



THE COUNCIL OF THE CITY OF NEW YORK OFFICE OF COMMUNICATIONS

CITY HALL
NEW YORK, NY 10007
(212) 788-7116

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Contact: 212-788-7116
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SPEAKER QUINN, COUNCIL BUDGET TEAM PRESENT BEST PRACTICES FOR BUDGET ALLOCATION PROCESS

City Hall, May 7, 2008 – City Council Speaker Christine C. Quinn, together with the City Council’s 27-member Budget Working Group, today released several major changes to the Council’s current budget allocation process. These extensive and unparalleled budgetary practices significantly raise existing standards for legislative fiscal practices through strengthening governmental transparency and accountability.

This set of best practices includes:

- Increasing pre-clearance requirements for organizations requesting local, discretionary or initiative-based funding;
- Heightening disclosure requirements for organizations requesting local, discretionary or initiative-based funding;
- Instituting safeguards for the use of fiscal conduits;
- Broadening data included in budgetary documents such as Schedule C, as well as making data electronically accessible; and
- Appointing an Independent Council Compliance Officer, as well as a Deputy Compliance Officer within the City Council’s Division of Finance.

“When I took office over two years ago, I made a strong commitment to furthering transparency and accountability in the New York City Council,” said **Speaker Quinn**. “In the past few weeks, my colleagues and I took a real hard look at the way the Council has historically allocated funding to New York City’s many diverse and important non-profit and community organizations. Together we have developed a new set of best practices that create unprecedented standards, giving New Yorkers complete faith in the way public dollars are spent.”

“Member items have rightly been a source of increasing public concern, both at the State and City level,” said **State Attorney General Andrew Cuomo**. “It is vital the public be assured that, going forward, member item spending will be transparent and accountable. The City Council has now proposed reforms in this area. Such measures represent a step in the right direction of more transparency and accountability for the spending of taxpayers’ money.”

“This plan is a significant step in the right direction,” said **Majority Leader Joel Rivera**. “This new process will ensure two very important things: that small organizations run by men and women who work hard to serve all New Yorkers, will continue to receive the support they need, and that our tax dollars are being used properly and effectively.”

“New Yorkers all over the city depend on services provided by organizations that receive funding from the Council,” said **Deputy Majority Leader Leroy Comrie**. “While it’s important that we continue to provide such funding, it is just as important that it be awarded in a transparent manner. This set of best practices strikes a positive balance, bringing more accountability to the budget process while making it possible for groups of all sizes to receive Council support.”

“I believe that we must be accountable to the people that we are elected to serve and I welcome transparency in government,” said **Majority Whip Inez Dickens**. “However, I also know that the vast majority of organizations we fund, especially local, grass roots organizations, spend countless hours helping people in need. I do not want these organizations to suffer. We must now move forward to allow these service providers to continue their empowering and in many cases life-sustaining community work.”

“No fair minded person could argue that this isn’t the most sweeping package of budgetary practices that has been proposed in any legislature in the country,” said **Assistant Majority Leader Lewis A. Fidler**. “I believe strongly that member items serve an important and productive purpose, and we have proven today that we can direct that funding in a way that is transparent, open, and progressive.”

“I think this is a positive step forward in making the kind of necessary improvements to ensure that the City Council funding process is as fair and transparent as possible,” said **Assistant Majority Leader Bill de Blasio**. “By more rigorously examining the groups requesting funding we can ensure that taxpayer dollars are being spent wisely.”

“New Yorkers deserve to know that their tax dollars are being distributed in the most fair and efficient way possible,” said **Black, Latino and Asian Caucus Co-Chair Robert Jackson**. “These new measures will provide increased responsibility, ensure the protection of small non-profits, and serve the best interests of the people of New York City. I am extremely proud of Speaker Quinn and my Council colleagues for working to elevate our budgetary practices to such a high standard of transparency.”

“The best practices in our proposal are forward thinking procedures that will give New Yorkers confidence that their hard earned taxpayer dollars are going to causes and institutions that make this City an even better place to live,” said **Maria del Carmen Arroyo, Co-chair of the Black, Latino and Asian Caucus**. “I am proud to be a part of the unprecedented changes, and look forward to a more open and transparent budget process.”

“We are determined to bring the highest standards of transparency and accountability to the City’s budget process. The money in the City’s budget belongs to the taxpayers and they deserve to know exactly where it’s going,” said **Council Member David Yassky**.

“New Yorkers deserve to know that their tax dollars are being allocated wisely, fairly and openly,” said **Council Member Dan Garodnick**. “These are strict accountability measures that will make the Council’s process of funding community organizations even more transparent and responsive to the people we serve.”

Dick Dadey of Citizens Union stated, “I commend Speaker Quinn and her many colleagues who have thoughtfully responded to the public outcry for reform of the member item process and have promised to do a better job in awarding public funds to non profits by creating a uniform qualification process

applicable to all who seek discretionary city funds given out by the Council. Under the system announced today, Council Members will still have discretion in the awarding of member items and funding of Council initiatives, but more importantly with these changes there now will be a necessary process of pre-clearance by an entity outside the Council and a level of heightened review that hopefully will weed out illegitimate organizations and strengthen public support for funding legitimate non profits.”

“I believe these changes are fair and balanced,” said **Gene Russianoff of the New York Public Interest Research Group (NYPIRG)**. “They should help make sure that only legitimate organizations receive city funding, while respecting the ability of Council Members to provide funding to groups they deem important to their district and borough and to the City. Member items and legislative initiatives can and do fund many worthwhile causes and group; they can and also have been used improperly.”

INCREASED PRE-CLEARANCE REQUIREMENTS

Requests for discretionary funding and for Council initiative funding will undergo a comprehensive pre-clearance process. This process will vary depending on the amount of funding requested.

- For funding requests greater than \$10,000, organizations will have to meet criteria set forth by current Procurement Policy Board criteria for prequalification, which include having a federal tax ID number. Additionally, organizations must register with the Attorney General’s Office of Charities (unless exempt), undergo a business integrity check and demonstrate a record of compliance with applicable laws and rules. To receive funding, organizations must have a proven record of delivering services for which they are being funded, including financial resources and staff capacity.
- For funding requests of \$10,000 or less, organizations will undergo an internal Council staff review. Groups with yearly budgets of \$25,000 or more must register with the Attorney General’s Office of Charities unless exempt from this requirement. This requirement also applies for funding requests in connection with locally based Council initiatives. Additionally, any youth and aging discretionary allocations will be designated before the adoption of the budget.

Any organizations receiving funding from multiple agencies will undergo increased screening to ensure that they are capable of providing services in multiple areas. Additionally, the City Council will provide support to small or new groups that may need assistance in meeting these comprehensive requirements. The pre-clearance process will be conducted under the supervision of the Mayor’s Office of Contract Services.

HEIGHTENED DISCLOSURE REQUIREMENTS

Requests for discretionary funding and Council initiative funding will be subject to heightened disclosure requirements before any funding requests are included in the budget. Specifically, organizations must provide signed conflicts statements and a qualification forms. Current qualification forms will be amended to require organizations to attest to a conflicts statement punishable under penalty of perjury. Funding requests will not be processed without a completed organization qualification form.

Additionally, no request for funding will be processed without a signed conflicts statement from the Council Member requesting funding. The Council or Finance Committee will only vote on

discretionary or initiative-based funding requests if qualification forms and conflict statements are complete.

SAFEGUARDS FOR FISCAL CONDUITS

Council Members and City Agencies will not be allowed to use fiscal conduits without the fiscal conduit going through the disclosure and pre-clearance qualification process. All fiscal conduits used will be listed in Schedule C, and the recipients of the funding passed through each fiscal conduit will be listed with corresponding conduits.

GREATER DATA IN BUDGETARY DOCUMENTS

Data published on Council funded initiatives and programs (Schedule C) will now be presented in a clearer and more thorough manner than in past budgets. In addition to the public purpose for which the funds are to be used, the sponsoring Council Member's name and district, the organization's tax ID number and any conflicts of interest disclosures will be listed on Schedule C. Publication of Schedule C will happen at least 24 hours prior to a scheduled vote.

In order to make the budget information more accessible to the public, all organization qualification forms, Council Member disclosure forms and Schedule C will be available on-line, in a publicly searchable database similar to the State Attorney General's Project Sunlight.

INDEPENDENT COMPLIANCE OFFICER

An Independent Compliance Officer (ICO) will be appointed, whose responsibilities will include ensuring that the Council adheres to all procurement rules, charter mandates and Comptroller directives. Additionally, this external Compliance officer, who will report to the Speaker and the General Counsel, will assist in developing best practices and heightened local initiative review.

A Deputy Compliance Officer will also be placed within the Council's Finance Division, to bridge communication between the City Council's Finance Division and the ICO.

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