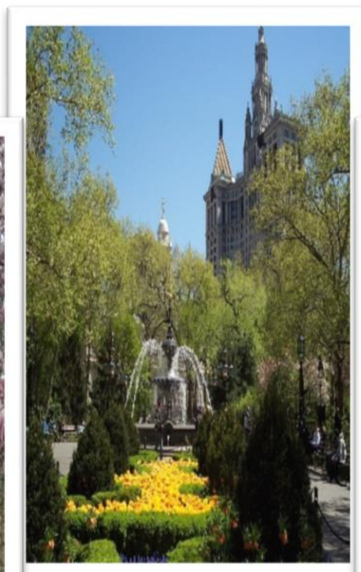
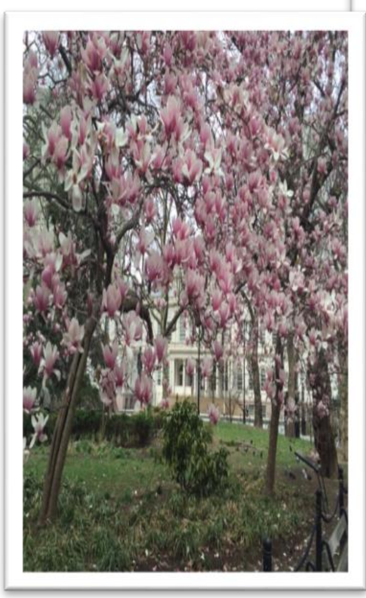
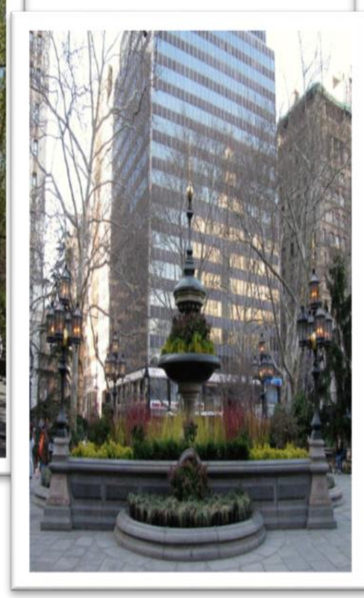
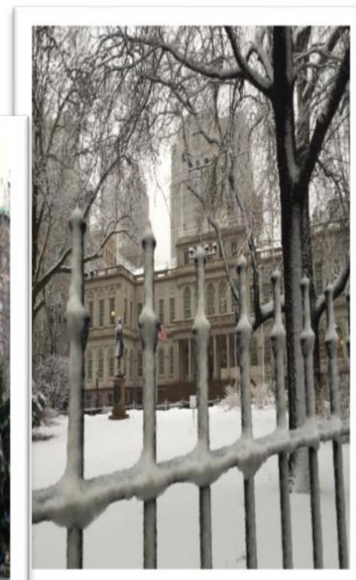
The New York City Council's Response to the Mayor's Fiscal 2018 Preliminary Budget and Fiscal 2017 Preliminary Mayor's Management Report

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









Hon. Melissa Mark-Viverito
Speaker

Hon. Julissa Ferreras-Copeland
Chair, Finance Committee

Latonia McKinney
Director, Finance Division

April 3, 2017

Finance Division

Latonia McKinney, Director

Legal Unit

Eric Bernstein, Counsel
Rebecca Chasan, Counsel

Revenue and Economics Unit

Raymond Majewski, Deputy Director, Chief Economist
Emre Edev, Assistant Director
Paul Sturm, Supervising Economist
Maria Enache
William Kyeremateng
Kendall Stephenson
Davis Winslow

Budget Unit

Regina Poreda Ryan, Deputy Director
Nathan Toth, Deputy Director
Crilhien Francisco, Unit Head
Chima Obichere, Unit Head
John Russell, Unit Head
Dohini Sompura, Unit Head
Eisha Wright, Unit Head
Aliya Ali
Jessica Dodson Ackerman
Sarah Gastelum
Kenneth Grace
Zachary Harris
Elizabeth Hoffman
Sheila Johnson
Jin Lee
Jeanette Merrill
Nameera Nuzhat
Kaitlyn O'Hagan
Steve Riester
Jonathan Seltzer
Brandon West

Discretionary Funding and Data Support Unit

Paul Scimone, Deputy Director
James Reyes
Prince Mensah

Administrative Support Unit

Nicole Anderson
Maria Pagan
Roberta Caturano

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Executive Summary

The Council is pleased to submit its response to the Mayor's Fiscal 2018 Preliminary Budget and Fiscal 2017 Preliminary Mayor's Management Report.

On January 24, 2017, Mayor de Blasio submitted his $84.7 billion Preliminary Budget for Fiscal 2018. During the month of March, the Council's Committees held hearings on the Preliminary Budget and the Preliminary Mayor's Management Report for Fiscal 2017. At these hearings, Council Members had the opportunity to hear from and question agency heads, and to receive important feedback from the public regarding the Mayor's budgetary priorities for the coming fiscal year. The information gathered from these hearings has helped inform the proposals contained in this response.

A year ago, as the Council developed its response to the Mayor's Fiscal 2017 Preliminary Budget, the City's economy was strong, building on its successful rebound from the Great Recession. Robust economic growth was continuing. In that climate, the Council's budget response focused on addressing inequality through responsible budgeting. The Council advocated for more services, programs and opportunities for New Yorkers and simultaneously pushed the City to undertake fiscally responsible measures such as finding efficiencies and building up reserves. As a result, in the Fiscal 2017 Adopted Budget, the Council secured new and expanded funding for several important initiatives, including investing over $100 million in youth programs, baselining $38.5 million and 60,000 slots for the Summer Youth Employment Program, and making major commitments to our City's immigrant population through adult literacy programs, legal services, and access to comprehensive health services. With the Administration, the Council enhanced essential City services, including senior services, food assistance, criminal justice programs, and libraries and the arts. While improving these vital programs and services, the Council also was able to get the Administration to plan responsibly by adding funds to the City's reserves.

As the Council turns its focus to the Fiscal 2018 Preliminary Budget, both the City and the country face new and uncertain challenges. The Council recognizes that the election of President Trump and a Republican-led Congress has shifted the legislative and policy priorities in Washington, and the Council believes that the City must budget with prudence and caution as it waits to see the impact of the changed federal priorities.

These new challenges are compounded by a City economy that is less dynamic than in the past few years. The City saw slower employment growth during the past year, which was reflected in major sectors such as finance, business services, and leisure and hospitality. Retail employment has continued the decline that began in 2015. Both the Council's Finance Division and Office of Management and Budget expect the slowdown in job growth to continue in 2017. Furthermore, the Finance Division forecasts a 2.8 percent increase in tax collections in Fiscal 2017, marking the second consecutive fiscal year of reduced growth in tax revenue. With a slowing City economy and increased federal risks, the City must focus on safeguarding its finances in the event of an unexpected downturn. While we do not know with certainty the full impact of potential federal changes, the City can and should act now to stave off any adverse impacts that might occur in the future.

The City has several tools at its disposal that make it well positioned to respond to fiscal uncertainty. Recognizing this, the Council proposes several areas where the Administration could find additional efficiencies and other savings, and suggests a number of potential tax contingencies that could be utilized if necessary.

The Council also recognizes that the priorities and policies of the Trump Administration may have deep and lasting negative consequences for both the City's budget and also for many New Yorkers. The new federal priorities threaten our City's safety net and millions of New Yorkers who access public services.

The first salvos from the Trump Administration targeted the City's large and diverse immigrant community, which is vital to the well-being of our populace. The City must continue to protect its most vulnerable residents when they have no guarantee of economic and personal security from the federal government. Despite the formidable challenges it now faces, the City can accomplish this goal by strengthening our communities in these uncertain times.

Strengthening Communities in Uncertain Times

For many New Yorkers, there is significant concern about the effect of the Trump Administration on the lives of their families and communities. President Trump campaigned on a message that threatened the millions of immigrants who call New York City home and give our city its fundamental character. During its first months in office, the Trump Administration has issued an Executive Order that would put New York City's federal law enforcement grants at risk, has proposed a "skinny" budget that would impose significant cuts to vital programs relied on by low- and middle-income New Yorkers, and has cut tens of millions of dollars from New York City Housing Authority. Additionally, despite the failure of the recent effort to repeal and replace the Affordable Care Act, the City remains at risk of future action by the Trump Administration and the Republican Congress that could have devastating consequences for our public health system.

Although the overall impact of these federal actions remains uncertain, the Council's response reflects our view that the City must be able to react to potential budgetary shocks from Trump Administration policies by ensuring that we are able to achieve long-term fiscal stability through budgeting wisely, while also making essential programs and services available to New Yorkers across the five boroughs. The response is an expression of our fundamental belief that our City's diverse communities are the bedrock of what makes the city great, and that when our communities are strong, our City is strong.

Building the City's Infrastructure

The City's Capital Plan lays out the Administration's priorities for building and maintaining the City's infrastructure, from roads and bridges to schools and parks. A robust and well-maintained infrastructure is critical for facilitating day to day operations, and how the City chooses to commit its capital dollars indicates its vision for the future. The proposals contained in the Council's response reflect our concerns about the City's capital planning, as well as putting forth our priorities for how capital funds should be allocated. To that end, the Council recommends establishing a task force to develop best practices for the implementation of capital projects and reforecasting the capital commitment plan to align with the City's ability to execute capital projects. Furthermore, the Council calls on the Administration to reflect the Rikers Island closure plan in the Capital Plan and Ten-Year Capital Strategy and to move forth with moving all adolescent prisoners off of Rikers Island.

Tackling Inequality and Advancing Fairness in Our City

New York City is home to nearly over two million youth under 18 years of age, and the City operates a range of programs and services designed to provide them with the opportunity to grow and succeed in their communities. The City's most vulnerable and at-risk youth must be given the tools that can help them transcend their difficult circumstances and become independent, successful adults. Over the past few years, the Council has been a strong advocate for youth opportunity, securing additional slots for the Summer Youth Employment Program (SYEP) and making the program the largest it has ever been. This year, the Council's response offers several proposals designed to benefit our City's youth, including a further expansion of SYEP to 80,000 jobs, doubling the Work, Learn, Grow Program, increasing vulnerable youth services in SYEP, and restoring SONYC summer programming. Furthermore, the response puts forth additional recommendations aimed at addressing food insecurity through enhancements to the Emergency Food Assistance Program and elimination of school lunch fees, as well as providing relief to homeowners, small businesses and veterans.

Protecting and Investing in Vulnerable New Yorkers

Our City is, at its heart, a city of immigrants. Nearly 40 percent of the City's population were born elsewhere but have made New York City their home. Our recognition of the essential contributions made by our diverse immigrant community has made our City the national leader in addressing the needs of immigrants and foreign-born New Yorkers. This responsibility has become even more critical in the face of anti-immigrant rhetoric and policies targeting immigrant families from New York to California. To ensure New York remains a model city for immigrants, the Council's budget response calls for enhancing programs and services supporting immigrant communities. These include the New York Immigrant Family Unity Project, family resource centers, legal services (including funding for complex legal cases), and rights awareness.

Promoting Excellence and Facilitating Efficiency in Agency Operations

For the City's agencies to properly carry out their mission to serve New York City's 8.5 million residents, they must receive adequate resources. This includes sufficient staffing and adequate funding for operational responsibilities to ensure programs and services are delivered in an equitable manner and with the quality New Yorkers rightfully expect. To this end, the response calls on the Administration to right-size human services contracts to support our frontline social service providers, to establish a distinct unit of appropriation in the budget for the Office to Prevent Gun Violence, to enhance funding for our District Attorneys and their vital public safety programs, and to add additional staff to support the City's parks, the Business Integrity Commission, and the Office of Labor Policy and Standards.

Sustaining and Improving Essential City Services

Every day, New Yorkers of all ages rely on vital City services to provide them with critical supports that enhance their quality of life. Whether one is a student or a senior, these programs provide essential benefits, yet are too often inadequately funded to meet Citywide needs. In the budget response, the Council proposes significant investments in senior services and programs that will establish this as the Year of the Senior, sustainability for community schools, increased funding for the Administration of Children's Services, and greater support for our cultural programs and libraries.

Baselining City Priorities

Baseline budgeting uses current spending levels as the "baseline" for establishing future funding requirements, thus ensuring that vital City programs and services are sufficiently funded. When City priorities are not baselined, they are put at risk of being inadequately funded (if even funded at all). To avoid this possibility, the Council calls on the Administration to baseline several programs to ensure their quality and continuity, providing peace of mind to those who benefit from them.

Improving Accountability and Oversight

The City Charter requires the Mayor to submit an annual Preliminary Mayor's Management Report (PMMR) and Mayor's Management Report (MMR), which provide the public with measureable indicators on the performance of city agencies and to assist the Council in conducting its oversight responsibilities. After conducting a thorough review of the structure and content of the MMR for Fiscal 2016 last fall and the Fiscal 2017 PMMR through the hearings in March, the Council identified several areas for improvement. These include failing to connect agency goals with the expenditures to achieve them, inadequately adjusting targeted performance goals to reflect actual performance, missing explanations of variances in many indicators, and failing to include examples of how the MMR is used by agencies to inform their actions. The Council recommends that the Administration include metrics in the PMMR and MMR that reflect principles of performance budgeting, allowing the Council and the public to evaluate the cost of specific programs against their outcomes.

The Council's proposals, as laid out in this response, express our view that in these challenging times, it is critical to budget in a way that is both cautious and compassionate. It is essential that the Fiscal 2018 Executive Budget, and ultimately the Adopted Budget, safeguard the City against the financial risks posed by the Trump Administration. The budget must also signal that, no matter the climate in Washington, the City will continue to stand with and raise up all New Yorkers, providing them with essential programs and services that ensure access to opportunity and better their lives. We expect that the recommendations presented in this response will support communities across the City as they navigate the uncertain times that lay ahead.

Fiscal 2018 Financial Plan

The Fiscal 2018 Preliminary Budget totals nearly $84.7 billion. Of this, $61.6 billion is derived from tax revenue, fees, fines, and other non-tax revenue stemming from the City – also known as City funds. City funds have increased by 2.8 percent between Fiscal 2017 and Fiscal 2018. As required by law, the budget is balanced for Fiscal 2017 and Fiscal 2018. Fiscal 2019, 2020, and 2021 have gaps to be closed of $3.3 billion, $2.5 billion, and $1.8 billion, respectively.

Fiscal 2018 Preliminary Financial Plan Summary
Dollars in Millions

	FY17	FY18	FY19	FY20	FY21	Avg. Annual Change
REVENUES						
Taxes	$54,883	$57,035	$59,725	$62,418	$64,858	4.3%
Misc. Revenues	6,835	6,362	6,602	6,804	6,807	(0.1%)
Unrestricted Intergovernmental Aid	57					
Less: Intra-City and Disallowances	(1,839)	(1,801)	(1,796)	(1,802)	(1,802)	(0.5%)
Subtotal, City Funds	**$59,936**	**$61,596**	**$64,531**	**$67,420**	**$69,863**	**3.9%**
State Aid	14,417	14,546	15,008	15,404	15,718	2.2%
Federal Aid	8,826	7,012	6,811	6,809	6,781	(6.4%)
Other Categorical Grants	980	856	847	837	833	(4.0%)
Capital Funds (IFA)	655	658	658	595	593	(2.5%)
TOTAL REVENUES	**$84,814**	**$84,668**	**$87,855**	**$91,065**	**$93,788**	**2.5%**
EXPENDITURES						
Personal Services	44,848	47,393	49,877	51,706	53,093	4.3%
Other Than Personal Services (OTPS)	36,300	34,285	34,521	34,446	34,653	(1.2%)
Debt Service	6,388	6,581	7,301	7,960	8,372	7.0%
General Reserve	300	1,000	1,000	1,000	1,000	35.1%
Capital Stabilization Reserve	-	250	250	250	250	
Less: Intra-City	(2,039)	(1,786)	(1,781)	(1,787)	(1,787)	(3.2%)
Spending Before Adjustments	85,797	87,723	91,168	93,575	95,581	2.7%
Surplus Roll Adjustment (Net)	(983)	(3,055)				
TOTAL EXPENDITURES	**$84,814**	**$84,668**	**$91,168**	**$93,575**	**$95,581**	**3.0%**
Gap to be Closed	**$-**	**$-**	**($3,313)**	**($2,510)**	**($1,793)**	

Source: *OMB Fiscal 2018 Preliminary Financial Plan*

Council's Financial Plan Overview

The Council's Budget response focuses on strengthening our communities. The election of Donald Trump has made this more complicated adding a profound uncertainty about the behavior and budgeting of the Federal government. The Members of the Council have not been, and will not be, passive in the face of the threat the new Administration poses to the City's social services, public safety, health care, cultural institutions, and the communities that they serve. Resisting these measures are the first part of prudent budgeting to strengthen our communities. However, prudence also requires budgeting with these threats in mind, assuring the City's continued ability to provide vital services to those in need.

In many ways the City's budget tools are well suited to address the challenge posed by this uncertainty. The City Charter and the Financial Emergency Act require frequent review of the budget which provides opportunities to adjust priorities to new realities. There is a regular program of seeking savings and efficiencies that the de Blasio administration established at the urging of the Council. There are budgetary reserves that in the Fiscal 2018 Preliminary Budget equal 10 percent of adjusted spending. They reached this level once again at the urging of the Council.

The Council's Fiscal 2018 Preliminary Budget Response is a part of this process and adheres to certain basic principles.

- Adjusts spending priorities toward the goal of strengthening New York City's communities but with an eye to fiscal prudence.
- Be proactive through preparing for future needs, future risk and current uncertainty.
- Looks for savings and uses those savings to fund the Council's priorities.
- Continue to build the City's reserves, adding $317 million to the Capital Stabilization Reserve.

Council Financial Plan *Dollars in Millions*		
	FY17	**FY18**
Gap as of Preliminary Budget Financial Plan	**$0**	**$0**
RESOURCES (+) adds resources		
Council Forecast	*$116*	*$143*
Audits	*$50*	*$250*
Debt Service Savings	*$76*	*$149*
General Reserve FY 17	*$300*	
Head Count Savings	*$25*	*$120*
Misc. Revenue Re-estimates		*$47*
Agency Efficiencies	*$5*	*$74*
SUBTOTAL	**$572**	**$783**
USE of FUNDS (+) uses resources		
Preliminary Budget Response Proposals		
Baselining City Priorities		*$133*
Increase FY 18 Capital Stabilization Reserve		*$317*
Building the City's Infrastructure		*$18*
Tackling Inequality and Advancing Fairness in Our City		*$206*
Protecting and Investing in Vulnerable New Yorkers		*$44*
Promoting Excellence and Facilitating Efficiency in Agency Operations		*$18*
Sustaining and Improving Essential City Services		*$146*
Risks		
STARC	*$50*	*$200*
Charter Schools		*$192*
Other Risks		*$31*
SUBTOTAL	**$50**	**$1,305**
TOTAL: Resources and Use of Funds	**$522**	**($522)**
Offset by increase of FY17 Prepayments to FY18	*($522)*	*$522*
NEW GAP in Council Preliminary Budget Response (gap)	**$0**	**$0**

Overall the Council Response will increase the size of the City's budget by $116 million in Fiscal 2017 and by $134 million in Fiscal 2018.[1] Additional spending on Council proposals, increasing the capital stabilization reserve, and anticipated additional spending on charter schools are financed by savings and reductions in the Council plan and rolling the general reserve into Fiscal 2018.

[1] Increase in the size of the budget = change in tax and audit revenue = Council forecast + audits – net tax reductions in the plan – sales tax revenue lost to state because of STARC.

Re-Estimates

The budget outlines priorities and makes assumptions about the costs of those priorities. The Council believes that there are several assumptions inherent in the Mayor’s proposed budget that are overly conservative and should be adjusted to better align with more realistic expectations. These include projections that do not reflect recent history, such as audits, or spending projections are overly ambitious such as filling vacancies. In addition to a revised tax forecast (see forecast section), the Council has identified five areas where the Administration should update its plan:

- **Audit Estimates.** The Finance Division projects tax audit revenues to be $50 million above OMB’s projection in Fiscal 2017, and $250 million over OMB’s estimate in Fiscal 2018. These are conservative estimates based on the City’s experience since 2010, during which the average fiscal year’s actual audits were $114 million more than the estimate in that year’s preliminary plan issued six months prior to the end of that fiscal year, and $292 million over the estimate in the preliminary plan issued six months prior to the start of the fiscal year.
- **Debt Service Savings.** The Finance Division projects that debt service costs related to the City’s general obligation variable rate demand bonds (VRDB) will be $76 million lower for Fiscal 2017 and $149 million lower than in the Fiscal 2018 Preliminary Budget. In the Financial Plan, the interest rates assumed for Fiscal Years 2017 and 2018 on the City’s VRDB are significantly higher than expected for true interest costs. Re-estimates of these interest rates are a routine source of savings for OMB over the course of the fiscal year. OMB recognized over $270 million in debt service savings from VRDBs in Fiscal 2016.
- **General Reserve.** The Council believes that the $300 million currently in the General Reserve will not be required for Fiscal 2017 and can be safely rolled into the next fiscal year.
- **Headcount Savings.** In recent years, the City has added headcount at a rate that outpaces its ability to fill those positions – creating budget surpluses. In the current fiscal year, the Financial Plan has recognized significant savings from agencies operating under budgeted headcount and it is expected that additional savings of $25 million will be recognized before the fiscal year’s end. For Fiscal 2018, these savings are estimated at $120 million. Although we expect headcount savings to accrue next fiscal year, the Council calls on the administration to re-evaluate current vacant positions to determine if permanent savings can be generated through the reduction of vacancies.
- **Miscellaneous Revenue Projections.** There are three major sources of miscellaneous revenues where OMB projects do not match recent collections. As such, OMB should update these revenues to better match historical trends:
    - **Additional Revenues from Building and Construction Permit Fees ($18.5 million).** In Fiscal 2018, the Department of Buildings (DOB) expects to generate $14 million for the collection of fees from building permits and $148.5 million for the collection of fees from construction permits. These budgeted amounts are significantly less than the three-year average of actual revenue generated under both revenue sources. Over the three-year period from Fiscal 2014 to Fiscal 2016, actual revenue realized for fees from building permits averaged $28.6 million and actual revenue realized for fees from construction permits averaged $152.4 million. As such, DOB should align projected revenue with actual revenue realized.
    - **Re-estimate Parking Violation Fine ($25 million).** According to the Fiscal 2018 Preliminary Plan, the Department of Finance projected revenues for parking violation fines at

approximately $519 million in Fiscal 2017 and Fiscal 2018, while actual revenue collection was $563 million in Fiscal 2015 and $555 million in Fiscal 2016, respectively. The Council calls upon the Administration to re-estimate parking violation revenue collections to ensure that it is in line with prior year actual revenue collections.

- **Re-estimate School Construction Authority Revenue ($3.5 million).** The Department of Education (DOE) can expect to see approximately $3.4 million in additional revenue from the School Construction Authority (SCA) in Fiscal 2018 for work on capital projects done by the DOE's Division of School Facilities and Division of Instructional and Information

Agency Efficiencies

Throughout the review of the Fiscal 2018 Preliminary Budget, the Council has worked to identify efficiencies, as well as to right-size spending projections across all City agencies. Our efforts took a close look at the over $2 billion of new needs added by the Administration over the last two years and focused on generating savings without impacting critical services.

The following recommendations highlight areas in the budget where existing funding can be reallocated to Council priorities that would better serve New Yorkers. Furthermore, we call on the Administration to review new investments to ensure that they are properly scaled and structured.

- **Reduce DOE Central Administration OTPS Spending ($9 million).** The Fiscal 2018 Preliminary Budget for the DOE's Central Administration is $357.5 million. The DOE should find $9 million in savings through central administration efficiencies, which might include insourcing of central administration contracts.
- **Reduce Spending on Citywide Data Processing Equipment Contracts ($15 million).** The citywide data processing equipment budget for Fiscal 2018 which totals over $300 million is significantly more than the five-year average of actual spending. Agencies should reduce this spending across the board by five percent by renegotiating contracts, consolidating contracts, and leveraging the City's massive purchasing power to bring the cost down.
- **Find Energy Savings ($35 million).** The Citywide Heat, Light and Power budget totals over $700 million for Fiscal 2018. The Council recommends that the administration direct all agencies to reduce energy expenses by five percent. The Department of Citywide Administrative Services should work with city agencies to create plans to reduce their energy footprint in ways that focus on more efficient day-to-day conservation efforts, such as or raising air-conditioning temperatures and making more efficient use of lighting and electronic devices.
- **Streamline Operations in HRA's Public Engagement Unit ($5 million).** The Council calls for the Administration to reduce additional investments in HRA's Public Engagement Unit by half, resulting in savings of $5 million. HRA should coordinate with other City agencies already conducting similar outreach work and use their existing resources to enhance the HRA's workforce consolidation efforts.
- **Reduce the Department of Health and Mental Hygiene OTPS Budget ($5 million).** The City Council supports the Administration's significant investments in promoting mental health, improving service delivery, and closing treatment gaps; however, the Administration should identify opportunities for savings in OTPS funding for the ThriveNYC budget that totals more than $100 million in Fiscal 2018. A reduction of $5 million would have no impact on direct services.

- **Reduce Financial Information Services Agency (FISA) OTPS Budget ($2 million).** FISA has realized OTPS budget surpluses over the last several years. Even when adjusting to recognize recent new needs, FISA's budget is substantially higher than recent actual spending. A $2 million reduction to its OTPS budget would have de minimus impact on operations.
- **Generate Additional CUNY Procurement Savings ($3 million).** The City University of New York (CUNY) succeeded in identifying $3 million of savings in the Fiscal 2018 Preliminary Budget through the consolidation of purchasing agreements. The Council calls upon the University to identify an additional $3 million in savings.
- **Eliminate the BOE Fiscal 2017 Surplus ($5 million).** The Board of Elections (BOE) Fiscal 2017 budget of $132 million is substantially higher than actuals expenditures over the past five years. Additionally, the Board of Elections (BOE) has realized year-end budget surpluses over the last several years. The Council expects a minimum year-end surplus of $5 million.

State and Other Risks

While the aforementioned proposed changes open up extra resources in the budget, the Council's financial plan also takes into account several financial risks that we believe will draw down $471 million of these newly identified resources. The first two are major risks associated with the State budget, and the next two are costs we expect to see recognized before the adoption of the Fiscal 2018 budget:

- **Sales Tax Asset Receivable Corporation (STARC).** Beginning in SFY 2016-17, New York State has set about taking $600 million of New York City sales tax revenue, over three years, to recoup the savings realized by the City when bonds issued by STARC were refunded. The initial $200 million has been claimed by the State for SFY 2016-17. The current New York State Executive Budget continues the recoupment for the remaining $400 million in SFY 2017-18 and 2018-19. This recoupment will reduce the City's sales tax revenue by $50 million in Fiscal 2017 and $200 million in Fiscal 2018, with the remainder to be taken from Fiscal 2019.
- **Charter Schools.** The 2017-2018 State Executive Budget proposes to increase the charter school tuition rate and facilities payments for new and expanding charter schools located in privately leased space. Together these proposals would increase the amount the DOE is mandated to spend on charter schools by approximately $192 million. However, the DOE's Fiscal Year 2018 Preliminary Budget does not account for the $192 million in additional payments to charter schools.
- **Summer Youth Employment Program (SYEP) Minimum Wage.** The minimum wage increased from $9 to $11 per hour in New York City on December 31, 2016. The Fiscal 2018 Preliminary Budget includes $9.3 million for 5,000 new SYEP slots at the new minimum wage rates. However, the Preliminary Budget includes no funds to support similar minimum wage increases for the 60,000 jobs that were already baselined. The Council expects the Administration to add the $16.1 million needed for SYEP's minimum wage increases in the Fiscal 2018 Executive Budget.
- **Anti-Eviction Legal Services.** The Administration and the Council have agreed to launch a Right to Counsel program that will offer tenants in New York City Housing Court free legal counseling and representation. The program will be phased in over five years but the Preliminary Budget does not include funding for the initiative. Cost in Fiscal 2018 are expected to total $15 million.

Council Forecast

The Finance Division believes that the OMB has continued its history of cautious tax revenue forecasting[2] and that actual City tax revenues will be stronger throughout the financial plan. The Council's forecast adds $259 million in additional resources though the end of Fiscal 2018.[3] However, the Council does agree with the fiscal prudence that guides OMB's forecast. The Council addresses it through the City's reserves. Indeed, the Council shares OMB's outlook of mixed signals in the economy which underline the need for caution.

National Economy

The national economy continues to show mixed signs in its lackluster recovery. On the bright side, there's been strong back-to-back employment growth in January and February 2017, adding 238,000 and 235,000 jobs respectively. However, year-over-year job growth in the fourth quarter of 2016 was the weakest since the first quarter of 2014. The unemployment rate was only slightly changed in February, at 4.7 percent. Additionally, the labor force participation rate still stagnates at only 63 percent.[4] Wage growth, while beginning to pick up, continues to be subpar. Average hourly earnings rose by only 71 cents or 2.8 percent year-over-year. Real gross domestic product grew at a very moderate 2.1 percent in the fourth quarter of 2016, and IHS Global Insight expects the new normal for GDP growth to be only around 2.3 percent annually. In the future, it is unlikely the U.S will experience long-term trends of 3 percent growth experienced in previous decades. Undergirding the weak economic growth is the chronically meager labor productivity, which grew only 1.0 percent in the fourth quarter of 2016 year-over-year and show growth of the labor force.[5]

City Economy

The City's economy is showing distinct signs of slowing. In March 2016 the U.S. Bureau of Labor Statistics (BLS) released its annual benchmarking of the City's employment numbers, with full payroll data replacing a sampling of companies. The revised numbers further underscored a City economy still growing, but more slowly. What was previously reported as an additional 89,500 jobs in 2016, compared to 2015, was revised downwards to 86,100 – representing a two percent increase instead of 2.1 percent. Of greater concern was the fourth quarter of 2016 slowing down more sharply after benchmarking than previously reported. The number of jobs added in the fourth quarter 2016 compared to the fourth quarter 2015, was revised down from 66,000 to 54,000. This is a less than half the job growth of 125,000 and 131,200 in 2015 and 2014 respectively.

Major City sectors reflected the slower employment growth in 2016, and sharper deceleration in the fourth quarter of 2016. They include finance, business services, information, and leisure and hospitality. Retail has been losing jobs since the beginning of 2015. Health care and social assistance, on the other hand, maintained healthy payroll growth in 2016.

The City's unemployment rate has proven to be a bright spot, having declined to 4.5 percent in January 2017 from 5.3 percent a year ago. However, over the same period, the City's labor-force participation rate also edged-down to 59.9 percent, from 60.1 percent.

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[2] http://www.gothamgazette.com/city/6607-savings-debate-intensifies-ahead-of-city-budget-modification

[3] For more detail about the Council's forecast, please see Financial Plan Overview, Economy, Revenue, Pensions, Capital, and Debt. http://legistar.council.nyc.gov/MeetingDetail.aspx?ID=533013&GUID=7795F509-0628-4949-85DF-D9574BCB26B5&Options=info&Search=

[4] U.S. Bureau of Labor Statistics, 'Employment Situation,' February 2017.

[5]. IHS Economics. Pg 3.

Private sector average wages were estimated to have grown by less than half a percent in 2016, after growing by only nine-tenths of a percent in 2015. The low average wage growth in 2016 was largely attributed to the securities industry, where average wages fell by almost three percent in 2016.

Looking ahead, the Council's Finance Division expects the slowdown in job growth to continue, with jobs growing at 1.3 percent in 2017 and slowing to less than one percent by 2021, similar to OMB's projection. The Finance Division expects the private average wage to bounce back – growing at 3.1 percent in 2017 and averaging three percent in 2018 through 2021. This is slightly weaker than OMB's projection.

Forecast of Selected Economic Indicators: National and New York City, CY 2016-2021

	CY16	CY17	CY18	CY19	CY20	CY21
NATIONAL ECONOMY						
Real GDP %	**1.6**	**2.3**	**2.6**	**2.3**	**2.2**	**2.2**
Private Employment						
Level Change, '000	2,289	2,253	1,930	1,356	1,061	1,150
Percent Change, %	1.9	1.8	1.6	1.1	0.8	0.9
Unemployment Rate, %	**4.9**	**4.6**	**4.2**	**4.1**	**4.2**	**4.3**
Total Wages %	**2.4**	**2.5**	**3.1**	**3.3**	**3.3**	**3.3**
Interest rates %						
3-Month Treasury Bill	0.32	0.89	1.65	2.51	2.85	2.85
30-Year Conventional Mortgage Fixed	3.65	4.48	5.04	5.80	6.08	6.08
NEW YORK CITY ECONOMY						
Real GCP %	**1.7**	**1.8**	**2.4**	**1.9**	**1.7**	**1.9**
Private Employment						
Level Change, '000	84.9	50.4	52.0	54.3	43.1	36.6
Percent Change, %	2.3	1.3	1.4	1.4	1.1	0.9
Average Private Wages %	**0.4**	**3.1**	**3.3**	**2.7**	**2.6**	**2.9**
Total Private Wages %	**2.8**	**4.5**	**4.7**	**4.2**	**3.7**	**3.9**
NYSE Member Firms %						
Total Revenue	4.7	8.3	4.1	0.6	1.5	3.2
Total Compensation	-1.0	8.1	5.7	3.8	4.3	5.3

Source: *IHS Global Insight, March 2017 (Nat'l); New York City Council Finance Division (City)*

Tax Revenues

The Finance Division forecasts a 2.8 percent increase in tax collections in Fiscal 2017, following a 3.0 percent increase in Fiscal 2016. This would be the second consecutive year of reduced growth in tax revenue, reflecting a less dynamic City economy. Collections are expected to rebound in Fiscal 2018 by 4.0 percent, and average 4.1 percent in the outyears, as business activity and equity markets regain a stronger footing. This is still a far cry from the dynamic years of 2011 – 2015, when tax revenues grew at an average annual rate of 6.8 percent.

Property tax collections will maintain strong growth of between five and seven percent per year throughout the financial plan driven by a recent history of strong market value growth. Transaction tax collections, which include the real property transfer tax (RPTT) and mortgage recording tax (MRT), are expected to dive by roughly 13 percent in Fiscal 2017, due to fewer high-end commercial sales and a softer Manhattan housing market. After only one percent growth in Fiscal 2016, personal income tax collections

(PIT) are expected to recover, driven by the stock market's rebound and continuous gains in employment and wages.

Turning to the two business taxes, the unincorporated business tax (UBT) is expected to continue its moderate growth of roughly four percent annually. The general corporation tax (GCT), after falling 11 percent in Fiscal 2016, is expected to mildly rebound later this year as corporate profits resume growth; but maintaining less than two percent annual growth through the Plan. Sales tax collections are growing at a moderate pace of between 3 and 4 percent in Fiscal 2017, supported by rising employment, wages, and high consumer confidence, despite the offsetting challenges from reduced tourist spending. In short, strong revenues from the property tax and moderate collections from the PIT, business, transactions, and sales taxes are reflecting a City economy that's still growing, but with less steam than in the recent past.

Council Forecast: Difference from OMB Forecast
Dollars in Millions

	FY17	FY18	FY19	FY20	FY21
Real Property	$0	($11)	$128	$317	$371
Personal Income	(17)	34	29	(248)	(276)
General Corp. & Banking Corp.	(58)	49	11	34	(19)
Unincorporated Business	12	22	62	5	8
Sales	66	(13)	(57)	(114)	(131)
Commercial Rent	4	7	6	1	(5)
Real Property Transfer	54	16	16	(4)	27
Mortgage Recording	35	20	37	60	92
Utility	12	9	9	7	5
Hotel	7	9	14	22	30
All Other*	0	0	0	0	0
Audits	0	0	0	0	0
Total Taxes	**$116**	**$143**	**$255**	**$82**	**$104**

Source: *Council Finance Division, OMB Fiscal 2018 Preliminary Financial Plan*

Contingencies and Planning for Uncertainty

Federal Budget Uncertainty

The new President and Congress pose significant threats to the Federal Aid received by New York City.[6] The erratic nature of the Trump Administration and the novel feature of its policies – including its populism and economic nationalism – create significant uncertainty concerning the Federal budget and its impact on New York City.

The 'skinny' version of the President's Executive Budget was released on March 16th, to be followed by a full version by late spring.[7] The 'skinny' version serves as a blueprint for the President's budget priorities in Fiscal Year 2018, and only includes information regarding federal discretionary spending, so mandatory programs like Medicaid and the Supplemental Nutrition Assistance Program (SNAP) are not included, though they may see cuts when the full budget is released.

[6] This analysis is an update of fuller discussion found in "Report on the Mayor's 2018 Preliminary Budget: Financial Plan Overview, Economy, Revenue, Pensions and Debt Service" prepared for the March 2, 2017 hearing of the Committee on Finance pp 30-33.

[7] United States Office of Management and Budget. *America First: A Budget Blueprint to Make America Great Again*. 2017. See https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/2018_bluepatrint.pdf

The budget outlines proposed spending cuts to most government agencies to pay for a $52 billion increase in defense spending, along with smaller increases for veterans' affairs and homeland security. The Finance Division estimates this proposal, if enacted, would result in a reduction in aid to the City of over $700 million. Related to the City's budget, the President's proposal calls for eliminating Community Development Block Grant (CDBG) funding, which accounts for $238.9 million spread across several agencies. The Mayor has also identified $190 million in counterterrorism funding at risk, as well as $140 million in public education funding.[8] Other programs the City receives federal funding for that would be cut by the President's budget include the Low-Income Home Energy Assistant Program (LIHEAP), the Community Services Block Grant Program (CSBG), and the State Criminal Alien Assistance Program (SCAAP). Not all of the cuts in agency spending are fully detailed in the budget, but given the size of the agency cuts, there may be more federal funding at risk.

Outside the City's budget, the elimination of the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH) could affect the City's cultural institutions. Cuts to federal transit funding may jeopardize projects such as Phase Two of the Second Avenue Subway and the Hudson Tunnel. Cuts to the New York City Housing Authority (NYCHA), which have already been identified as high as $150 million, would impact the more than 400,000 New Yorkers living in public housing.[9]

The failure of the American Health Care Act (AHCA) has reduced the threat to the City and its health care institutions. The proposed repeal of the Affordable Care Act would pose a serious threat to Health and Hospitals, and the associated reduction in Federal Medical Assistance Percentage (FMAP) for Medicaid expansion could drive a substantial hole in New York State's budget. Things are hopeful but we cannot assume the threat has disappeared.

The attitudes reflected in these proposals, towards cities, health care, social services, and the overall wellbeing of people looking to government to improve their lives, will have consequences for the next four years. Moreover, this is just the start, as the real budgetary impact could occur when the Administration and Congress seek to cut taxes for high income households while trying to appear to be addressing the long run Federal deficit.

It is highly unlikely that these measures will be enacted as proposed. The Council is working with the Mayor, its Congressional delegation, elected leaders from around the City, and colleagues in other cities and states to fight off the worst. We take heart at the growing and energized portion of the public that has become known as the Resistance. Together we will make a difference.

Tools to Address Uncertainty

Faced with a shortfall of Federal Aid, the City will need to use its reserves or make adjustments on the expense side of the budget to make up the lost revenue. As noted above the City has excellent tools to do this and it is important that it continues to use them proactively.

There is one area where the City's budgetary process is not well structured to address this uncertainty: taxes and the revenue budget. Put simply, adjustments to the kind of changes under discussion by the Trump Administration will be easier if it is possible to adjust both sides of the budget.

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[8] See http://www.amny.com/news/politics/trump-s-budget-cuts-condemned-by-de-blasio-nyc-officials-1.13274678

[9] See https://www.wsj.com/articles/federal-aid-reduced-for-new-york-city-housing-authority-1488844639

The City's powers here are heavily constrained by the State. The City's only major power is to raise the property tax rate and to increase the effective rate of the commercial rent tax. The Council would be reluctant to do either. Other options will be needed.

To be absolutely clear, the Council believes that the Fiscal 2018 budget will be balanced without recourse to tax increases and other revenue enhancements. In fact, this financial plan calls for $104 million in tax reductions. Nonetheless, a stand-by authority to raise $500 million would help the City protect vital services from future federal actions. Stand-by authority is not unprecedented: Governor Cuomo asked for stand by authority to adjust parts of the State's Fiscal 2017-2018 budget to address this same budgetary uncertainty. This authority could include the right to raise rates or expand the base of a single tax or a set of taxes.

Below are some principles that the Council believes should be connected to any increase as well as some examples of policies that meet these criteria.

Taxes on Households with Growing Income and Reductions of Inefficient Tax Expenditures

The Council's preferred options are those that focus on households with growing income or that eliminate inefficient tax expenditures. Between 2009 and 2013 in the United States, the top 1 percent captured 85.1 percent of total income growth, and in New York State, the top 1 percent absorbed all of the income growth.[10] In New York City, the top 1 percent of tax filers accounted for 39 percent of the total adjusted gross income reported in 2015.[11] At simplest, this is an attractive source of revenue because 'that is where the money is.' It is also an old observation that it is easier to pay new taxes with growing incomes than with stagnant ones.[12] The City offers economic opportunities that are hard to find elsewhere and with the City's exceptional quality of amenities and attractions, the most affluent residents are generally more willing to tolerate a tax increase than they would be if they lived elsewhere. It is both equitable and efficient that higher-income households make a commensurately larger contribution to the City's upkeep.

Tax expenditures are special tax breaks given to achieve a public purpose. When they fail to achieve that purpose – or when they do so at too high a cost – it is good policy to back away from them.[13]

Examples of revenue enhancements of this kind include:

- An increase in the Personal Income Tax rate on New York City residents who report more than $500,000 in taxable income. The top tax rate on every dollar above $500,000 would increase to 4.41 percent from 3.88 percent. This would raise around $580 million.
- Eliminate the tax exemption for Carried Interest on the unincorporated tax. This is an inefficient and inequitable tax expenditure that gives a tax break to management firms that run private equity funds, venture capital funds, angel funds, hedge funds, and certain real estate funds. It is hard to think of why the compensation to these fund management companies should be treated

[10] Sommeiller, Estelle, Mark Price, and Ellis Wazeter, 'Income Inequality in the U.S. by State, Metropolitan Area, and County,' Economic Policy Institute, June 16, 2016.
[11] New York State Population Study File - Preliminary, Tax Year 2015.
[12] The economic case for progressive taxation rests on different grounds see: Diamond, Peter and Emmanuel Saez. 2011. "The Case for a Progressive Tax: From Basic Research to Policy Recommendations." *Journal of Economic Perspectives*, 25(4): 165-90.
[13] The New York City Council Task Force on Economic Development Tax Expenditures, "Evaluating Economic Development Tax Expenditures: *Final Report" September 22, 2016*
http://legistar.council.nyc.gov/MeetingDetail.aspx?ID=505484&GUID=83EE8992-BD81-4F49-8B60-D0E6BD17C253&Options=info&Search

differently from income to any other partnerships (i.e. auto repair shops, cheese shops, or medical partnerships). The Council's Finance Division estimates an increase in revenues of approximately $200 million annually if this exemption were eliminated.

Sales and Excise Taxes

Broadening the base of the City's sales and excise taxes is also an attractive way to enhance revenues, especially when other goals can be achieved in doing so.

At simplest, sales taxes should include as many final consumer goods and services as possible to distort consumer purchases as little as possible. Certain goods and services are excluded from the sales tax to achieve a public purpose. Where there are no longer good reasons for such exemptions, it is both fair and economically efficient to bring such services under the sales tax.

There are also goods and services that it pays to tax at a higher rate in order to encourage socially responsible behavior. 'Sin taxes' can raise revenue and reduce behavior that imposes costs on the individual or business itself in the future, like smoking. In the language of behavioral economics, such taxes reduce negative internalities. Some taxes, like gasoline taxes, can reduce harm to innocent third parties, reducing negative externalities. Both of these types of taxes are especially attractive.

It should be noted that the above changes may be viewed as regressive, as low income taxpayers spend a higher share of their income on consumption than do wealthier taxpayers. This is why new revenue raised from such changes should be partially offset by increases in the City's earned income tax credit (EITC) or of the City's household credit to protect low income residents.[14]

Examples of revenue enhancements of this kind include:

- Impose a 75 percent excise tax on e-cigarettes. The City does not currently impose an additional tax on electronic nicotine delivery systems (ENDS), but the U.S Food and Drug Administration has yet to prove them safe. Although currently considered safer than traditional tobacco cigarettes, ENDS not only contain the addictive stimulant nicotine, but are frequently flavored in ways that appeal to young people, a demographic whose use of ENDS has been surging in recent years.[15] If the City implemented a 75 percent wholesale tax on ENDS products, revenue could amount to $38 million annually.[16]
- Repeal the exemption on interior decorating and design services. The City currently exempts anyone who sells interior decorating or design services from local sales tax. However, these services are still taxable at the full state tax rate of 4 percent and the 3/8 percent Metropolitan Commuter Transportation District (MCTD) sales tax. If this exemption were repealed on this high-sales industry, $20 million could be generated annually.[17]
- Include live theatrical performances, movie theater tickets, and other amusements in the sales tax base. Sales of tickets to live dramatic or musical performances, etc. are exempted from the state tax rate of 4.0 percent, the City rate of 4.5 percent, and the 0.375 percent Metropolitan Commuter Transportation District (MCTD) sales tax. Tickets sales for these events and activities

[14] For a discussion see: New York State Tax Reform and Fairness Commission, "Final Report" November 2013.
[15] See https://www.cdc.gov/mmwr/volumes/65/wr/mm6514a1.htm
[16] http://www.ibo.nyc.ny.us/iboreports/broadening-the-tax-on-sales-and-services-options-march-2017.pdf pg 8
[17] http://www.ibo.nyc.ny.us/iboreports/broadening-the-tax-on-sales-and-services-options-march-2017.pdf pg 1

total in the billions, with the majority being purchased by tourists. $86 million could be generated annually if such ticket sales were added to the City's tax base.[18]

[18] http://www.ibo.nyc.ny.us/iboreports/broadening-the-tax-on-sales-and-services-options-march-2017.pdf pg 10

Building the City's Infrastructure

The City's infrastructure is of paramount importance to the City's fiscal health as well as the health and well-being of all of its citizens. Investments in cleaning and preserving the City's water, along with repaving roads, maintaining bridges, adding capacity to the City's mass transit system, and expanding and creating new parks are just some of the projects included in the City's Capital Plan. The Council is proud to have been a part of the creation of such an ambitious plan that will directly benefit all New Yorkers. However, the Council believes there are some adjustments that should be made to better reflect the priority of the City and its residents, such as the eventual closure of the Rikers Correctional Facility. In addition, the Council believes there is room for improvement in how the City executes the Capital Plan.

Align the Capital Plan with the City's Ability to Execute Capital Projects

The City's Fiscal 2018 Preliminary Capital Commitment Plan totals $64 billion in Fiscal Years 2017 through 2020. The Preliminary Commitment Plan is $4.2 billion greater than the $59.8 billion scheduled in the Adopted Commitment Plan, which was released just three months prior to the Preliminary Commitment Plan. Although the Plan schedules average annual commitments of $16 billion, the City's average level of actual commitments is $8.3 billion (All funds) from Fiscal 2003 through Fiscal 2006. The discrepancy between the City's Commitment Plan and its actual commitments, along with the plan's rapid growth, is of deep concern to the Council.

The Council suggests that the projects included in the Executive Commitment Plan, forecasted in a fiscal year be more closely aligned with the City's ability to execute these projects, rather than chronically front-loading the City's existing capital plan. Not only will this increase the transparency of the Capital Commitment Plan, it will allow the Administration and the Council to more accurately track the City's performance in completing capital projects. In addition, the Council is asking the Administration to fund the Council's project proposals by repurposing current commitment plan dollars rather than increasing the size of the overall plan.

Reduce Excess Capital Appropriations in the Capital Commitment Plan

One of the results of the City's difficulty in executing its capital plan is the buildup of excess appropriations. Simply put, appropriations are the City's legal authority to spend capital dollars. When the City commits less than the full amount of the capital plan, excess appropriations are rolled forward into the next fiscal year. Over a small period of time, the City's level of appropriations can far exceed the current year plan and allow the Administration to avoid seeking Council approval for significant mid-year changes to the capital plan. The level of City appropriations in the Preliminary Capital Commitment plan (less actuals) is $27.7 billion against a Fiscal 2017 commitment plan of $17.1 billion (City funds). The Council calls on the Administration to significantly reduce excess appropriations in the capital plan and restore the Administration's partnership with the City Council in the capital planning process.

Establish a Task Force to Speed the Completion of Capital Projects

The City Council calls on the Administration to convene a multi-agency task force, led by the Office of Management and Budget and consisting of representatives from the City Council, along with key stakeholders from City agencies with large capital programs in their purview. The task force would meet quarterly and develop strategies and solutions to issues that are unnecessarily slowing down the progress of capital projects.

Defund the New Jail Construction Project

Speaker Mark-Viverito called for fundamental criminal justice reform, including the closure of Rikers Island In her 2016 State of the City address Pursuant to this, the Speaker appointed former New York State Chief Judge Jonathan Lippman to chair an Independent Commission on New York City Criminal Justice and Incarceration Reform (the Commission), charged with exploring ways to reduce the population of Rikers Island and provide recommendations on how to improve safety at nearly every step of the criminal justice process.

On April 2, 2017 the Commission released its recommendations and called for closing Rikers Island, building state-of-the-art jails in all five boroughs located closer to the courts and, investing in a new training academy and reforms at multiple stages of the criminal justice process The commissions reforms would cut the City's jail population in half over the next 10 years, allowing for the closure of Rikers Island.

The Commission projects the construction costs for five new borough facilities and a new training facility to be $11 billion. DOC's capital budget includes $501 million to build a new jail on Rikers Island, which has been in the Department's capital budget for several years. DOC should not build any new jails on Rikers Island. Its capital budget should be restructured to reflect the recommendations of the Commission, which calls for the closure of Rikers Island, as well as the other reforms that were outlined.

Move Adolescents Off Rikers

DOC's Fiscal 2018 Preliminary Capital Commitment Plan includes $170 million for a new facility to house adolescent inmates off of Rikers Island. Removal of adolescents from Rikers should be a top priority. The Council calls on the Administration to expedite the design and construction of the adolescent facility.

Build a New DOC Training Academy

The Council calls on the Administration to increase DOC's Capital Budget to support construction of a new training facility off of Rikers. DOC's current training academy is limited in space and in poor physical condition. These deficiencies inhibit DOC's ability to reliably and consistently train its staff. The current facility is in use 24-hours-per-day; there are few bathrooms; there are 12 windowless classrooms; and space is crowded. The building conditions inhibit students' ability to practice and learn techniques. To accommodate recruit and staff training, DOC has moved some training classes to John Jay College, but that space is limited and only temporary. A new training academy will allow DOC to adequately train its staff in a safe and consistent manner.

Fast Track New York City Housing Authority Roof Repairs

The Preliminary Capital Commitment Plan for 2016-2019 allocated $100 million per year over three years for a roof repair program to address health related hazards in NYCHA developments. The Preliminary Capital Commitment Plan for Fiscal 2017-2020 continues this commitment and allocates an additional $111 million for roof repairs in Fiscal 2019 and 2020 bringing the total commitment for roof repairs to $522 million over four years. In total, the existing scope of roof repair work encompasses 952 buildings and is budgeted at $1.3 billion over a ten-year period. This program will impact approximately 175,478 NYCHA residents. While this is an important commitment, NYCHA has indicated that it has the capacity to complete $1 billion worth of roof repairs over a five-year period. As such, the Administration should speed the roof repair program by increasing the allocation to $200 million per year.

Education Capital

DOE is the largest public school system in the country, overseeing the education of approximately 1.1 million students in over 1,800 schools. The following proposals call upon the DOE to improve its infrastructure such as by increasing the accessibility of schools, adding of space for essential school components such as cafeterias and gymnasiums, and air conditioned schools. These capital improvements are essential to ensure that the City is able to accommodate all students seeking public education. It is important to recognize that the DOE's Preliminary Ten-Year Capital Strategy fully funds the projected need for the construction of all K- 12 school seats, and the Council applauds the Administration for this effort. Given the considerable challenges associated with finding appropriate sites for new schools and managing multiple large scale building construction projects simultaneously, the Council recommends a more flexible allocation of capacity funding so that projects that add essential school components and instructional space can be carried out as part of the capacity program.

Improving Accessibility in NYC Public Schools

According to data provided by the DOE only 933, or approximately half of non-District 75 schools, are partially or fully accessible to students with mobility impairments. Most of these schools—approximately three-fourths—are only partially accessible. The number of accessible schools varies widely across school districts, and some districts have no schools that are fully accessible to students in certain grades. In addition, many schools used as poll sites are not fully accessible and the City's Board of Elections uses expense funding to make these sites temporarily accessible for elections. The Council proposes that the DOE allocate $100 million per year for the Accessibility program to increase the number of accessible schools, particularly in districts with low portions of accessible schools and at schools used as poll sites.

Build Essential School Components

Throughout the City there are many public schools that do not have cafeterias, gymnasiums, and/or auditoriums. Some schools lack one or more of these facilities altogether, while other schools have spaces that serve two or all of these functions. Schools in buildings that do have these spaces may share them with co-located schools. The School Construction Authority (SCA) should use the existing $5.9 billion Capacity funding in the Five-Year Capital Plan to ensure that as many schools as possible have dedicated auditorium, cafeteria, and physical education space, as well as other school components that are essential for specific instructional programs. The Capacity program currently includes funding for 161 projects, over 39 of which are currently unsited for over 20,000 new K-12 school seats. Many of these projects will not be completed within the current Five-Year Plan so that funding should be repurposed for the smaller and more feasible goal of building gymnasiums, auditoriums, and/or lunch rooms in schools without these dedicated spaces.

The lack of dedicated space for essential school components limits the ability of schools to meet their students' educational needs. Most concerning to the Council is the lack of dedicated physical education space. The DOE has invested expense funding to increase the number of licensed physical education teachers and provide professional development on how teachers can deliver appropriate physical education without dedicated space for this instruction. Despite this investment there is concern that schools without gymnasiums or athletic fields inherently cannot provide adequate physical education. More broadly, the lack of dedicated space for essential school components creates scheduling difficulties and limits the kind of enrichment and afterschool programming that a school can offer, as well as constrains community use of school space outside of school hours. As the SCA uses Capacity funding to build both new schools and school additions, constructing essential school components should be a priority.

Air Condition Public Schools

According to data provided by the DOE, over 11,000 classrooms, or 25 percent of all public school classrooms, do not have air conditioning. The Council proposes that the SCA begin an initiative to bring air conditioning to all New York City public schools by reprioritizing $100 million from the $1.5 billion for School Enhancement Projects in the current Five-Year Capital Plan. The next Five-Year Capital Plan should also set aside $50 million per year for an air conditioning initiative.

This initiative would include a comprehensive assessment of the cost of doing necessary electrical upgrades and other capital work to bring air conditioning to all schools. The DOE should also increase expense funding by $5.5 million annually over the next five years for the purchase of window AC units in the 11,000 classrooms without air conditioning; however, whenever possible, air conditioning units such as split system or HVAC systems should be included in capital funding for this initiative. We urge the Administration in particular to prioritize District 75 schools and classrooms, as this district is more likely to have students attending school over the summer. Finally, the Department should also include non-classroom school spaces, such as auditoriums and gymnasiums, that are used for instruction and essential school programs, in the air conditioning initiative.

Increase Transparency of the DOE's Five-Year Capital Plan

The Department of Education's capital program is essential to providing quality education to millions of New Yorkers. Given the importance of the DOE's Five-Year Capital Plan, as well as its size and density, the Plan's publication format should be changed to make it more transparent, understandable and detailed for the benefit of both policy makers and the public.

The February 2017 Proposed Amendment to the Fiscal 2015-2019 Five-Year Capital Plan is $15.5 billion, containing thousands of projects. This Proposed Amendment is almost 800 pages, but is only available in PDF format. Furthermore, the Proposed Amendment includes no actual costs for projects completed and in fact does not indicate whether a project has been completed. Finally, projects funded by the New York City Council and Borough Presidents, commonly referred to as "Reso A" projects, are not itemized in the Proposed Amendment. The School Construction Authority should publish the Five-Year Capital Plan in a universal machine-readable format. In addition, the Five-Year Capital Plan should reflect the actual costs for projects that have been completed and should indicate if a project is planned, in-progress, or completed. Finally, Reso A projects should be listed in the plan, either under their own category or under the appropriate existing category, as well as listed in the school based program appendices. Finally, SCA should publish only one, rather than three versions of the Plan. Capital funding for the DOE makes up one-fifth of the City's entire capital budget, so transparency in the DOE's Five-Year Capital Plan is essential.

Ensure Funding for the Full Construction of New Animal Centers

During the Fiscal 2017 budget negotiation process, the City Council advocated for capital funding to support the construction of full-service animal centers in Queens and the Bronx and secured $10 million for the projects. However, the City's Ten-Year Capital Strategy for Fiscal 2018-2027 does not include any additional funding for the projects. Increasing capital funding for the animal centers would enable the City to fund the projects beyond the land acquisition phase, providing necessary equipment and infrastructure. The Council calls on the Administration to provide all of the capital funding necessary to complete the construction of the full-service animal shelters in Queens and the Bronx.

Renovate Richmond University Medical Center Emergency Room

Richmond University Medical Center's Emergency Department is housed in a more than 30-year-old building designed to accommodate approximately 22,000 patients per year; however, the emergency room currently accommodates approximately 65,000 patients per year. Last fiscal year, the City Council allocated $13.5 million to renovate the emergency department. The Council calls on the Administration to provide all of the capital funding necessary to complete the full renovation of Richmond University Medical Center Emergency Room.

Provide Funding for the East River Esplanade

The East River Esplanade, stretching from East 60th Street to 125th Street, is a beautiful park serving the communities of East Midtown, the Upper East Side, and East Harlem, as well as connecting the Manhattan Waterfront Greenway for cyclists and all New Yorkers. It is also a bulwark against flooding from rising sea levels and more frequent extreme weather events caused by climate change. Unfortunately, the esplanade is currently in a state of disrepair.

The Department of Parks and Recreation has studied the structural integrity of the Esplanade, and has requested $169 million in the 10-year Capital Plan to repair the seawall. This investment follows the first phase of funding for this project totaling more than $37 million including allocations from the City Council.

Because the Parks Department's study found that the sea wall continues to deteriorate rapidly, and any delay to this work will raise the cost of the project significantly, the Council calls on the Administration to include capital funding of $169 million for the East River Esplanade reconstruction.

Fund Parks Without Borders

The Fiscal 2017 Adopted Capital Commitment Plan includes $16 million in Fiscal 2017-2020 for the Parks Without Borders initiative. Parks Without Borders' goal is to make parks more open, welcoming, and beautiful by improving entrances, and park-adjacent spaces. Currently, the funding for this initiative has gone down because as projects are identified, funds are moved to those specific projects and drawn down. The Council calls on the Administration to include an additional $30 million to support additional Parks Without Borders Parks projects.

Buildout Bus Rapid Transit

Many of the transit improvements the city has implemented in recent years, such as bike lanes, select bus service routes, and the expansion of the subway system in Manhattan, have not eased the burden many New Yorkers with back-breaking commutes who live in low-to-moderate-income areas in the outer boroughs experience daily. Given the relatively low costs of implementing Select Bus Service (SBS) routes, maximizing the use of SBS with expanded routes would help meet the transportation needs of more New Yorkers. As such, the Council urges the Administration to consider several additional SBS routes citywide that would provide more equitable access and faster transit services.

Meet Critical Library Maintenance Needs

The 217 library branches host libraries nearly 40 million visitors a year. Many branches have pressing needs for renovation and repair. Maintaining aging infrastructure has been a continuous challenge for the library system. Most branches are heavily used but were not constructed to accommodate the traffic that has come about due to growth in the demand for services. The Council urges the Mayor to add an additional $40 million for each system in Fiscal 2018, for a total of $120 million to meet critical maintenance needs. The Administration should also look to increase funding to libraries in its Ten-Year Capital Plan to ensure long-term sustainability.

Build a New Rescue One Firehouse in Manhattan

The Council calls upon the Administration to include $40 million in the Fiscal 2017-2021 Capital Budget for a new Rescue One station. Rescue One, located in Midtown West, is challenged by several facility-related issues, such as lack of space for training and for the storage of specialized equipment. Furthermore, due to a lack of space, the company houses its second fire apparatus on the Upper East Side, which can cause logistical and operational concerns. While each borough has a rescue company, Rescue One responds to a wider-variety of emergencies that often require specialized technical responses, such as high-rise rescues providing support to the United Nations, and support during Presidential visits.

Fund the North Shore Recreation Center

The Cromwell Recreation Center (the Center), opened in the 1950s. The Center was once the largest public recreation center on Staten Island, and served an average of 750 people daily. Unfortunately, Super Storm Sandy damaged the Center beyond repair.

Subsequently, the Center and its associated support structure were demolished through a FEMA funded contract with Department of Design and Construction. Following the demolition, through Office of Management and Budget's pre-scoping program, Department of Parks and Recreation commenced a feasibility study to find an alternate site that would accommodate the programming space lost by the removal of the Cromwell Center. Three sites were considered in the study - Lyons Pool, Goodhue Centre, and DSNY District 1 Garage. The Study is now 95 percent complete and DPR has selected Lyons Pool as the preferred location for the replacement recreation center. However, funding has yet to be allocated for the Center reconstruction. At the same time, in the very vicinity of Cromwell Recreation Center's former location, Staten Island's Northshore waterfront is experiencing the largest economic development project in over 30 years, with the development of a new court house, an observation wheel, malls with high end stores, a luxury hotel, and exclusive waterfront apartments. Unfortunately, the same cannot be said for public use facilities. Staten Island has not broken ground on a single facility for public use on the Northshore waterfront. In order to change that, the Council calls on the Administration to include capital funding in the Fiscal 2018 Budget for the reconstruction or replacement of the Cromwell Recreation Center in Staten Island.

Expand Citi Bike

Citi Bike is a low cost and efficient way to provide new transportation options to New Yorkers and reduce the number of transit deserts in New York City. Increased public funding would allow Citi Bike to expand into many low-income neighborhoods, such as the South Bronx, Bushwick, Sunset Park, and eastern Bedford-Stuyvesant. Expanding Citi Bike could also help close health gaps by encouraging physical activity in underserved communities. In this regard, Citi Bike can serve as true equalizer for our City, helping to resolve the problem of transit and health inequity for New Yorkers of all backgrounds.

Public funding of Citi Bike is the only way to ensure a truly equitable five borough system and enable Citi Bike to expand to be accessible to all New Yorkers. The Council urges the Administration to include baseline funding of $12 million in Department of Transportation's budget in Fiscal 2018 to provide funding for an increased expansion of Citi Bike service.

Tackling Inequality and Advancing Fairness in Our City

As the cost of living continues to increase in New York City, far too many New Yorkers struggle to keep pace with daily costs. Tackling inequality and advancing fairness in our City to address the issues around affordability and opportunity is essential, especially for our youth. Last year, the nationwide youth unemployment rate for 16-to-24-year-olds was 11.5 percent or approximately 2.6 million youth.[19] The highest rates of unemployment are seen within minority populations, including Blacks (20.6 percent), Latinos (10.8 percent) and Asians (10 percent).[20] Involuntary unemployment amongst 16-to-24-year-olds has been shown to correlate with lower lifetime earning potential and greater likelihood of future unemployment, leaving large segments of the population at-risk for involvement in the criminal justice system.[21,22] [23] To prepare youth for the workforce, the City needs to make greater investments in the Summer Youth Employment Program (SYEP), which provides paid summer employment for youth up to six weeks and baseline the Council-funded Work, Learn, and Grow program, which extends the benefits of the SYEP into a 12-month model. In addition, the City should restore funding to School's Out NYC (SONYC), the after-school program for middle school students. Investing in these services will have beneficial impacts not only for the future career opportunities for youth, but also adds experienced workers to the City's employment pool.

Tackling inequality also requires addressing food insecurity. According to Feeding America, the nation's leading hunger-relief organization, New York City residents missed approximately 242 million meals in a single year.[24] Eliminating school lunch fees and increasing the City's investment in the Emergency Food Assistance Program (EFAP) are ways to combat hunger and provide needy New Yorkers with secure sources of food.

Finally, advancing fairness in the City necessitates providing support to small business, training low-income New Yorkers on how to start businesses, and provide tax-relief for homeowners and veterans.

Expand the Summer Youth Employment Program

The Council was eager to work with the Administration to convene the Youth Employment Task Force during the Fall of 2016, engaging leaders from across New York City to develop new ideas for improving and innovating the Summer Youth Employment Program (SYEP) and the Council's year-round youth employment program, Work, Learn, Grow (WLG). Several recommendations to emerge from the Task Force include pilot programs to test improvements ahead of the release of a new request for proposals in Fiscal 2018. While the final report outlining the Task Force's recommendations has not yet been made public, its release is anticipated ahead of the Fiscal 2018 Executive Budget. The Council expects the Fiscal 2018 Executive Budget to support the proposed pilots and reflect any necessary funding.

However, the Task Force did not address the overwhelming demand for jobs from young New Yorkers looking for summer work opportunities. For the Summer of 2016 alone, nearly 140,000 New Yorkers between the ages of 14 and 24 applied for 60,000 available jobs. While the Fiscal 2018 Preliminary Budget adds 5,000 more jobs, bringing the current total for the Summer of 2017 to 65,000, this only begins to meet the high level of need for summer jobs. The Council calls upon the Administration to add $27.9 million for 15,000 more jobs for Fiscal 2018 and the outyears, with plans for continued growth in the

[19] U.S. Department of Labor, Bureau of Labor Statistics (2016).
[20] U.S. Department of Labor, Bureau of Labor Statistics (2016).
[21] Mroz, Thomas A. and Savage, Timothy H. (2004).
[22] McQuaid, Ronald, Raeside, Robert and Graham, Helen (2014).
[23] Munford, Tracy (2010).
[24] Feeding America (2016).

future to ensure that as many New York City young people as possible have an opportunity to develop professional skills and networks.

Expand Work, Learn, Grow

In Fiscal 2016, the Council established the City's first year-round youth employment program, Work, Learn, Grow (WLG), with the goal of extending the benefits of the Summer Youth Employment Program into a 12-month model. In the two years since, WLG has offered more than 12,000 young New Yorkers the opportunity to develop professional networks, build skill sets and gain work experience during the school year. The success of the program and its potential as a space in which to test other youth employment models were discussed at length by the City Youth Employment Task Force.

Work, Learn, Grow cannot continue to test new ideas or break new ground without a steady source of funding. By the same token, and particularly in light of the State's minimum wage increase schedule for New York City, the program cannot continue to grow or even support the same number of young people each year without a funding increase. Already, the program has seen a reduction in hours per week between Fiscal 2016 and Fiscal 2017 to be able to support the same number of participants. Thus, the Council calls upon the Administration to not only baseline the $16 million included in the Fiscal 2017 Budget for WLG, but also to restore the original weekly schedule and double the program's scope to serve 12,000 young people annually with an increase of $29.7 million. This will bring the total WLG budget to $45.7 million annually.

Increase Support for Vulnerable Youth in the Summer Youth Employment Program

SYEP has made strides over the past few years to offer extra support for the City's most vulnerable young people – youth who are involved in the justice, shelter or foster systems, or who have run away from home. The Fiscal 2018 Preliminary Budget supports 3,000 jobs for this population in the Summer Youth Employment Program. The Council calls upon the Administration to continue expand the program by $550,000 to serve 5,000 vulnerable youth this summer.

Restore SONYC Summer Programming

The Fiscal 2018 Preliminary Budget adds $15 million to support a total of 22,800 summer programming slots in School's Out NYC (SONYC), the City's after-school program for middle school students, for one year. However, the Fiscal 2017 Budget included $17.5 million to support 28,000 slots. In addition to baselining the Fiscal 2017 funding level for SONYC summer programming, the Administration should restore the program to its original size, serving 34,000 middle school students with an additional $10.2 million. This would bring the program to its original Fiscal 2015 budget of $27.7 million.

Increase Access to Emergency Food

Emergency food is a crucial part of our social safety net. Supplemental Nutrition Assistance Program or SNAP recipients often report turning to food pantries and soup kitchens after their benefits run out. Moreover, pantries ensure that no person goes hungry, regardless of their immigration status. To guarantee that our food pantries and soup kitchens never have to turn away a hungry New Yorker, the Council calls on the Administration to baseline the $4.9 million included in the Fiscal 2017 budget and increase by $9.1 million Emergency Food Assistance Program (EFAP) funding, bringing funding to a total of $22 million from the current level of $8 million. A $14 million increase will meet the basic needs of all food pantries and soup kitchens in the EFAP network across the City, and provide food relief for hundreds of thousands of New Yorkers.

Eliminate School Lunch Fees

Currently, all children enrolled in the City's pre-K program receive free lunch, as do all middle school students who attend stand-alone middle schools. However, all students enrolled in a school that serves kindergarten through 8th grade and high school do not receive a free or subsidized school lunch unless they qualify based on their parents' income. The Community Eligibility Option is a federal entitlement program in which localities can participate where at least 40 percent of students qualify for public assistance. One of the advantages of this program is that because all students are eligible to participate, it removes the stigma of receiving a free meal at school. The Council urges the Administration to eliminate lunch fees at all public schools.

Offer Tax Relief to Businesses

Unincorporated businesses do not pay business taxes on their incomes at the federal or state level. Instead, their business incomes are distributed among owners and taxed at the individual owners' level. The City, on the other hand, levies business taxes on the incomes of unincorporated businesses and then taxes the same incomes again once they are distributed among the individual owners. This results in double-taxation of the same incomes. This adds to the already high cost of doing business in New York City, especially for small businesses. In the past, some incentives have been put in place to alleviate the double-taxation problem. The UBT Fixed Credit, and PIT credit for UBT payments were passed to help lower the tax burden on these businesses. In spite of these incentives, small businesses in the City still face higher costs compared their counterparts in neighboring cities.

To relieve small businesses of some of the burden, the Council proposes to broaden the PIT credit given to UBT payers to cover more small businesses. Under the current tax laws, UBT payers with taxable incomes of $42,000 or less receive a credit on their PIT equal to 100 percent of their UBT liability. The credit decreases to 23 percent for UBT payers with taxable incomes of $142,000 or more. With this new proposal, UBT payers with taxable incomes up to $125,000 would receive credit on their PIT equal to 100 percent of their UBT liability. The credit would decrease gradually, reaching 23 percent for payers with taxable incomes of $200,000 or more. This proposal would save over 6,200 small businesses $9.7 million in City taxes enabling them to take care of other expenses and expand their businesses.

Expand the Food Business Pathways Program

The Food Business Pathways Program is a business training program that helps NYCHA residents start food businesses. Participants receive a free 8-week intensive business course; free licenses and permits; group and one-on-one business coaching designed to move a business forward; and an opportunity to compete for the chance to receive one of five free incubator spaces for 5 months. Additionally, all participants receive assistance to secure alternative space in which to operate their food businesses. Since 2014, the program has served 139 NYCHA residents and NYCHA Section 8 voucher holders over five cohorts. An additional $82,738 would allow 35 more NYCHA residents to participate in the program.

Expand the Childcare Business Pathways Program

The NYCHA Childcare Business Pathways program is a business accelerator program for NYCHA residents who want to open a home-based day care business. The program helps streamline the application process, provides the technical assistance to help residents pass home inspections, and access New York State subsidies to create childcare businesses. Residents who are accepted into the program receive a free 15-week intensive business course; free training, licensing, and technical assistance; and business coaching to move their home-based childcare business forward. The Council believes this will cost $79,873.

Limit the Commercial Rent Tax

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

The Council proposes to eliminate the CRT for all premises paying less than $500,000 in base rent and provide a partial credit on premises with base rents between $500,000 and $550,000. This would offer some relief to small businesses in Manhattan feeling pressure from rising rents. The Council believes this will reduce CRT revenues by $55.6 million.

Budget for the Mayor's $100,000 - Jobs Creation Plan

In his 2017 State of the City address, the Mayor pledged to create 100,000 permanent jobs paying between $50,000 and $75,000 over the next ten years. While creating middle class jobs is an important goal, it will certainly be completed at some cost to the City. The budget should reflect spending that is expected to occur in pursuit of this goal.

Aside from previously announced Economic Development Corporation projects, there is no dedicated allocation towards creating these jobs in the Fiscal 2018 budget. The Council urges the Administration to connect the Mayor's job commitment to the financial allocations in the executive budget.

Replace Tax Assessment Caps with Exemptions

In New York City, all residential properties with 10 units or less have the growth of their assessments capped, regardless of the ownership of the property. While these caps help provide tax relief and predictability to owners, they are also one of the main drivers of inequity in the City's property tax system. Moreover, they are one of the reasons that the Class 1 properties' tax rate continues to rise even when the City does not change the overall tax rate. In addition, homeowners in coop and condo buildings with more than 10 units do not enjoy any form of assessment growth cap unlike other homeowners in smaller buildings. Finally, while the over 600,000 Class 1 homes in NYC currently enjoy caps on their assessment growth, the estimated 400,000 tenants in the rental units of those properties have no protection against large rent increases.

The Council believes it would be possible to address these issues in an equitable way if the City replaces the assessment caps with a series of as-of-right tax exemptions that would cap assessments in the same way that the current caps do. Increased revenues from non-resident property owners would be used to provide tax relief to NYC resident homeowners. Homeowners who receive this tax break would be required to extend the protection of this program by capping rent increases for tenants in their buildings.

Specifically, all assessment caps would be removed from the tax system. Instead, NYC homeowners who use their property as their primary residence and have incomes of $500,000 or less[25] would be eligible for a "Homeowner Tax (HOT) Exemption" which would mimic the current caps. Accompanied by a restoration of the target assessment ratio of Class 1 from 6 percent back to the 8 percent that existed prior to Fiscal 2006, Council Finance believes this would lower the typical Class 1 NYC resident homeowner's tax bill by nearly 25 percent. In addition, revenues generated by this change would cover the cost of extending this HOT exemption to coop and condo owners as well. Recipients of this break would be required to extend

[25] These are the same eligibility requirements of New York State's STAR property tax relief program

their tax protections to their tenants by limiting any rent increases in the second or third units of their properties.

Small rental buildings that are currently capped and Class 1 properties not eligible for HOT would be eligible for a "Small Affordable Rental Tax (SMART) Exemption" that would mimic the current small Class 2 caps as long as a substantial portion of the rental units had rents set at affordable levels. This would help protect the small rental buildings that are often providing relatively affordable rents.

The Council and the Administration should work together to fully develop this as a property tax reform plan that could be passed in Albany. The program would be designed to be revenue neutral.

Implement the Veterans Tax Exemption

The Veterans Exemption is different from other property tax exemptions in New York City. Unlike most exemptions, the exempt value of the property is still partially taxed. The property tax operates as a combination of two sub-rates: the school tax rate and the non-school tax rate. For the veterans' exemption, the property owner is still responsible for paying the school tax rate on the exempted value. Furthermore, the school rate varies, depending on how much State and Federal aid the City receives for its public schools. Cutbacks in State and Federal education funding can cause the tax relief provided by the exemption to shrink, as they have in the past.

On September 28, 2016, Governor Andrew Cuomo signed legislation (A.9688/S.7121) that authorized the City, through local law, to extend the exemption to the school rate. The expanded exemption could save the typical veteran homeowner approximately $700 in Fiscal 2018, growing to as much as $950 in Fiscal 2020.

This proposal would extend the Alternative Veterans' Exemption to the School Tax Rate as well. This program would reduce City property tax revenue by $41 million in Fiscal 2018. This would grant qualified veterans a deeper tax benefit on their property tax bills. It is important to look at ways to help the City's veterans, and show support for those who have sacrificed so much defending our freedoms.

Protecting and Investing in Vulnerable New Yorkers

Over the past year and a half, we have heard an increase in damaging and disturbing remarks about the most vulnerable New Yorkers – those that are foreign-born, part of religious minorities, or living at or below the poverty line. These targeted and harmful rhetoric has led to a surge of fear among immigrant New Yorkers, an increase in hate crimes across the nations, and a swelling of tension amongst those who need the most protection.

Given these circumstances, the Fiscal 2018 Preliminary Budget fails to meet the emerging and existing demands for vulnerable immigrant New Yorkers, those experiencing homelessness and victims of hate crimes. With nearly 40 percent of New Yorkers being foreign-born, record levels of homeless individuals, and increasing hate crimes – the Council calls on the Administration to make a major investment in protecting the legal and health status of immigrants, individuals experiencing homelessness, those fearing religious persecution and those at risk of living in poverty.

The election of President Trump, who has vowed to deport all undocumented immigrants and construct a physical wall along the southern border, has adversely impacted the lives of many foreign-born New Yorkers and their families. The fear of deportation and detention among immigrant New Yorkers has led to an increase in need for legal services, community education, mental health support and safety planning. This includes a $12-million investment for the institutionalization of the nation's first program guaranteeing legal representation to low-income immigrants facing deportation; a $2 million investment to establish immigrant resource centers; $1.4 million for a Citywide Know Your Rights campaign; $270 thousand for mental health support for immigrant New Yorkers; and the expansion of the Board of Election's language assistance program.

Due to severe increases in rent and declines in household incomes, and further exacerbated by the net loss of approximately 150,000 rent stabilized apartments – New York City's homeless population has hit historic highs of more than 62,000. While the Council praises the bold new plan to turn the tide on homelessness, we call on the Administration to include funding in the Fiscal 2018 Executive Budget supporting the plan and committing to creating additional shelter space for runaway and homeless youth.

Energized by the candidacy and the election of Donald Trump, the number of hate groups in the United States rose for a second year in a row in 2016.[26] In New York City, the New York Police Department (NYPD) reported a surge in hate crimes directed towards Jewish and Muslim New Yorkers. We call on the Administration to enhance the NYPD's Hate Crime Task Force and invest $50 million to increase safety at community centers at cultural institutions at risk of bias attacks.

Finally, the issue of wealth inequality continues to plague our City and prevents many low income New Yorkers from leading fulfilling lives. A January 2017 report by Oxfam International revealed that only eight men own the same wealth as the poorest half of the world, showing that the gap between rich and poor is vast.[27] Access to reliable transportation is one of the vital ways to aid low-income New Yorkers on the path to economic stability. However, many low-income New Yorkers might forgo food, their education, or looking for a job because they cannot afford to pay for a fare. To ensure that low-income New Yorkers have productive options, we call on the Administration to pilot a program to assess the efficacy of half-price fare transportation for poor New Yorkers.

[26] Southern Poverty Law Center's (SPLC). https://www.splcenter.org/news/2017/02/15/hate-groups-increase-second-consecutive-year-trump-electrifies-radical-right

[27] https://www.oxfam.org/en/pressroom/pressreleases/2017-01-16/just-8-men-own-same-wealth-half-world

Institutionalize New York Immigrant Family Unity Project

The Council launched the New York Immigrant Family Unity Project (NYIFUP) as a pilot in Fiscal 2014. It is the nation's first program guaranteeing legal representation to low-income immigrants facing deportation. In Fiscal 2017, the Council supported NYIFUP with $6.5 million. To date, NYIFUP has provided complex, high-quality legal services for more than 1,450 immigrants. The Varick Street Immigration Court will add a third judge in May 2017, which will add a third day of intake a week at the courthouse. The NYIFUP providers project that they would hit the contract maximum of 1,254 cases by mid-May 2017, before the end of the fiscal year. With heavy recent intake, and considering the Trump Administration's goals of increased detention and deportation that could possibly result in even higher docket numbers at Varick Street, there is a critical need for this program. The Council urges the Administration to baseline $6.5 million, and add an additional $5.5 million for a total of $12 million in funding for NYIFUP to continue defending the City's immigrant families in deportation proceedings.

Bolster Vital Services for Vulnerable Immigrants

Since the election of President Trump, immigrant New Yorkers have experienced an overarching fear of risk of arrest, detention, deportation, and separation from their loved ones. More importantly, there is a legitimate concern that undocumented New Yorkers will not seek health and social services due to fear of apprehension by US Immigration and Customs Enforcement (ICE) agents. Given the expected rise in the quantity and complexity of immigration cases under the Trump administration, the Council calls on the Administration to bolster vital services for vulnerable immigrants by $10 million.

There are three components to this request: (a) increase legal services for immigrants, including investment in complex-case representation; (b) extend services to unrepresented immigrant populations; and (c) support access to healthcare for immigrants. The funding for increasing legal services should go towards increasing the legal services by $6 million, which includes capacity building for providers and funding for complex-case representation; $1 million to support underserved immigrant populations, such as the black immigrant community; $2 million to address health disparities in the immigrant community, including primary care and increased mental health needs post-election; and $1 million for a rapid response team, to address the federal government's threats of ICE enforcement.

Establish Family Resource Centers for Immigrants

The Mayor's Office of Immigrant Affairs (MOIA) promotes the well-being of immigrant communities in the City. MOIA's goals are to enhance the economic, civic, and social integration of immigrant New Yorkers; facilitate access to justice for immigrant New Yorkers; and advocate for continued immigration reforms at all levels of government. In order for MOIA to best serve immigrant communities throughout the City, the Council calls on the Administration to include $1.9 million for twenty-five positions to establish and oversee immigrant resource centers in all five boroughs. The five-person service team would include one social worker, two case managers, one outreach coordinator, and one intake/referral staff. Types of services provided would include, but are not limited to: case management services for families of individuals who have been detained or deported; referrals to social, health, and legal services; and outreach work.

Launch a Citywide Know Your Rights (KYR) Campaign

With roughly 40 percent of the City's population being foreign-born, New York City has a high percentage of mixed-status families that are currently in need of information regarding their rights as New Yorkers. Through Know Your Rights (KYR) trainings and workshops, New Yorkers can learn about ways to find legal representation, access public service benefits safely, and learn about their rights. The trainings and workshop topics include, but are not limited to, the following: rights to healthcare; what to do if you're stopped by the police or immigration agents; and how to navigate the school system. Additionally, with the historical financial and cultural contribution of immigrant New Yorkers, this campaign can also be targeted at highlighting the many positive contributions of immigrants through the use of ethnic media outlets. The Council calls on the Administration to include $1.4 million to launch a citywide Know Your Rights campaign and coordinate services in each borough. This campaign should be aligned with the Council's call for new immigrant resource centers, the Council's Key to the City initiative, Action NYC, and other programs that provide services for the immigrant population.

Facilitate Mental Health Support for Immigrants

Research shows that increased raids force undocumented immigrants to minimize public exposure, while fear of deportation also affects families as parents develop anxiety and prepare their children for possible family separation.[28] With the current political climate, immigrant New Yorkers should have access to a safe and natural place to access vital mental health support. In addition to the call to establish resource centers in the City's five boroughs, the Council calls on the Administration to provide mental health support for vulnerable immigrant New Yorkers who currently live in fear due to changes at the federal government. One mental health counselor for each of the five boroughs results in a total annual cost of $269,000. Alternatively, the Administration could direct existing ThriveNYC staff to serve as counselors at these new centers.

Expand The Board of Election's Language Assistance Program

Interpreters assist voters with limited English proficiency at poll sites in various neighborhoods in New York City and are a major component of the Board's Language Assistance Program. The Board provides Spanish, Chinese (Cantonese/Mandarin), Korean and Bengali/Hindi interpreters in targeted areas in conjunction with the plan based on recent census data. In order to meet the needs of foreign speaking New Yorkers while promoting civic engagement, the Board should expand its Language Assistance program. Working with the Mayor's Office of Immigrant Affairs, the Board should commit to including additional languages to its program by targeting more neighborhoods throughout the City.

Fund the New "Turning the Tide on Homelessness" Plan

The Fiscal 2018 Preliminary Budgets for the Human Resources Administration (HRA) and the Department of Homeless Services (DHS) do not reflect many of the programmatic changes and enhancements outlined in the Mayor's "Turning the Tide on Homelessness" plan.

The plan calls for 90 new shelters, expansion and enhancements of existing programs, and re-hauling of existing shelter strategy. Given the recent growth and overall size of the DHS budget, the Council calls upon the Administration to use existing resources to fund the programmatic enhancements and changes called for in the Plan. Additionally, the Homelessness Prevention Administration (HPA) within HRA should be included as a separate program area in the Budget Function Analysis and separate responsibility centers for homeless prevention programs such as rental assistance and Homebase should be included in the budget. Finally, the $300 million plan to rehabilitate and expand DHS shelters should be reflected in the Fiscal 2018 Executive Capital Plan and the DHS should outline a realistic schedule for improving its capital plant.

[28] Suárez-Orozco C, Yoshikawa H, Teranishi RT, Suárez-Orozco MM. Growing up in the shadows: The developmental implications of unauthorized status. Harvard Educational Review. 2011; 81:438–472.

Create Shelters for Homeless Youth

The population of homeless New Yorkers has risen dramatically, reaching more than 62,000 in December 2016. To address this need, the Mayor announced a plan to open 90 new homeless shelters and expand another 30 existing DHS shelters. Additionally, DYCD has an ongoing Runaway and Homeless Youth (RHY) expansion project that aims to more than double the number of shelter beds for runaway and homeless youth by 2019. This initiative has run into roadblocks and delays as service providers struggle to find suitable rental space under their contracts' current funding levels.

While the majority of responsibility for homeless services targeting youth under the age of 24 has fallen to DYCD, DHS and its partner agency, HRA, have recently made more strides to serve this population. In 2016, a new DHS shelter for lesbian, gay, bisexual and transgender (LGBT) youth ages 21-30 opened. HRA has also expanded its rental assistance services to include DYCD's RHY service recipients. The Council calls upon the Administration to continue its expansion of services for runaway and homeless young people by dedicating new shelters to support young people who have exhausted their eligibility for services from DYCD. Further, the Council recommends that the Administration review the funding rates for its current RHY contracts, comparing per-capita contract rates to the actual cost of necessary service components.

Protect Community Institutions

In response to the alarming rise in hate crimes in the City, the Council calls on the Administration to create a $50 million security initiative ($25 million in expense funding and $25 million in capital funding) to increase safety at community centers and cultural institutions at risk of bias attacks.

Eligible institutions would include museums, cultural institutions, faith and non-faith based community centers, and organizations serving the LGBT community. Expense funding would support security staff, equipment, and training, including conflict management and emergency preparedness. Capital grants would fund infrastructure upgrades, such as surveillance systems or Police cameras and structural renovations that will help to improve security for our city's vulnerable cultural institutions and community centers.

Bolster the NYPD Hate Crime Task Force

The Council calls upon the NYPD to shift existing resources and personnel to the Hate Crime Task Force. The Hate Crime Task Force is a dedicated citywide team of investigators who are responsible for investigating hate crimes and related incidents. The Police Department has recently increased the team from 20 to 27, due to an increase in hate crime activity across the City. The Council calls upon the NYPD and the Administration to ensure that adequate personnel and other resources are available to prevent, investigate, and prosecute hate crimes.

Pilot a Fair MTA Fare

Access to public transit is an economic necessity for all New Yorkers, but for the working poor, and those with low wages, the buses and subways have become financially challenging, and are unavailable for many as a result. One in four low-income working-age New Yorkers say they can't afford a MetroCard, according to a Community Service Society survey. The Council calls on the Administration to provide funding for half-price MetroCards pilot program for those New Yorkers living at or below the poverty level, or about $24,000 for a family of four. Although, it has been estimated that about 800,000 people would be eligible and would save on the average $726 a year off the cost of 12 monthly passes when the initiative is fully implemented at an approximate annual cost of $212 million, a pilot program for groups below the federal poverty level can be used to assess its effectiveness and popularity. A pilot program can be structured to target, for example, students currently attending CUNY. As of fall of 2015, there were 245,279 students, of which 38.5 percent or 94,432 were from households with incomes of less than $20,000 (which is approximately the FPL for a family of three). Assuming a take-up rate of 77 percent, there would be about 72,713 likely participants costing approximately $50 million in foregone revenue. Other potential pilot options would include a pilot for the homeless population, public assistance recipients, and veterans.

Promoting Excellence and Efficiency in Agency Operations

Each year, the City spends billions of dollars to provide a comprehensive and varied range of core services that are vital to the general well-being of every New Yorker. This is carried out through various City agencies charged with providing specific core functions on a daily basis that are intended to enhance the quality of life of the City's residents. Unfortunately for some agencies, the ability to deliver these core services seamlessly and in an equitable way to neighborhoods is limited due to funding constraints. As the need for a service increases, so does the need for adequate staffing and resources to deliver that service to minimize delays or prevent the absence of service thereof.

To ensure that City agencies meet their core functions and deliver services that are equitable and meaningful, it is necessary that the Administration, through the City's budgeting process, provide adequate resources to enable these agencies to fully staff up and operate effectively. Doing so will ensure service excellence and facilitate efficiency in these agencies' operations while increasing opportunities for all New Yorkers.

Accordingly, the Council's Fiscal 2018 Budget Response calls for additional funding to increase headcount in City agencies to allow them to efficiently and adequately administer their programs; including increased funding for additional headcount at the Business Integrity Commission to manage waste hauling applications, and at the Office of Labor Policy and Standards to support the implementation of the Paid Sick Leave Law and the Commuter Benefits Law; support for the District Attorneys' core operations; additional headcount for Department of Parks and Recreation and Park Enforcement Patrol officers and Urban Park Rangers to improve safety at neighborhood parks; Partnership for Parks outreach coordinators to help develop "more friends" of parks groups to ensure equity throughout the park system; and tree maintenance to help keep the City's tree pruning cycle within the industry standard of seven years.

Lastly, the Council's Fiscal 2018 Budget Response calls for the Administration to right-size all human services contracts by increasing funding in the OTPS spending to support programming provided by the City's nonprofit human services providers.

Right-Size Human Services Contracts

Human services vendors and their employees are a vital arm of the City's government, as many City agencies contract essential services that are core to their mission, and serve some of New York City's most vulnerable populations including children and youth, low-income and homeless individuals and families, individuals living with HIV/AIDS, immigrants, and seniors. Contracted nonprofit providers serve approximately 2.5 million New Yorkers each year. The majority of the 17,700 contracts reflected in the City's proposed Fiscal 2018 Preliminary Budget are managed by various human services agencies, including the Administration for Children's Services (ACS), Department for the Aging (DFTA), Department of Health and Mental Hygiene (DOHMH), Department of Homeless Services (DHS), Department of Youth and Community Development (DYCD), and the Human Resources Administration (HRA). The Fiscal 2018 Budget includes $4.6 billion for human services contracts, yet this funding is to pay for the quantity and quality of services City agencies have contracted for.

As a result, the monetary value of many of the City's human services contracts is not sufficient to support the actual costs to deliver services. Typically contract awards do not fully cover indirect costs such as overhead expenses, building maintenance, information technology, and employee training. While large vendors may have the financial resources to cover these expenses, smaller vendors with limited funding, and those without other sources of income, are forced to operate at a deficit. Inadequately funded human service contract solicitations also limit competition, which can in turn reduce program quality. In 2013, nearly one in five city human services providers operated at a deficit, an indicator of potential closure.

In addition, multi-year contracts typically do not adequately account for inflation, wage disparities, or growing year-over-year costs to provide healthcare insurance to contracted employees. While the Council recognizes the Administration's efforts in increasing wages by allocating $55 million for a 2.5 percent cost of living adjustment (COLA), and an $11.50 per hour wage floor in Fiscal 2016, as well as providing additional baseline funding for DFTA senior center space costs in Fiscal 2017, more needs to be done. City agencies should recognize as part of the contracting process that fair wages and benefits for contracted employees need to be factored into contract awards. The Council calls for a comprehensive review of human service contract prices and an overhaul of the structure of human service contracts, to ensure that all of the City's human service agencies engage providers under terms that are fair and sustainable. These contracted services include funding intended for child welfare services, day care, homeless family services, mental hygiene services, and education and recreation for youth program.

Reflect the Office to Prevent Gun Violence Funding

In February 2017, the Administration established the Office to Prevent Gun Violence, which is housed within the Mayor's Office of Criminal Justice (MOCJ). The City invested $22.5 million in the Crisis Management System in Fiscal 2017, spilt between the Council and the Administration. Now that the Office has been created, the Council calls upon the Administration to add the Office to Prevent Gun Violence to the City's Budget. The Office of Management and Budget and MOCJ should create separate units of appropriation and responsibility centers for the Office to Prevent Gun Violence to allow for better transparency. Additionally, all the accompanying contracts and headcount in other agencies for the Crisis Management System and all other anti-gun violence programming should be consolidated within the Office to Prevent Gun Violence.

Hire Additional Parks Enforcement Patrol Officers

Parks Enforcement Patrol (PEP) officers are responsible for enforcing quality of life laws, the New York City Administrative Code, Parks' Rules and Regulations, and acting as Parks' ambassadors. Public safety in parks and playgrounds is one of their most important responsibilities. However, because there are only 209 City tax-levy funded PEP officers, including the additional 67 PEP officers included in the Fiscal 2017 Preliminary Budget, available for deployment, many City parks are left without any PEP presence, particularly smaller neighborhood parts. To address the need for additional PEP officers and to ensure that more City parks receive the benefit of having PEP officers' presence, the Council strongly urges the Administration to increase the baseline funding for PEP officers in Fiscal 2018 by $6 million for 80 additional PEP officers, bringing the total number of City funded PEP officers to 289, excluding 84 that are privately funded in Fiscal 2018. In addition, DPR should ensure that PEP officers are equally present of neighborhood parks

Bring Tree Maintenance Back to a Seven-Year Cycle

Due to rising costs, the Department of Parks and Recreation tree pruning cycle has slipped from the ideal industry standard of seven years or less. Since adequately pruning trees would help minimize the danger posed by falling tree limbs, the Council urges the Administration to include and baseline an additional $2.6 million in Fiscal 2018 to enable DPR to return to the seven-year tree pruning cycle.

Hire Additional Urban Park Rangers

Unfortunately, there are only 30 Parks Rangers for all of New York City, which is down dramatically from nearly 200 in years past. Rangers serve as ambassadors of the natural world. They support environmental education, outdoor recreation, wildlife management, and active conservation, and serve as a the backbone for the next generation of Parks leaders. The Council urges the Administration to include $3 million and 50 positions in the Department of Parks and Recreation's (DPR) budget for 50 additional Urban Park Rangers, specifically those specializing in wildlife management.

Hire Additional Partnership for Parks Outreach Coordinators

The Council recommends that the Administration add $1 million to hire ten more Partnership for Parks (P4P) outreach coordinators. Partnership for Parks outreach coordinators are instrumental in helping to develop and foster the growth and sustainability of existing and new "friends of" groups throughout the entire parks system. The current staff is insufficient and therefore stretched far too thin and with the addition of ten new coordinators they would be able to develop hundreds of new groups to help to better ensure equity throughout the system.

Fill Staff Vacancies at the Business Integrity Commission

According to the Fiscal 2017 Preliminary Mayor's Management Report, the number of pending waste hauling applications to be reviewed by the Business Integrity Commission was 523 in Fiscal 2014, 762 in Fiscal 2015, and 600 in Fiscal 2016, while the desirable target was 300. In order to expedite the Commission's work, the Council calls upon the Administration to fill the agency's five vacancies at a cost of $264,150 and bring the budgeted headcount for Fiscal 2018 to a total of 88 full-time positions.

Support the District Attorneys

The five District Attorneys are engaging in a wide variety of innovative public safety and criminal justice initiatives. In order to continue these initiatives and support their core operations, the five DA's have each made budget requests for their offices for Fiscal 2018. The Council calls upon the Administration to fully consider these requests. Additionally, the Council calls upon the Administration to fund:

- $710,000 for a Neighborhood Adjudication program in the Bronx;
- $425,000 for the Young Adult Court in Brooklyn;
- $1,000,000 for a Pre-Arraignment Diversion program in Brooklyn;
- $330,000 for the HOPE Program on Staten Island; and
- $425,000 for a Conviction Integrity Unit in RCDA.

Expand the Commission on Human Rights

The Council calls on the Administration to fully support the expansion of the Commission on Human Rights' Law Enforcement Bureau (LEB). LEB is responsible for investigating, prosecuting and resolving complaints of discrimination, harassment and bias-based profiling in a timely and efficient manner. The expansion of LEB would allow for a quicker investigation and processing of complaints. Additionally, the Administration should identify additional office space for the Commission.

Support CUNY Research Institutes

The 25 colleges in the City University of New York (CUNY) house nearly 170 research centers and institutes. The Council has supported the Center for Puerto Rican Studies (el Centro) and the Dominican Studies Institute since Fiscal 2005, adding the New York Food Policy Institute at Hunter College in Fiscal 2013. These institutes are among the nation's most prominent research organizations in their respective specialties. For this reason, the Council has called upon the Administration to baseline $2.1 million to support these programs. Additionally, the Administration should provide support for the Jaime Lucero Mexican Studies Institute at Lehman College, and should help launch the Haitian Studies Institute at Brooklyn College.

Expand the Office of Labor Policy and Standards

The Office of Labor Policy and Standards (OLPS) housed at the Department of Consumer Affairs is responsible for the implementation of the Paid Sick Leave Law and the Commuter Benefits Law. In just two and half years since the Office began enforcing the City's Paid Sick Leave Law it has secured nearly \$4.5 million in fines and restitution benefitting more than 15,000 workers across the five boroughs. The tasks of the Office are expected to grow with the additional legislation in the pipeline. The Council believes an additional \$2.8 million funding should be added to the agency's budget for this division so that they can hire additional staff members, have sufficient resources for upcoming legislation, can create public awareness of the division's work, for IT & Communication costs and for the building of a repository to capture data from all the work they are doing for reporting and other purposes.

Sustaining and Improving Essential City Services

The City provides a broad range of services to meet the needs of New York City's diverse and ever emerging population, but in order to sustain and improve essential City services the Administration must do more. At their current funding levels, many City services such as those for seniors and children are limited in scope or scale such that at the current funding levels they are not meeting the needs of the intended population.

The Fiscal 2018 Budget Response calls for expanded library hours across the City, expansion of the beach and pool season by one week, access to transportation for students and increased salaries for ACS staff. At this year's Preliminary Budget Hearing for the Department of the Aging, the Chair of the Committee on Aging emphasized, the "Year of the Senior," a multi-prong approach to address insufficient funds for New York's aging population. The Council calls for a $60 million budget increase for core senior services for the City's growing senior population.

The following proposals will provide services that will not only strengthen New York City in the short run, but will have a lasting impact for years to come.

Invest in Senior Services – The Year of the Senior

Seniors are one of the fastest growing populations in the City. There are 1.4 million adults aged 60 and over in New York City, totaling more than 17 percent of the City's residents. By 2030, the number of seniors will grow by nearly 50 percent and comprise 20 percent of the City's total population. Now more than ever is the time to increase the City's investments for senior services. In Fiscal 2017, the Council allocated $30.1 million to support senior services across the City and fill funding gaps in the Department of the Aging's (DFTA) operations. Of the $30.1 million, $20.7 million fund citywide initiatives that provide additional support for core DFTA programs, including senior centers, elder abuse prevention, and information and referral services. Additionally, the Council provides the only City funding for Social Adult Day Cares (SADs) and Neighborhood Naturally Occurring Retirement Communities (NNORCs).

It is clear that DFTA's current baselined budget of $306 million falls short of what the agency needs to provide core services for seniors that align with the agency's mandate and goals. The Council calls upon the Administration to make at least a $60 million investment in DFTA's Fiscal 2018 Budget, including but not limited to ensuring that no seniors are on waitlists for services and all DFTA senior centers are adequately funded to offer meals and programs, as well as funding staffing, space, and transportation costs.

Increase Support for NORCs

In Fiscal 2017, the Council allocated $3.85 million to support 38 Naturally Occurring Retirement Communities (NORCs) and Neighborhood Naturally Occurring Retirement Communities (NNORCs). NORC programs provide health and social services to older adults living in a single age-integrated apartment building, an area where a number of apartment buildings are clustered, and housing complexes where 50 percent of the units have an occupant who is elderly. These programs allow seniors to securely age in place as a part of a community. The proposed Fiscal 2018 budget funds 28 NORCs at a cost of $6.3 million. The Council calls upon the Administration to expand funding for NORCs by $1.95 million to support additional NORCs across the City. DFTA should release a new request for proposal (RFP) to establish additional NORCs.

NNORC programs provide services to older adults living in low-density neighborhoods comprised of single-family homes and low rise buildings not originally built for senior citizens that have high concentrations of seniors. Like vertical Naturally Occurring Retirement Communities, NNORCs provide institutionalized health and social services to help senior citizens age in their homes and communities. City Council discretionary funding is the only City funding provided to NNORCs, as DFTA has no NNORC program. The Council calls upon the Administration to add $1.9 million in new baselined funding to DFTA to create a City funded NNORC program that builds upon the current State funded NNORC program in the City. DFTA should release a new RFP to establish NNORCs.

Ensure Community School Sustainability

The Chancellor has stated that the ideal model for schools is for *all* schools to be community school. The City currently has 150 community schools in their network; however, there are additional community schools operating in New York City that are not part of the Department of Education's (DOE) community school initiative. For example, there are 25 New York State Community School Grant Initiative (CGSI) schools in New York City. Last fiscal year, after State funding expired, the City assumed financial responsibility for 12 of the schools for one year. At the end of this fiscal year, the State contracts for the remaining 13 schools will expire. DOE should add all 25 schools to their network at an annual cost of $4.2 million. In order for community schools to create educational change and provide resources for the neighborhood these schools need stable, long term sources of funding.

Bolster the Administration for Children's Services (ACS) Services

The Administration for Children's Services Fiscal 2018 Preliminary Budget does not include any new needs or significant budgetary changes. This is especially concerning given the number of high-profile deaths since the beginning of the current fiscal year of children who had previous interactions with ACS, in addition to the agency's internal and external monitors who are assessing agency operations, and making needed recommendations to improve ACS' processes. One issue in need of immediate attention is increasing the salaries of ACS workers and contracted caseworkers and supervisors. The high attrition rates among child protective and preventive services workers leads to dangerous caseload ratios. By increasing salaries, ACS would be able to retain trained staff, which would improve the quality of care for clients. Other significant implications include lower attrition rates trained staff stay longer, thereby retaining their expertise and knowledge.

Support Arts and Culture

New York City is the cultural capital of the world. New York's arts and culture are integral to furthering the aspirations of our city's youth and it is crucial that the youth people get an arts-rich education. Not only do the cultural institutions and organizations draw and inspire millions of people, they are also a driver of economic development for the City.

Today, especially, we are at a period where we are anticipating federal cuts for the arts and there is dire need for support. Hence the Council calls upon the Administration to baseline the $10 million increase that the Mayor had included at adoption in Fiscal 2017, but was not reflected in the Preliminary Fiscal 2018 budget. The Council urges the Administration to increase funding for arts and culture by an additional $30 million. The funding would be split between Cultural Institution Group members and small community-based nonprofit cultural organizations throughout the city. Funding will support additional programs that will reach individuals in all five boroughs and will enrich the lives of artists, students, seniors and all New Yorkers. Currently funded organizations will be able to sustain and grow, while new organizations will be accessible and to benefit even more New Yorkers. To ensure that world-class art continues to be available to all of our City's residents, the Council urges the Administration to increase arts funding to our future generations to continue to and experience our City's rich culture.

Expand 7 Day Library Service

The Council calls for a $34 million increase to the expense budgets of the libraries to provide 7-day service for all communities. The libraries provide open and free access to opportunity, knowledge, reliable information and education to all New Yorkers. Currently only 15 branches have 7-day service; increasing library funding by $34 million will extend 7-day services to 53 branches. The Brooklyn Public Library would have 16 branches open 7-day service (currently 5), New York Public Library would have a total of 23 branches (currently 8) and Queens Library would have 14 branches (currently 2). The proposed increase would allow one-third of the library branches to remain open all week.

Provide Firefighters with a Second Pair of Boots

The Council calls on the Administration to include $4 million to provide all firefighters with a second pair of boots. FDNY should institute a four-year replacement cycle for these boots. The Fiscal 2018 Preliminary Budget includes $7.1 million for the Quartermaster to replace essential firefighting equipment, but only one pair of boots is included. Firefighters' boots often get wet and contaminated; a second pair of boots would ensure that firefighters always have dry, wearable boots ready when another emergency arises.

Bolster Transparency and Outreach in Achieving Zero Waste by 2030

The Mayor's Office has set a target of achieving Zero Waste in New York City by 2030, which aims to eliminate the need to send waste to out-of-state landfills. Currently, it is unclear whether the City is on track to meet this aggressive goal as curbside and containerized diversion rates hover around 17 percent. To further this goal and track its progress, the Council calls upon the Administration to include $100,000 to increase public awareness via radio advertisements, as well as establish a set of benchmarks leading to Zero Waste by 2030 and include this in the Preliminary Mayor's Management Report.

Baselining City Priorities

In Fiscal 2017, City Council initiatives supported a significant range of services to maintain agency operations and sustain vital programming. This funding supported priority areas such as senior services, youth services, library services, legal services, public safety and criminal justice services, children's services, education, housing, and small business services. The Fiscal 2017 budget also included one-year funding totaling $20.7 million to support several critical programs, such as child care vouchers, after-school programs and tree-pruning. Given the importance of these initiatives, the Council urges the Administration to include baseline funds for services that are vital to agency operations.

In considering which services the Administration should baseline, the City Council developed a methodology for selecting services not funded in Fiscal 2018 that meet one of the following criteria:

a) Budget Restoration: Funding supports core agency operations and is a budget restoration and designated directly to a City agency;

b) Funding Gap: Funding addresses a funding gap at the agency for a core service;

c) Successful Pilot: Funding supported a pilot program that aligns with agency's core services, and the program is successful;

d) One-Year Funding: Funding that the Administration included only for Fiscal 2017; or

e) Agency has Existing Contract: Funding that supports one entity that already has an existing contract with the Administration.

Based on these criteria, the Administration should consider supporting the following items in the Fiscal 2018 budget and beyond.

Baseline Priorities	Fiscal 2018 Amount
5 Childcare Vouchers	$4,400,000
Adult Literacy	12,000,000
Anti-Eviction and Housing Court Resources - Anti-Eviction SRO and Housing Court Resources	5,650,000
Bridge to Tomorrow	1,150,000
Center for Court Innovation	500,000
Complex Cases	2,700,000
Contraceptive Fund	400,000
Crisis Management System - Anti-Gun Violence Initiative	9,540,534
CUNY Citizenship Now	2,000,000
CUNY Research Institute - Dominican Studies Institute and Puerto Rican Studies, NYC Food Policy Center at Hunter College	2,140,000
CUNY Technical Apprenticeship Program	50,000
Educational Programs for Students for the Middle School Quality Initiative	750,000
Elder Abuse Enhancement	335,000
Emergency Food Assistance Program	4,900,000
Executive Leadership Institute	450,000
Fund Compass Elementary Baseline	16,000,000
Gender Equity Liaisons	500,000
Homecare Services	4,250,000
Initiative to Combat Sexual Assault - Child Advocacy Center	748,000
Joseph S. Murphy Institute Center for Worker Education	300,000
Legal Services for Low Income New Yorkers - Citywide Legal Services and UI/SSI	4,750,000
New York Immigrant Family Unity Project	6,500,000
Nurse Family Partnership	4,000,000
Parks Maintenance	9,553,205

Baseline Priorities	Fiscal 2018 Amount
Permanently Expand Beach and Pool Season by One Week	1,700,000
Physical Education and Fitness - C.H.A.M.P.S. and Small Schools Athletic League	$1,125,000
Restorative Justice	2,400,000
Restore SONYC Summer Programming	2,500,000
Senior Centers and Programs	3,578,000
Sixth Congregate Meals	1,200,000
Small Business Services Administrative Fees	840,300
Small Business/Job Development/Financial Literacy	600,000
Transportation Costs for Senior Centers	660,000
Tree Stump Removal	1,000,000
Unaccompanied Minors and Families	1,500,000
Urban Advantage	3,500,000
Video Visitation	600,000
Vision Zero Education	3,000,000
Year Round Employment - Work Learn Grow	16,000,000
Total	**$133,370,039**

*Continuation from previous page

Improving Accountability and Oversight

The Mayor's Management Report (MMR), and the associated Preliminary Mayor's Management Report (PMMR), were first mandated by the City Charter in 1977. These serve as crucial public documents that indicate how agencies are performing relative to the goals and measures laid out by the Mayor. This allows the Council and the public to hold agencies accountable for the expenditure of public monies, as well as to continuously assess and evaluate priorities to ensure they are most effectively and efficiently serving the needs of New Yorkers. It is an essential tool utilized by the Council in exercising its oversight responsibilities over the City budget and agency operations.

The PMMR, released in January, provides an early update on agency performance during the first four months of the fiscal year (July-October), along with proposed program performance goals and measures for the next fiscal year, and an explanation of significant changes in performance goals and measures since the adoption of the budget. Significantly, the Charter requires both the PMMR and MMR to indicate the relationship between program performance goals and measures and their corresponding appropriations in, respectively, the preliminary and adopted budgets. As the Council conducts its Preliminary Budget hearings throughout the month of March, it simultaneously evaluates the information presented in the PMMR, seeking to identify gaps in program performance and areas where more comprehensive reporting is needed.

Despite the requirements of the Charter, the PMMR and MMR too often fail to capture and report sufficiently on agency program performance, and, importantly, the link between such performance and agency expenditures. Last year, the Council conducted a thorough review of the structure and content of the PMMR and MMR, and identified several areas for improvement. For example:

- While the PMMR and MMR in many cases provides the cost for services, they do not connect agency goals with the expenditures to achieve them, such as by tying performance indicators to units of appropriation.
- Where agency performance is better than targets in several consecutive years, agencies often fail to adjust their targets to reflect actual performance.
- The MMR explains variances that occur in many, but not all, agency indicators.
- The MMR fails to provide the overall percentage of indicators improving/stable, or declining, by thematic area (e.g. social services).
- Although the MMR is largely meant to serve as a management tool to inform agency decision making, it fails to provide examples of how agencies use it to inform their actions towards achieving their goals.

As City priorities continue to evolve, and as new programs are introduced, measuring their efficacy becomes ever more important.