-profit organizations, is there any discussion around including individual artists, and perhaps, allowing these artists to register in order to have a full picture of the art and cultural community?

Art of Money: Personal Finance Resources for Artists

- How many participants attended this seminar?
- How many artists from the borough of Queens attended the personal finance seminar?
- Are there plans to have borough-wide personal finance seminars for individual artists?

Capital

- Please provide an update on capital projects that were pushed out to 2013 and beyond.

Libraries

Joint with the Select Committee on Libraries

Hon. Vincent J. Gentile, Chair

The Executive Director and/or CEO of each system testified to the severe impact of the FY11 PEG and previous reductions.

Brooklyn Public Library System: There would be a loss of \$18.1 million in subsidy funding in FY11. There would be a loss of 363 positions through layoffs, which is 30 percent of the current workforce, and 89 positions held vacant. The headcount reduction would force the system to temporarily close 16 branches, which would be one in each council district. There would be seven-day service at two branches, six-day service at 12 branches, and five-day service at 29 branches. There would be on average 32 hours a week of service across the system, which is a 27 percent reduction from current levels of service.

New York Public Library System: There would be a loss of \$33 million in subsidy funding in FY11. There would be a loss of 650 positions through layoffs and 200 positions through attrition. There would be four- to three-day service at all branches. There would be on average 28 hours a week of service across the system, which is a 48 percent reduction from current levels of service.

Queens Borough Public Library System: There would be a loss of \$17.9 million in subsidy funding in FY11. There would be a loss of 350 positions, which is a 38 percent reduction of the current workforce, through layoffs and 93 positions through attrition. There would be seven-day service only at the Central Library, six-day service at 13 branches, and three- and two-day service at the remaining branches. There would be on average 25 hours a week of service across the system, which is a 47 percent reduction from current levels of service.

There would be reductions in books and other materials spending and programs for every system.

Committee on Housing and Buildings

Hon. Erik Martin Dilan, Chair

Department of Housing Preservation and Development (806)

Budget Reductions: The Commissioner addressed the major budget reduction initiatives such as the attrition of 8 positions from the Article 7a Program which is part of an effort to consolidate functions within the agency's preservation offices. In addition, the commissioner stated that the expense reductions for property management will only affect larger vacant lots out of the total of 1,400 lots throughout the City. The revenue generating initiatives in the Fiscal 2011 budget include restructuring the tax exemption of the Starrett City development and making other developments pay higher shelter rent payments. HPD confirmed that these measures would not affect the residents at these developments.

Capital Budget. Chairman Dilan and other Council Members of the Committee asked about NHMP and how new construction and preservation programs were prioritized. HPD responded that programs that are able to leverage other sources of financing such as the Low-Income Rental programs were given higher priority than programs that rely largely on City funds. In addition, the agency stated that the Low-Income Rental programs are more viable in the current economic environment due to there being a high demand for low-income units. The funding for the NHMP also reflects that new construction programs such as mixed-income projects and multifamily homeownership projects are not as viable as preservation programs due to the high cost and the difficulty of leveraging bank financing.

With regard to the affordable housing fund created from the 421a Program, HPD testified that the fund will help develop approximately 3,750 units of low-income new construction projects and 1,250 units of preservation projects.

Another concern from the Council Members was the proposed federal cuts to the HUD Section 202 Program. HPD responded that there are approximately 200 units of Section 202 projects developed each year which is primarily funded by the federal government and also partially funded through HPD's capital budget. If the federal cuts are enacted, the agency believes that it will affect the production of 202's in the long term, but in the short-term there are enough projects in the pipeline that already have funding commitments that will get built.

HPD updated the Committee on the Housing Asset Renewal Program (HARP) program and stated that there are currently 8 applications for the program and that it has been difficult to encourage the development community to participate because of the many restrictions that exist within the program.

Follow-up Questions

Chair Dilan sent Commissioner Cestero a letter on March 23rd with several requests for follow-up information:

University Gardens Development. As a part of the agency's PEG program, the University Gardens development would have its tax exemption restructured in order to generate an additional \$433,000 in revenue in Fiscal 2011.

- What are the new terms of the tax exemption?
- How will this restructuring impact the residents of this development?

Tenant Interim Lease Program. Will the Tenant Interim Lease program be restructured in Fiscal 2011? If so, what will be the budgetary impact?

Center for New York City Neighborhoods. What impact thus far has the Center for NYC Neighborhoods had on curtailing the number of foreclosures throughout the City?

New Housing Marketplace Plan. The revised New Housing Marketplace Plan (NHMP) calls for 6,000 units of affordable housing to be built on land purchased from the New York City Housing Authority. Please provide the Committee with a list of the development projects currently in the pipeline and the Council Districts they are located in?

Department of Buildings (810)

Chair Dilan requested Commissioner LiMandri to follow up with responses to the following questions

- Please explain to the Committee what program areas will be affected by the proposed reduction of 65 positions through attrition and vacancies.
- Please provide the Committee with a 3-year comparison of building permits to determine the economic trend in housing and construction.
- Please provide the Committee with the number of filings for new building permits for Fiscals 2008-2010.

Committee on Consumer Affairs

Hon. Karen Koslowitz, Chair

Department of Consumer Affairs (866)

Hearing authority: DCA can only hear and decide violations of the City's Consumer Protection Law (CPL) if the business against which it issues the violation also happens to be an industry licensed by the Department. As a result, some businesses and industries are more directly answerable to DCA while others are not. DCA urges the City Council to close this "loophole" and grant it hearing authority over all CPL violations.

Committee on Health

Hon. Maria delCarmen Arroyo, Chair

Committee on Mental Health

Hon. G. Oliver Koppell, Chair

Department of Health and Mental Hygiene (816)

Reduction to HIV Contracts and Services. The Department proposes a reduction in City funding of \$332,000 in Fiscal 2010 through OTPS efficiencies. In Fiscal 2011 the Department will reduce personnel expenses by identifying non-City revenue sources and contracts will be further reduced in the amount of \$775,000, \$780,000 in Fiscal 2012, \$784,000 in Fiscal 2013 and \$789,000 in Fiscal 2014. The Council requested and received the list of the HIV contracts that will be affected.

School Health Nurse Coverage. The Department proposes a reduction in City funding of \$3.1 million in Fiscal 2011 and Fiscal 2012, and \$3.2 million in Fiscal 2013 and Fiscal 2014 by eliminating nurse coverage for elementary schools with less than 300 students. Savings will be achieved through nurse contract reductions and attrition. There will be no layoffs to DOHMH staff nurses. This was of concern to the Council Members at the hearing. The Department acknowledged that the only way that this could be carried out is through the amendment of a Local Law. The Council called on the Department to come-up with an alternative program to eliminate the gap instead. It is unlikely that the Department will change its stance and during the public hearing representatives of parochial schools made it clear that this would adversely affect them, in particular since many of their schools have total student bodies less than 300. In a follow-up letter to the Department the Committee requested how many schools will be affected and the breakdown by public or private schools.

City Council Contracts. The Department proposes a reduction in City funding of \$1 million in Fiscal 2010 by reducing City Council contracts by four percent across the board, which will affect both Council funded public health and mental hygiene initiatives. The Council is extremely concerned with the Department's approach in carrying out this reduction without the input of the Council. This was made clear at the hearing as was the fact that this Fiscal 2010 reduction cannot be carried out without a modification approved by the Council.

Reduction to Mental Hygiene Contracts. The Division proposes a reduction in City funding of \$2.2 million in Fiscal 2010 and \$6.4 million in Fiscal 2011 and in the outyears through reduction and funding shifts of mental health, substance abuse and mental retardation/developmental disability contracts for programs that are closed, closing, underperforming, underutilized or have other revenue sources. Council Members expressed a number of concerns and raised several questions concerning this action.

Follow-up Questions

In follow-up letters sent by the Health and Mental Health Committees to the Department the following questions were asked:

General Budget Questions

- What is the Department's annual advertising budget? Please categorize the expenditures by subject matter (e.g., tobacco, safer sex) and media (i.e., television, radio, print, web).
- Have you held any areas of the agency harmless from cuts? Please provide a list.

Council Initiatives

- What is the status of Council funded Public Health and Mental Hygiene initiatives?
- Please provide the committee with a list of registered contracts.
- What is the Division's plan to collect the four percent from providers that are registered and are drawing down funding?

Mental Health Contract Reductions

- Please provide the Committee with a list of programs that have closed in the past fiscal year?
- How many programs have informed the Division that there is a strong chance that they will have to close in the remaining months of this fiscal year and next?
- What is the Division's definition of underperforming and underutilization?
- What if a program provides a unique service that is not deemed to be in-line with the Division's core mental hygiene/substance abuse mission, is that program deemed to have underperformed?
- What technical assistance if any does the Division provide to programs that are underperforming and are at risk of closing?
- Will the Division's lengthy contract process be taken into consideration when deciding if a program has underperformed?

Health and Hospitals Corporation (819)

The Chair of the Health Committee, Council Member Maria Del Carmen Arroyo opened by voicing her concerns about HHC's Fiscal 2011 Preliminary plan, which included the Corporation's projected \$ 1 billion deficit, the impact of the Department of Health and Mental Hygiene's proposal to reduce the amount of funding it passes through to HHC, as well as the impact of the Fiscal 2010-11 State Executive Budget if enacted as proposed.

President of the Health and Hospitals Corporation, Alvin Aviles, accompanied by LaRay Brown, Senior VP of Intergovernmental Relations, and Marlene Zurack, Senior VP of Finance and Capital for HHC, provided testimony and answers to committee questions/concerns.

The following outlines key issues and concerns were addressed during the hearing:

Projected \$1 Billion Structural Deficit. To assist in the management of such a huge deficit, HHC has contracted with the Deloitte consulting firm to do a thorough review of the Corporation and propose ways to restructure service for greater efficiency. President Aviles said that since 2006, the amount of uninsured patients that HHC serves has increased by 14 percent and that over the past three years the Corporation has received \$240 million less in Medicaid revenue. He provided a bit of detail about the projected \$68 million reduction in Medicaid reimbursements the Corporation he facing and revealed that it is unclear whether HHC will continue to be granted access to an additional \$300 million in Disproportionate Share Hospital (DSH) funding that it received during each of the last two federal fiscal years to help cover our rising indigent care costs. He explained that as a result of these and other factors, HHC's total projected expenses for next fiscal year, beginning July 1, 2010, will exceed its total projected revenues by more than \$1.15 billion.

Council Member Arroyo asked a series of questions regarding the projected deficit and inquired about the findings of Deloitte consulting firm. President Aviles said that the firm is helping HHC analyze the potential opportunities for shedding expenses while retaining as much service capacity as possible. Deloitte's recommendations will inform a restructuring plan that, when implemented, and will result in the consolidation of some services currently available at multiple HHC facilities to fewer locations, changes in affiliation contracts, and regionalization of certain non-patient care services. He informed the committee that report will not be available until the end of April.

Workforce Reductions. Council Member Arroyo inquired about HHC's workforce reductions and President Aviles said that by the end of this fiscal year HHC will have reduced its workforce by over 1,000 positions, through attrition and layoffs, and that because of the projected deficit and State Budget impact, it may have to further reduce its workforce by 2,600 positions in next fiscal year.

DOHMH Pass Through Reductions. Council Member Arroyo inquired about DOHMH's proposal to eliminate \$1.4 million in Fiscal 2010, and \$1.3 million in Fiscal 2011 and in the outyears of funding which it passes through which impacts will a number of HHC programs and services. When asked if HHC and DOHMH had discussions regarding the proposed reductions before the budget was released, President Aviles said that they had not. He said that, HHC would have to develop transitional plans, and possibly discontinue some services due to the DOHMH pass-through reductions. However, he will have a better sense of how HHC will deal with the reductions after the Deloitte report is released in April they will have a better sense of how the reductions will be implemented.

Follow-up Questions

Following the hearing, the Committee sent a letter to the President and the following questions were asked:

HIV Service Reductions

DOHMH proposes to eliminate \$216,000 in Fiscal 2011 from two HHC HIV contracts which would result in a 26 percent contract reduction at Bellevue AIDS Clinic and a 12 percent contract to HHC's AIDS Assessment and Referral program. These are contracts that supplement support services such as case management, treatment adherence, supportive counseling, and referrals for social services that are currently provided by HHC.

- How many patients does each program serve and what impact will the reductions have on services (i.e. longer wait times, service reductions, etc.)?

Non-Patient Care Services

Please provide a list of non-patient care service providers that HHC contracts with, along with the contract start and end dates. Also, please indicate why each service cannot be provided directly by HHC.

Capital Budget

Last fiscal year the Mayor requested that agencies reduce their Capital Budgets by 30 percent in the Ten-Year Capital Plan Fiscal 2010–2019 to reduce the long-term average annual growth in debt service costs to the City revenues.

- Please provide a list of all HHC capital projects by facility and amount.

Federal Stimulus Program

As part of the American Recovery and Reinvestment Act of 2009 (ARRA) the City received approximately \$1.6 billion in Enhanced Federal Medical Assistance Percentage (FMAP).

- Please provide an explanation of how these funds were expended?

Committee on Standards and Ethics

Hon. Inez Dickens, Chair

Conflicts of Interest Board (312)

So dire is COIB's perceived budgetary plight that it had a Board Member accompany the agency's Executive Director to the hearing to provide the lead testimony. She indicated how vital COIB is to the City and its many agencies, how prior-year and current budget reduction proposals would render the Board unable to meet a number of its Charter-mandated functions including: education and training (only one trainer is funded citywide); enforcement; advice; and financial disclosure. All Council Members present were praiseworthy of the agency and the work it has done with the City Council and other City agencies. The Board's Executive Director indicated that the sharply increased number of requests for advice from Council Members over the past few years has resulted in this being the most ethical Council during his long tenure at COIB. He and his Board representative stressed that the enforcement - and avoidance - of ethical violations and conflicts of interest could only be accomplished with adequate funding. As such, they requested a restoration of approximately \$400,000 for Fiscal 2011.

Committee on Economic Development

Hon. Thomas White, Jr., Chair

***and* Committee on Small Business Services**

Hon. Diana Reyna, Chair

Economic Development Corporation

Willetts Point

Council Member Weprin and Ferreras are concerned about the City's plan for Willetts Point. Currently, there is no relocation package plan for businesses in the area. EDC testified that the relocation plan will happen when it is time to move the businesses out. In addition, the members fear that only the Southwest area of Willetts Point will be developed. EDC promised that there will be a 100 percent development of Willetts Point. EDC has put \$194 million for acquisition and infrastructure and \$150 million for the development. EDC is scheduled to break ground in 2011.

EDC also testified about conducting workforce development in conjunction with La Guardia Community College to help businesses transition. La Guardia offers job training, ESL, and interview skills to help businesses and immigrant communities living in Willetts Point. COUNCIL MEMBER Ferreras asked if people going to workforce development job training actually transition into jobs, but EDC only measures the number of participants, not jobs placed and therefore was unable to provide this information.

Capital Access

EDC described the Capital Access program which offers loans of \$5,000 to \$250,000 to businesses needing loans. EDC offers a 40 percent loan guarantee. To date, \$3-\$4 million has been lent out and the median loan amount is \$10,000. EDC is looking at RFQs for new lenders and has promised Council Member Eugene that they will go to his district to market this program.

Job Training and Creation

Council Members Reyna and Lander raised the issue of connecting actual capital projects with job training and job placement. EDC will provide the Committee with information regarding the number of construction jobs and permanent jobs created by EDC's projects.

Follow-up Questions

Chair White followed up on the hearing with a letter posing several questions and requests to EDC President Seth Pinsky.

BQE Mitigation Study

EDC estimates that there is \$260,000 Federal and \$66,000 in City funds rolling over for the BQE Mitigation study.

- What is the total reduction in City funds for the BQE Mitigation Study?
- Please also provide the Committee with the contractor information.

Job Training and Placement

The Committee requested the total number of construction and permanent jobs projected or created for each of the following EDC capital projects:

- Coney Island Development
- Staten Island Homeport
- East Harlem Media/Entertainment/Cultural Center
- Willets Point
- Flushing Commons
- Hunts Point

Willets Point Redevelopment

- Please provide the Committee with the number of individuals who transition into jobs after going to workforce development training in La Guardia Community College.

ARRA Funding

EDC received \$114 million in ARRA funding for infrastructure and energy projects.

- Please provide the Committee a list of which EDC capital projects will receive ARRA funding.

Industrial Development Agency

- Please provide the Committee with the percent of IDA funds that go to small businesses, showing the size of the projects and the amount of IDA benefits received.

Jacob Javits Center

- Please provide the Committee in the Executive Budget in May an update regarding the City and State negotiation on the status of the Jacob Javits Center.

Local Business Enterprise (LBE)

- Similar to the MWBE program, please provide the Committee with how many Local Business Enterprise (LBE) and emerging business enterprise EDC assists.

Department of Small Business Services (801)

Industrial Business Zones (IBZ). SBS is looking into consolidating the Mayor's Office of Industrial and Manufacturing Businesses with another office. The Chair and other Council Members expressed their concern that there was no budget for contract service providers for the Industrial Business Zones (IBZ). SBS is looking for sources of funding for these providers. Chair Reyna suggested that SBS look into applying for CDBG funding for the IBZ. SBS expressed concern about taking CDBG funding away from other programs.

Employment. According to SBS Commissioner Walsh, job growth is principally in retail, healthcare (lab tech, nurses, home healthcare, emergency technicians) and support services in La Guardia and JFK such as trucking, food services, de-icing of plans. Walsh testified that SBS should focus on food, hospitality, and customer service jobs.

SBS testified that it has a 55 percent job placement rate and low wages average about \$13-\$14/hr while mid-wage average is \$20/hr. SBS is working with over 200 CBOs and has placed 4,400 individuals in jobs. SBS hopes to have 6,000 job placements.

Follow-up Questions

Chair Reyna requested follow-up information in a letter dated March 22nd:

Industrial Business Zones (IBZ)

- Please provide the Committee with how much IBZ square footage have been preserved.

March 13-14 Weekend Storm

- Please provide the Committee with the number of 311 calls regarding the March 13-14 weekend storm and also an explanation of how SBS responded in assisting small businesses affected.

Unemployment

- Please provide the Committee with total full time and part time positions that received training from SBS' individual training grants
- Please provide the Committee with the district or zip code in terms of where the unemployed reside to determine the high concentration of unemployment in New York City.

NYC & Co.

- Please provide the Committee with information regarding where the international NYC offices are and also a breakdown of funding allocated for domestic tourism versus international tourism markets.

WIA Federal Stimulus

- Please provide the Committee with the list of the 13 community based organizations that received WIA Federal Stimulus funding, how much each received, and the number of job placements.

Education Committee

Hon. Robert Jackson, Chair

Department of Education (040)

The DOE's Preliminary Budget proposal for 2011 included a reduction of \$316.8 million. This cut would be realized by limiting salary increases for members of the United Federation of Teachers (UFT) and the Council of Supervisors and Administrators (CSA) to 2%, up to a maximum salary of \$70,000.

The Chair and Committee members posed a number of questions to the Chancellor regarding the DOE budget, focused in particular on the impact of the budget on classrooms and whether the Department was doing its utmost to protect the classroom from cuts that would undermine the progress made in the last several years.

- What impact will the overall decline in the DOE's Preliminary Fiscal 2011 Personal Services budget of approximately \$194 million have on school staffing? Please estimate the number of positions that schools might eliminate next year by position type, and indicate how many jobs will be cut through attrition and lay off.
- Regarding the number of teaching positions that may be eliminated next year, please show what the total and the base numbers of teachers will be next year, and explain which teachers may be eliminated and which teachers cannot be cut.
- Based on the Department's January Plan budget, do you expect to allow principals to make any portion of their Fiscal 2011 school reductions from internally restricted school allocations? Do you plan to make any changes to your internally restricted school funding formulas for next year?
- Please detail the costs of administering and scoring standardized tests and other required assessments and indicate the portion paid from school budgets.
- DOE's budget for Carter Cases has skyrocketed from \$96 million in the current budget for Fiscal 2010 to \$196 million in the Preliminary Fiscal 2011 budget. Please explain the assumptions that underlie the Fiscal 2011 Carter Case budget. If the projections for Carter Case awards are too high, will the DOE again transfer the surplus to school budgets as was done in the Adopted Budget for Fiscal 2010?
- In January, the DOE distributed a power-point presentation on its plans to reform Special Education. When will you be prepared to release actual, detailed plans for implementation of your SE reforms? What budget implications will these reforms have? Will school SE allocation formulas or student weights be adjusted?
- How much funding is available for school budgets in Fiscal 2011 based on the City's January Plan as compared to the Fiscal 2010 budget for schools?
- How many schools cannot withstand any further budget cuts? Why are some schools not able to make their budgets this year, while others expect to roll excess funding from this year into next? Do you plan to try to even things out?

- Have principals indicated yet how much FY 2010 funding they will roll into next year?
- Please explain why your student enrollment projections were so far off this year. Will you alter your enrollment projections for next year based on the experience this year?
- Please provide a report on the number of children who tested for admission to a G&T class next year that shows the number of children who qualified and the number of children who scored in the top three percentiles by district. Compare the results to this year. Also show how many G&T classes will be added or eliminated and explain whether the DOE will make any efforts to even the distribution of students among the G&T classes.
- The Preliminary Budget includes \$570 million for Charter schools for next year, up from \$417.9 million this year. How many new Charter Schools will open next year and how many children will they enroll? How much more funding will the Charter school budget need next year if all of the new Charters open as planned?
- What impact has the ACS to DOE shift of 5 y.o. children had on DOE schools? Please provide data to show where these children enrolled and how the schools accommodated them on a school-by-school basis. At affected schools, how much did kindergarten enrollment grow, did kindergarten class sizes grow, and how many kindergarten classes were added, and did schools' building utilization rates climb?
- Last year, in planning for the shift from ACS to DOE, DOE showed that schools could accommodate all the ACS children, and would be able to do so by increasing kindergarten classes to 25 children, as needed. How many kindergarten classes have 25 or more children this year?
- Based on your review of kindergarten registration for SY 2010-2011 thus far, will kindergarten enrollment grow again next year?
- Explain the assumptions behind the \$52.8 million or 5.8 percent increase for bus contracts carried in the January Plan; the Plan budgets an increase from \$906.1 million this year to \$959.2 million next year.
- If your proposed contract extensions with private bus companies are approved, how much will bus contracts cost next year? More or less than the \$959.2 million in the budget?
- The Fiscal 2010 Budget included a PEG related to a planned pilot program that would offer parents vouchers to pay for transportation of their children to special education pre-school programs in lieu of door-to-door school bus transportation. Has this voucher program been implemented? Where? For how many children? Has it produced any savings?
- For each of the schools that will be in the process of closing or opening (phasing-in) next year list all of the costs associated with opening or closing? Include all planned school and non-school allocations. You testified that each closing school receives about \$2 million in federal aids each year. What the source of this federal aid and how is it allocated to schools? Please also show actual (SY09-10) and projected (SY10-11) registers for each school.
- Given the downturn in the NYC real estate market, why hasn't the budget for DOE's leases shown a decline?

- The Preliminary Mayor's Management Report shows an increase in the average number of lunches and breakfasts served daily and the Preliminary Budget shows a \$25 million increase in the food supplies budget. Is the budget increase due to an increase in the number of meals served, or to an increase in food prices?
- DOE high schools experienced enrollment growth in 11th and 12th grades this year, perhaps due to the lower drop out rate. Is DOE working with OMB to adjust the assumptions about graduation rates that underlie the Expense and Capital budget projections?
- Finally, you again agreed to provide PEG monitoring reports and the Department has previously agreed to participate in PEG monitoring. Please forward a proposed schedule for quarterly PEG as soon as possible.

School Construction Authority

The School Construction Authority's February Proposed Amendment has increased by \$401.5 million or 3.56 percent from the Adopted Plan. The Adopted Plan was originally funded at \$11.3 billion in Fiscal 2010 and has grown to \$11.7 billion mainly due to the additions of the City Council, Borough Presidents, and Mayor/Council Initiatives of \$257.6 million, as well as the addition of 5,183 new capacity seats totaling \$228.9 million. Almost all of these changes and additions were laid out in the SCA's November Draft Amendment. Consequently there were very few new issues from the November Draft Amendment hearing to the February Preliminary Budget hearing.

The main budgetary issue is the DOE's reliance on State funding. Currently, the DOE's capital budget counts on a 50 percent share of funding from the State. The DOE receives this funding through building aid reimbursements and while the State has not said that it will reduce these reimbursements the financial condition of the State is cause for concern. The DOE continues to lobby the State to maintain its current funding level.

Council Members voiced concern over the "spillover effect" of students displaced by the closing of large campuses. While this issue is not directly related to the capital budget in that the DOE's Office of Portfolio Planning manages student placement, it is tangentially related as the capital budget is where the funding for campus restructuring and new schools comes from. The DOE has conceded that some capacity is lost to administrative space in campus restructurings but asserted that this loss is taken into account and addressed in the capacity section of the capital plan when new seats are needed.

Council Members were also concerned about the placement of charter schools on public school campuses. The possibility of charter schools crowding out public school space was given as the reason for that concern and the DOE stated that it would not create public school capacity issues by adding charter schools. Currently, charter schools are funded at \$210 million for the five year life of the plan and that amount has not increased in the February Amendment. According to the DOE approximately half of the charter schools in New York City are on DOE owned property.

Civil Rights Committee

Hon. Deborah L. Rose, Chair

Equal Employment Practices Commission

The following issues were raised at the Fiscal 2011 Preliminary Budget Hearing for the Equal Employment Practices Commission (EEPC).

- **Staff Layoffs.** The EEPC proposes to reduce its headcount by 1 staff member (possibly 2, as a result of the Fiscal 2011 Executive Budget). The Commission testified on the inability to meet its City Charter mandate of auditing each city agency at least once every four years, as a result of staff layoffs. According to the Commission's testimony, it has reduced its headcount from 12 to 7 from FY 2003 to FY 2010.
- **Lease Costs.** In order to avoid further layoffs, the Commission testified that it has asked the Department of Citywide Administrative Services (DCAS) to relocate the EEPC from its current office space in a privately-owned building to city-owned office space. The lease savings to the City would be three times that of the Preliminary Budget PEG proposed for Fiscal 2011. The Office of Management and Budget (OMB) has been notified of this request and has approved of its implementation.

Relocation of the EEPC to City-Owned Property. The Commission testified that it has asked the Department of Citywide Administrative Services (DCAS) to relocate the EEPC from its current office space in a privately-owned building to city-owned office space.

- The Chair asked that the Commission provide an update to the Committee on this process and how the City Council may be helpful in advocating for this, prior to the adoption of the Fiscal 2011 Executive Budget.

Diversification of Funding. The budget for the EEPC is comprised entirely of City funds, thus greatly affecting the Commission's ability to seek areas to reduce spending, when required to do so by the Administration.

- The Committee requested that the EEPC explore opportunities to draw down State and/or federal funding, as well as private funding.
- The Committee requested an update on the Commission's efforts to diversify funding streams, prior to the adoption of the Fiscal 2011 Executive Budget.

Transportation Committee

Hon. James Vacca, Chair

Taxi and Limousine Commission (156)

Taxi Meter Rate Overcharging

The Commissioner took time to address the questions surrounding the announcement of the discovery of a large number of instances where taxi drivers have repeatedly overcharged unsuspecting passengers by switching their meters to Code 4 - an out-of-town rate code. The issue is now before the NYC Department of Investigation (DOI). The Commission is exploring the possible use of "geofencing" (a process in which GPS technology is used to enable taxi meters switch rate automatically when regional boundaries are crossed).

Accessible Medallion Taxicabs

Currently, there 240 accessible taxicabs on the road. According to the Commissioner, funding for the call system - originally provided by the Council - will soon run out, and additional funding will be needed.

Follow-up Questions

For-Hire Vehicle Inspection

The Fiscal 2011 Preliminary Budget includes a new need of \$793,000 in Fiscal 2010 and \$1.1 million in Fiscal 2011 and the outyears for 12 positions to conduct State DMV inspections.

- Please explain to the Committee who conducts these inspections now and what prompted the need for 12 additional positions?
- Does the TLC charge fees to taxi operators to conduct safety and emissions inspection? If not, why? And if so, why is the additional revenue not recognized in the Fiscal 2011 Plan?

Use of Credit Card / Debit Card for Payment

In 2004, the TLC's Board of Commissioners mandated that specific technology based service improvements be implemented in all medallion taxicabs - including the ability to accept credit and debit cards as a form of payment.

- Please provide to the Committee, from available data, the total revenue/ fares from credit card charges in 2009.
- Of the advertising revenues generated from taxi video displays in Fiscal 2009, what percent was paid out to taxi owners/drivers?

Accessible Dispatch System

In November 2007, in coordination with the City Council the TLC implemented the Accessible Dispatch System pilot project to try out a central dispatch system for wheelchair accessible vehicles.

- To date, how much has been spent to provide the central dispatch system?
- Does the TLC have the capacity within its budget to continue this program in Fiscal 2011? If not, what other options, besides Council's funds, are being considered by the Commission to help fund the program?

MTA/New York City Transit

Student Fares

Chair Vacca and other Council Members, including Speaker Quinn, have advocated vociferously on behalf of restoring the MTA's proposed cuts to student fare MetroCards. The MTA continues to assume this PEG will be enacted. A Board vote on the student MetroCards has been pushed to a later date, however. The Committee proposed that the State, City and MTA return to the original cost sharing agreement of one-third each. The MTA is open to further discussions. The Speaker has said she would be open to an increase in the City's share if the State matches it.

Follow-up Questions

Capital Projects

- Please provide the Committee with an update on the Madison Avenue and 59th Street project and the 96th Street Station.

Leased properties

- Please provide the Committee with the number of properties that are currently leased by the MTA including a breakdown as to types (i.e. building or lot) and the annual lease costs.
- What is the total number of leases that are currently being renegotiated for possible savings?

MWBE Percentage

- Please provide the Committee with the MWBE percentages for MTA contracts for calendar years 2008 and 2009.
- What is the projected MWBE percent for calendar year 2010?

Department of Transportation (841)

Federal Funding

Lately the Department is having a difficult time getting the State to obligate and encumber federal funds that have been allocated to the City, primarily due to the State's fiscal problems. The funds include \$7.3 million for Traffic signal Priority System and \$18.3 million for the reconstruction of three Belt Parkway bridges. Additionally, the State has cut the FY 10-11 operating subsidies for

the Staten Island Ferry and the MTA Bus Company by 4 percent. The Chair expressed his view that these funds must be promptly released as required and not used to handle the State's cash flow problems.

Follow-up Questions

Parking Meters

- Please explain to the Committee the Department's implementation plan for muni-meters.
- Please provide to the Committee data on the percentage of parking meters that are muni-meters and the percentage of broken meters.

Accessible Audible Signal Study

- Please provide the Committee an update on the status of the Accessible Audible Signal study.

Cut to Ponding/Speed Bump Unit

The January Plan includes savings of \$1.4 million in Fiscal 2011 and the outyears and ten positions from the elimination of ponding/speed bump dedicated unit.

- How many speed bump requests did DOT receive in Fiscal 2009 and Fiscal 2010? And how many were installed?
- What impact do you foresee that this cut will have on DOT's ability to respond to requests for speed bump installations?

Parks and Recreation Committee

Hon. Melissa Mark-Viverito, Chair

Department of Parks and Recreation (846)

Several issues emerged during the Committee's hearing:

- **Pool closings and shortened outdoor pool season:** The Department has yet to determine which pools it will close. Most of the public testimony concentrated on this PEG and the lifeguards and supervisors who would be impacted. For example, many lifeguards are students who use their summer employment to pay tuition. Moreover, some argued that this cut is tantamount to cutting a jobs program since Parks employs more than 1,200 lifeguards plus supervisors each summer.
- **Reduction to the number of Job Training Participants (JTPs) in the Parks Opportunity Program (POP):** Parks is reducing the number of JTPs in the POP program from 2,315 full-time equivalents to 1,595 for a savings of \$4.6 million in Fiscal 2010 and \$10.4 million in Fiscal 2011 and the outyears. The Department is hoping to receive stimulus funding to hire back some JTPs in Fiscal 2011.
- **Headcount reduction:** Parks is proposing to reduce 173 heads through managed retirement and possibly layoffs. Most of this reduction will impact maintenance and operations employees like city parks workers and supervisors. The Department is confident it can reach its target through attrition despite needing \$4.5 million in Fiscal 2010 to cover a PS deficit from lower than expected attrition last year.
- **Parks Enforcement Patrol:** Chair Mark-Viverito and Council Member Vacca were concerned with how PEP officers are deployed. Citing the number of PEP officers who seem to patrol the High Line versus other parks, they believe there is a bias in PEP staffing. Commissioner Benepe noted that the High Line PEP officers are privately funded and that because of the limited number of PEP officers, they have to be deployed to the busiest parks.