THE NEW YORK CITY COUNCIL'S RESPONSE TO THE FISCAL 2019 PRELIMINARY BUDGET AND FISCAL 2018 PRELIMINARY MAYOR'S MANAGEMENT REPORT

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

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April 10, 2018

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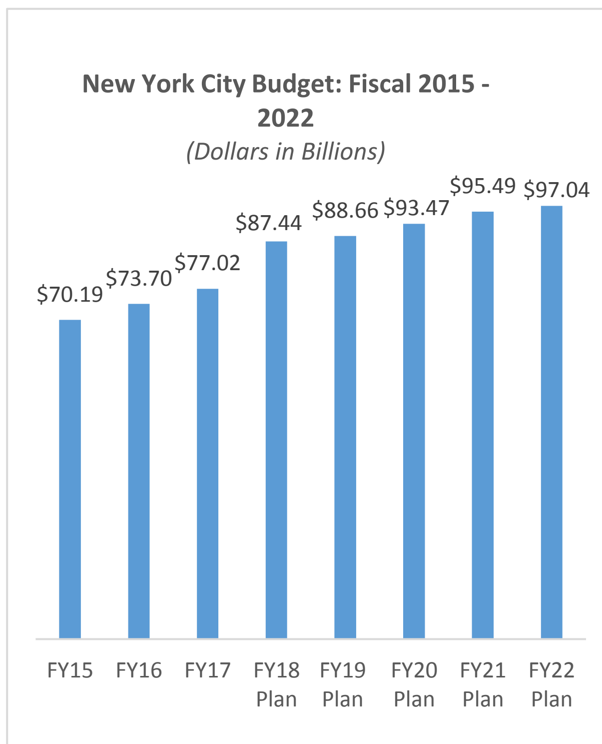
Executive Summary

The New York City Council presents its response to the Fiscal 2019 Preliminary Budget and Fiscal 2018 Preliminary Mayor's Management Report. This is the first Budget Response under the new leadership of Speaker Corey Johnson, Committee on Finance Chair Daniel Dromm, and Subcommittee on Capital Budget Chair Vanessa Gibson. It presents the Council's vision for increased accountability in the budget process, while at the same time shoring up the City's social safety net to protect our fellow residents in their times of need and providing resources that access opportunities for upward economic mobility.

On February 1, 2018, Mayor Bill de Blasio presented an $88.7 billion Fiscal 2019 Preliminary Budget. On March 5, 2018, the Committee on Finance held the Council's first oversight hearing on the Preliminary Budget and laid out the framework by which the Council was going to analyze the Fiscal 2019 budget – accountability, fiscal prudence, performance, and efficiency. Throughout the remainder of the month, an additional 31 committees explored these themes and held hearings on the budgets of the agencies within their jurisdictions. One of these committees was the newly formed Subcommittee on Capital Budget, the first committee established by the Council to focus exclusively on the capital budget and process, which held a hearing on the overall capital budget, as well as five joint hearings for five agencies with large capital programs. It is within this context of in-depth review, critical analysis, and consideration of public input, that the Council submits this Response to the Preliminary Budget. This Response does not reflect the Council's current initiatives, which will be reviewed in more detail as the budget process moves forward.

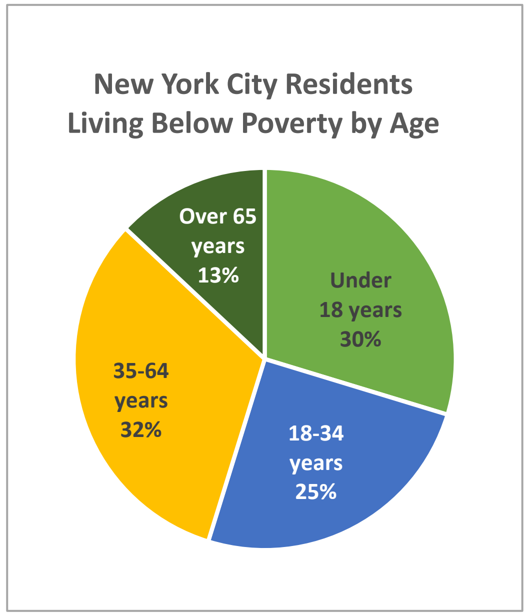
In examining the Mayor's Preliminary Budget, the Council has taken note of the pattern of growth in spending over the course of this Administration. Since Fiscal 2015, the City's budget has grown by 20 percent and the Preliminary Financial Plan projects the City budget to hit $97 billion by Fiscal 2022. While in some program areas, particularly with regards to homelessness, the Council takes serious issue with the elevating level of spending without significant results, in others we believe that our goals can be achieved simply by redirecting existing resources towards a better use. Therefore, the spending measures we propose in this Response are focused and are offset by identified revenue sources, savings, and agency reductions.



In addition to monitoring the growth in spending, the Council is approaching this year's Preliminary Budget and Response with the understanding that the City faces unprecedented financial risks on the federal level and funding shortfalls on the State level. With the Trump Administration working to undermine nearly all the values that the City holds dear and the State imposing new unfunded mandates and providing less-than-anticipated funding for education, youth services, and infrastructure needs, the City must protect itself. In recognition of these risks, the Council strongly urges the Administration to take steps to ensure that the City's budget can weather any potential storms ahead by increasing reserves, putting forth a Citywide Savings Program that contains real agency efficiencies instead of the one we have before us made up primarily of re-estimates and accruals, and targeting spending towards programs that work.

By spending efficiently, as a City we can budget responsibly while at the same time caring for and uplifting those of us who need help. And, unfortunately, there are many of us who need help. According to the Mayor's Office for Economic Opportunity approximately 20 percent of New York City residents live in poverty. While this number is extraordinary on its own, it would be even more shocking if social safety net programs were not in place to prevent additional people from falling into poverty. It is estimated that without the supplemental nutrition assistance program another 3.2 percent of residents would live in poverty; without housing assistance, including public housing, another 5.8 percent would live in poverty; and without income tax-based programs, such as the earned income tax credit, another 3.9 percent would live in poverty. Moreover, even for those who do not live in poverty, the cost of living in New York City can be burdensome, with ever-rising property taxes and rents, subway fares, and other costs of living.

1.59 million New Yorkers live below the poverty level



The Council's Budget Response calls for investing in programs and priorities that will help alleviate these issues for millions of New Yorkers:

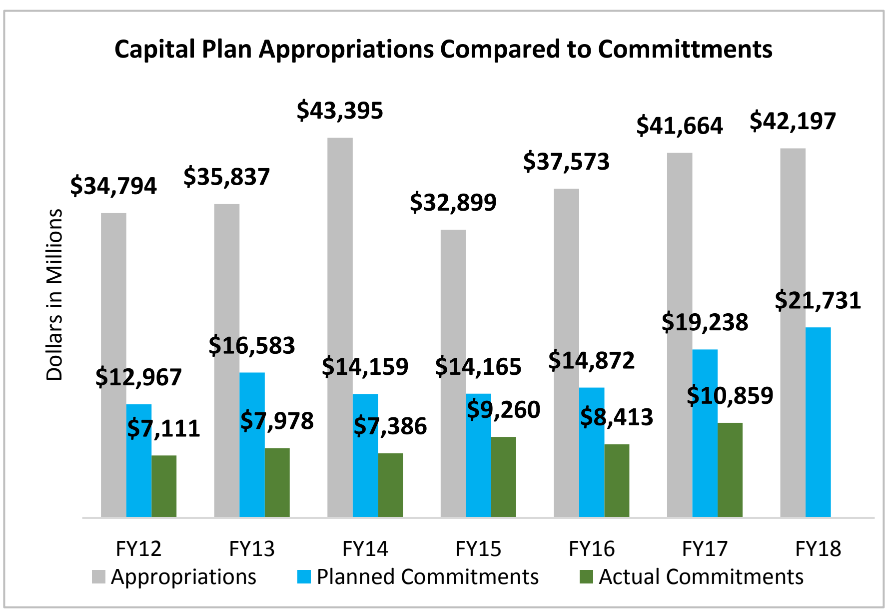
- **Bolster the City's Reserves** – Add $500 million to the City's budgetary reserves to ensure that they are at sufficient levels in order to avoid raising taxes or making service cuts in the event of an economic downturn.
- **Institute Fair Fare** – Provide half-fare MetroCards to individuals and families living below the poverty level so that approximately 800,000 low-income people could save up to $726 per year.
- **Provide Property Tax Relief and a Road to Reform** – Over 467,000 homeowners would receive a $400 property tax rebate for their primary residence if they have annual income of $150,000 or less to provide relief to homeowners in the short-term, while a commission would be formed to recommend long-term solutions to the problems endemic to the system.
- **Prioritize Permanent Housing –** Reassess homeless shelter spending and reallocate funding to programs that support move outs from the shelter system, including the City Family Exit Plan Supplement, Living in Communities, and the construction of supportive housing.
- **Fully Fund Fair Student Funding** – Make public school funding the first education budget priority by bringing all public schools to 100 percent of their Fair Student Funding level. This will address the academic needs of the City's 1.1 million public school students.
- **Make Needed Capital Investments in NYCHA** – Upgrade boilers and heaters and invest in critical infrastructure improvements, such as mold remediation.

- **Improve Accessibility and Security in Schools** – Increase the number of accessible schools, with an emphasis on those used as polling sites, and install video surveillance security systems at all schools.

In addition to these recommendations, the Council is continuing to press the Administration to present a budget that is more transparent, accurate, and accountable to New Yorkers. In order to achieve this, the budget must reflect the unfunded mandates facing the City as a result of the State budget. These funding shortfalls are significant and were selectively imposed by the State on the City. Nevertheless, first and foremost, the Administration must include funding for the Metropolitan Transit Authority (MTA) Subway Action Plan. With the passage of the State budget, the window for discretionary action has now closed – the State has mandated that New York City must pay $418 million to the MTA to fund needed repairs and infrastructure upgrades in the subways. But, this is not the only area where the Preliminary Budget does not reflect the reality of the State's actions. The Mayor has also made no provision for the costs the City faces with respect to Raise the Age and Close to Home.

Moreover, the Administration must re-examine the structure of both the expense and capital budgets in light of the standards set forth in the New York City Charter regarding the level of detail and information that is required to be provided. With respect to the expense budget, the Administration must discontinue the longstanding practice of using vague and overbroad units of appropriation in favor of the smaller, programmatic units of appropriation envisioned in the law. While such a shift is understandably resisted by the Mayor because it would restrict his ability to transfer funds between programs without oversight and to avoid seeking budget modification approval from the Council, it is necessary to facilitate the Council's and the public's understanding of agency spending and performance and to more transparently track the Administration's priorities.

While the call for more specific units of appropriation is not new, this year the Council has expressed a renewed focus on the structure of the capital budget. One of the primary issues identified by the Council is the disconnect between the level of appropriations in the capital budget, the level of planned commitments in the commitment plan, and the level of commitments actually executed by the agencies each year. Historically, the Council has been presented with a capital budget to adopt that provides twice the authority to spend over what is planned, and those planned commitments are almost twice what the City is able to spend in reality. This practice obscures how the Administration realistically plans on spending capital dollars and prevents Council oversight over issues such as project cost overruns and delays.



Therefore, the Council is seeking the following changes to the manner in which the capital budget and commitment plan are presented. First, the Administration must create more descriptive budget lines with fewer projects contained within each one. There are currently 65 budget lines that have over 50 projects within them. This is far too many for any useful information about a particular project to be conveyed. Second, the commitment plan can no longer continue to have planned commitments front-loaded within the first two years of the plan. This is unrealistic, inaccurate, and unfair to New Yorkers who expect their government to be upfront about which projects it intends to complete in any given year. Lastly, excess appropriations in the capital budget must be reduced. With large available balances, the Administration can increase, decrease, or create new capital projects midyear without coming to the Council for the approval and oversight laid out in the Charter. While still allowing for flexibility for contingencies and unknowns that inevitably arise during the execution of a capital project, appropriations must be brought down to no more than 15 percent over the capital commitment plan.

The Council welcomes the opportunity to work with the Administration to implement the priorities contained in this document. Together we can provide meaningful and impactful support to all New Yorkers throughout the five boroughs.

Fiscal 2019 Financial Plan

The Council's Financial Plan begins with the Administration's Fiscal 2019 Preliminary Budget, modifies it with new savings and efficiencies, adjusts for new needs, and focuses on the specific priorities of the Council. The Preliminary Budget totaled $87.4 billion in Fiscal 2018 and $88.7 billion in Fiscal 2019. The Council's Financial Plan brings the size of the budget up by $727 million, or 0.8 percent, in Fiscal 2018 and adds $230 million, or 0.3 percent, in Fiscal 2019.[1]

February 2018 Financial Plan Summary

Dollars in Millions

	FY18	FY19	FY20	FY21	FY22	Avg. Annual
REVENUES						
Taxes	$57,294	$59,999	$62,223	$64,582	$65,623	3.5%
Misc. Revenues	6,995	6,712	6,932	6,964	6,793	(0.7%)
Unrestricted Intergovernmental Aid						
Less: Intra-City and Disallowances	(2,047)	(1,772)	(1,764)	(1,769)	(1,769)	(3.6%)
Subtotal, City Funds	**$62,242**	**$64,939**	**$67,391**	**$69,777**	**$70,647**	**3.2%**
State Aid	14,776	14,968	15,463	15,838	16,251	2.4%
Federal Aid	8,650	7,219	6,973	6,955	6,939	(5.4%)
Other Categorical Grants	1,098	870	860	855	855	(6.1%)
Capital Funds (IFA)	674	670	606	605	605	(2.7%)
TOTAL REVENUES	**$87,440**	**$88,666**	**$91,293**	**$94,030**	**$95,297**	**2.2%**
EXPENDITURES						
Personal Services	46,835	49,051	50,714	52,033	52,558	2.9%
Other Than Personal Services (OTPS)	37,621	35,617	35,599	35,842	36,173	(1.0%)
Debt Service	6,412	7,089	7,664	8,127	8,815	8.3%
General Reserve	300	1,000	1,000	1,000	1,000	35.1%
Capital Stabilization Reserve	-	250	250	250	250	
Less: Intra-City	(2,132)	(1,757)	(1,749)	(1,754)	(1,754)	(4.8%)
Spending Before Adjustments	**$89,036**	**$91,250**	**$93,478**	**$95,498**	**$97,042**	**2.2%**
Surplus Roll Adjustment (Net)	(1,596)	(2,584)				
TOTAL EXPENDITURES	**$87,440**	**$88,666**	**$93,478**	**$95,498**	**$97,042**	**2.6%**
Gap to be Closed	**-**	**-**	**($2,185)**	**($1,468)**	**($1,745)**	

Source: OMB February 2018 Financial Plan for Fiscal Years 2018-2022

Council's Financial Plan Overview

The Preliminary Budget Response dives into all parts of the Fiscal 2019 Preliminary Budget to determine whether our taxation and spending reflect the needs and interests of the people of the City and whether the budgeting process is being done in a transparent and effective manner.

[1] The change in size of budget is due to a change in revenue resulting from a difference in tax forecasts and net re-estimates of other revenues.

The Council aims to embody four priorities in its 2018 Preliminary Budget Response:

- Maintain a strong fiscal position going forward, taking advantage of the present economic expansion to add reserves and prepare for future uncertainty;
- Strengthen and expand the City's social safety net, taking steps to fight poverty and increase the City's affordability;
- Increase the transparency of the budgeting process; and
- Find savings in the budget and direct those savings to fund the Council's priorities.

The following table shows the Council's revisions to both the revenue and expense sides of the budget.

Council Financial Plan -Preliminary *Dollars in Millions*		
	FY18	**FY19**
Gap as of Preliminary Budget Financial Plan	**$0**	**$0**
RESOURCES (+) adds resources		
Council Tax Revenue Forecast	*$652*	*$599*
General Reserve FY 18	*$300*	
Re-estimates, Agency Efficiencies and Other Savings	*$235*	*$293*
NYS taking NYS sales tax revenue in response to STARC refinancing		*($150)*
Taxi Medallion Sales Risk		*($107)*
SUBTOTAL	**$1,187**	**$635**
USE of FUNDS (+) uses resources		
Preliminary Budget Response Proposals		
Expand Reserves		$500
Institute Fair Fares		$212
Provide Property Tax Relief and a Road to Reform		$187
Other Preliminary Budget Response Proposals		$227
Fund Unfunded State Mandates		
Raise the Age		$200
Close to Home		$31
MTA Subway Action Plan (Expense)		$254
SUBTOTAL	**$0**	**$1,611**
TOTAL: Resources and Use of Funds	**$1,187**	**($976)**
Offset by increase of FY18 Prepayments to FY19	*($1,187)*	*$1,187*
NEW GAP in Council Preliminary Budget Response (gap)	**$0**	**$211**

The Council's Response shows a plan for both Fiscal 2018 and Fiscal 2019. Since funds are rolled over from one fiscal year to the next, the two years are included together to show a balanced budget between both years. As indicated in the table above, new resources and efficiencies amount to $2.2 billion in Fiscal 2018. This sum is then rolled over to Fiscal 2019, and the $1.7 billion in new budgeted expenses is entirely paid for by the new resources and efficiencies from both years. The plan has over $200 million left over at the end of Fiscal 2019 which could be rolled in Fiscal 2020 or put to other uses.

The Council's Financial Plan consists of three components.

Resources. These come from the Council's tax revenue forecast and a set of re-estimates, efficiencies, and other savings. These are discussed in sections below. In addition, the Council believes the $300 million currently in the general reserve will not be needed in Fiscal 2018 and can safely be rolled to the following year. In the interest of transparent budgeting, there are also two revenue offsets. The first is the loss of $150 million of the City' sales tax due to state action related to refinancing of the Sales Tax Asset Receivables Corporation. The second reflects the probability that sales of taxi medallions will not yield the full sum anticipated in the Preliminary Budget.

Use of Funds – Preliminary Budget Response Proposals. These reflect the new budget items developed in line with the Council's priorities. They are discussed at length throughout this document. Among the more important proposals are:

- **Expand Reserves - $500 million.** The Council calls on the Administration to add $500 million in reserves to strengthen our fiscal position and increase our ability to weather future shocks. According to recent Finance Division analysis, there is a one-in-five chance that the current amount of reserves is not enough to make it through the Financial Plan period without having to make budget cuts or raise taxes.[2]

- **Institute Fair Fares - $212 million.** Fund half-priced MetroCards for New Yorkers living below the federal poverty level. This will save up to $700 per year per recipient for an estimated 800,000 recipients.

- **Provide Property Tax Relief and a Road to Reform - $187 million.** Provide a $400 rebate to homeowners with incomes under $150,000. This program provides interim relief for homeowners while the City develops permanent property tax reform. Going forward, a Property Tax Commission will be created along the lines of the 1993 Reform Commission, with members jointly appointed by the Mayor and the Council, to both study the inequalities and shortcomings of the current tax.

Use of Funds - Unfunded State Mandates. Recent actions by the State mandate City spending on specific programs. Although we know we will be spending in these areas, they have not been formally recognized in the budgeting process. In order to improve the accuracy of the budget and increase the transparency of the budgeting process, the Council moves to explicitly incorporate unfunded state mandates in the budget. The total cost to the City of funding these unfunded state mandates is $485 million in Fiscal 2019.

- **Fund the MTA Subway Action Plan - $254 million.** In light of the Governor's inclusion of the Subway Action Plan (SAP) funding in the State Budget, the Council moves to set aside funding for the City's share of the plan in Fiscal 2019. The City's share of the plan includes $254 million in operating costs and $164 million in capital costs.

[2] Revenue Note "Budget Reserves: How Much Does New York City Need?" from the Council's Finance Division, released at the Committee on Finance Preliminary Budget Hearing on March 5, 2018. http://legistar.council.nyc.gov/MeetingDetail.aspx?ID=594635&GUID=9F085F0D-2AAB-4278-B740-2F9B8D703F86&Options=info&Search

- **Fund Close to Home - $31 million.** The State has provided support for the Close to Home program since 2013, but the 2018-2019 State Budget eliminates this support for New York City only. The Council moves to budget $31 million in Fiscal 2019 to continue this program.
- **Raise the Age - $200 million.** Raise the Age legislation impacts several City agencies, including the Administration for Children's Services (ACS), Department of Correction (DOC), Department of Probation (DOP), Law Department, Courts, New York Police Department (NYPD), District Attorneys' Offices, and Mayor's Office of Criminal Justice (MOCS). The Council moves to ensure that each agency has the appropriate funds to handle costs associated with this legislation.

In addition to the proposals in this financial plan, the Council puts forth two important additions that are to be paid for out of agencies' existing budgets. These include funding all public schools at 92 percent of their Fair Student Funding (FSF) entitlements, which will be handled by the Department of Education (DOE), and a new supportive housing program, to be handled by the Department of Homeless Services (DHS).

Re-estimates, Agency Efficiencies, and Other Savings

Recognize Miscellaneous Revenue

The Council has noted areas in the Fiscal 2019 Preliminary Plan where the Administration has significantly underestimated anticipated miscellaneous revenue in the current and upcoming fiscal years. The Council projects $135 million in additional resources from re-estimates of miscellaneous revenues across Fiscal 2018 and 2019.

- **Section 421(a) Tax Exempt Fee Revenue - $33 million.** In the Preliminary Budget, the Department of Housing Preservation and Development (HPD) expects to generate $19 million in Fiscal 2018 and $6.7 million in Fiscal 2019 from the collection of fees from the section 421(a) tax exemption, significantly less than the annual average of $29.5 million in actual revenue generation since Fiscal 2015. HPD should raise budgeted revenue generation projections from this source by $10 million in Fiscal 2018 and $23 million Fiscal 2019.
- **In-Rem Negotiated Sales Revenue - $17 million.** In the Preliminary Plan, HPD expects to generate $3.5 million in Fiscal 2018 and only $12,000 in Fiscal 2019 from in-rem negotiated sales. The budgeted amount is significantly less that the annual average of $10.3 million in actual revenue generated under this revenue source since Fiscal 2015. HPD should raise budgeted revenue generation projections from this source by $6.8 million in Fiscal 2018 and $10.5 million in Fiscal 2019.
- **Department of Consumer Affairs (DCA) Licensing Fees, Franchise Fees, and Fines Revenue - $5 million.** DCA has underestimated the revenue it has generated by an average of $4.4 million over the past three years, with this spread widening each year. DCA should raise budgeted revenue generation projections by $2.5 million in both Fiscal 2018 and Fiscal 2019.
- **Parking Fines Revenue - $80 million.** The Department of Finance (DOF) significantly underestimates revenue generated from parking fines. DOF projects $525 million in revenue from parking fines in Fiscal 2019, despite generating $642 million and $617 million in Fiscal 2016 and Fiscal 2017, respectively. The Council calls upon the Administration to increase budgeted parking violations revenue projections by $40 million in both Fiscal 2018 and Fiscal 2019.

Recognize Underspending

Every year the Administration recognizes substantial savings from overbudgeting and underspending, most of which is rolled into the next fiscal year's budget. While the Administration has already recognized some of these savings as of the Preliminary Plan, the Council estimates that Fiscal 2018 actual spending will be $251 million less than planned.

- **Recognize Additional Year-end Personal Services (PS) Accruals Savings - $75 million.** The Administration has recognized significant underspending and savings from PS accruals in Fiscal 2018 through hiring delays, attrition, and the inability to fill budgeted positions within the fiscal year. However, as of January, the City has a full-time City-funded vacant headcount of 2,225, many of which are in agencies that have recognized few if any PS accruals in their Fiscal 2018 Budget. These include the Department of Correction (DOC), the Human Resources Administration (HRA), and the Administration for Children's Services (ACS). The Council estimates that PS accruals will total at least $75 million in Fiscal 2018. In addition, the Council calls on the Administration to re-evaluate current vacant positions to determine if reduced spending can be generated through the reduction of vacancies.
- **Recognize Additional Year-end Other Than Personal Services (OTPS) Surplus Savings - $35 million.** The Administration has recognized savings from OTPS surpluses in the Citywide Savings Program. However, the Council has identified several agencies with expected OTPS surpluses in Fiscal 2018 that have either not yet recognized these surpluses or have not recognized them to their full extent within the Citywide Savings Program. These include the Board of Elections (BOE), the Financial Information Services Agency (FISA), the Department of Information Technology and Telecommunications (DoITT), DOC, and others. The Council projects that additional OTPS accruals will total $35 million in Fiscal 2018.
- **Re-estimating Interest Costs on the City's Debt Service - $141 million.** The Finance Division projects that debt service costs related to the City's general obligation variable rate demand bonds (VRDBs) will be $66 million lower for Fiscal 2018 and $75 million lower for Fiscal 2019 than in the Preliminary Budget. In the Financial Plan, the interest rates assumed for Fiscal 2018 and 2019 on the City's VRDBs 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 $230 million in debt service savings from VRDBs in Fiscal 2017.

Implement Agency Efficiencies

Throughout the review of the Fiscal 2019 Preliminary Budget, the Council has worked to identify efficiencies, as well as to right-size spending projections across all City agencies. The following recommendations highlight areas in the budget where existing funding can be reallocated to Council priorities that would better serve New Yorkers, while ensuring no negative impact will be had on existing critical services. The Council has identified $142 million that may be freed for other purposes by recognizing agency efficiencies.

- **Expand the Department for Citywide Administrative Services' (DCAS) Demand Response Program - $35 million.** The City saved approximately $12 million in Fiscal 2017 through DCAS' Demand Response program, which works with City agencies to lower their energy usage during periods of peak energy demand. The Council recommends expanding this program to cover more agencies and buildings, as well as to extend the program to periods outside peak energy demand, with a target of reducing the City's utility's bill by five percent. This would result in annual savings of $35 million against the City's heat, light, and power expenditures, which are projected to be $713.9 million in Fiscal 2019.
- **Expand Vertical Case Handling at the Law Department - $10 million.** In order to more aggressively fight tort claims against the City, the Law Department has added significant

additional staff and resources to its Tort Division in recent years to implement vertical case handling. Vertical case handling allows the same lawyers to work on every stage of a case, as opposed to horizontal case handling, where lawyers work on only some stages of the progress of a larger volume of cases. Expanding vertical case handling should reduce judgment and claims and other payouts from lost litigation and settlements.

- **More Aggressively Collect Administrative Fines - $50 million.** Outstanding Environmental Control Board (ECB) debt collections increased from $50.1 million in Fiscal 2015 to $90.7 million in Fiscal 2017, and are projected at $51.8 million for Fiscal 2019. However, overall outstanding collectable debt remains at $815 billion as of DOF's most recent reporting. In addition, substantial new ECB debt is generated each year as only about 60 percent of new ECB fines ($119.6 million last fiscal year) are collected within 60 days of their issuance. The Council estimates that DOF can collect at least an additional $50 million in outstanding debt in Fiscal 2019 by implementing more aggressive collection strategies. In particular, the Council urges the Administration to make use of the powers granted to it by Local Law 47 of 2016 to compel those with large outstanding ECB debts to pay their obligations to the City.
- **Reduce Spending on Citywide Data Processing Equipment Contracts - $20 million.** The Fiscal 2019 Budget includes $299 million for data processing-related contracts. DoITT should work with City agencies to reduce this spending across the board by six to seven percent by renegotiating contracts, consolidating contracts, and leveraging the City's massive purchasing power to bring the cost of these contracts down in Fiscal 2019 and in the outyears.
- **Expedite the Decommissioning of the New York City Wireless Network (NYCWiN) - $15 million.** DoITT has testified that it is in the process of planning the decommissioning of NYCWIN. The system costs upwards of $50 million annually to maintain, yet its usage is limited. Although there will be a cost to transfer those agencies that use the system to alternative networks, the City can expect the decommissioning to result in substantial reoccurring budgetary savings.
- **Rightsize FISA's Budget - $5 million.** FISA's budget is consistently greater than actual expenditures, with an average annual difference of $5.5 million over the past five fiscal years. While actual agency spending has been rising, the Council nonetheless still expects an approximate $5 million year-end surplus in Fiscal 2019 and recommends such a reduction in Fiscal 2019 and in the outyears.
- **Rightsize the Mayor's Office of Media and Entertainment's (MoME) Film Incentive Fund - $5 million.** While actual expenditures out of MoME's Film Incentive Program have averaged $7 million annually over the past two fiscal years, the budget for this program is $17.5 million in Fiscal 2019. The Council recommends a permanent reduction in funding for this budget line in Fiscal 2019 and in the outyears.
- **Rightsize DOC's Budget - $2 million.** In the past three fiscal years, on average, DOC has had a surplus of approximately $2.3 million from its OTPS budget. The Council recommends the reduction of the DOC's OTPS budget by $2.3 million in Fiscal 2019 and in the outyears to better reflect historical spending.

Unfunded State Mandates

Funding for the MTA Subway Action Plan

To fund the first phase of the SAP, the MTA has called on the City and the State to split the cost of the first 14 months of work, valued at $836 million, requiring each to pay one-half, or $418 million, of which $254 million is for operating costs and $164 million is for capital costs. The subway is the lifeblood of New York's economy and the Council recognizes the importance of modernizing the City's subway system.

Over the years the City's subway system has not kept up with modernization. As its infrastructure decays due to age, neglect, and natural disasters, persistent delays have become the new normal, resulting in the system failing to meet the basic needs of the City's residents. To address this issue, the MTA released the SAP, a two-phased strategy to address the need to modernize and repair the aging subway system. Phase I calls for spending approximately $1.8 billion over five years in operating and capital dollars and Phase II calls for an additional $8 billion in capital investments to repair the subway's tracks, signals, stations, and cars. Currently, details of Phase II have not yet been released by the MTA.

In light of the State budget which mandates the City to provide funding for the SAP, the Administration must now include the funding in the Executive Budget.

Restore Close to Home Funding

While the State has walked away from its responsibility to fund Close to Home, the City cannot. The proposed budget for Fiscal 2019 must fully fund this program, as mandated by the State, and fill the $30.5 million gap.

The 2018-2019 State Budget eliminates all State support for Close to Home for New York City only. The State launched Close to Home in 2013 and has financed it since. Close to Home allows ACS to partner with non-profit youth services agencies to operate 31 small-group, non-secure placement residencies for juvenile offenders throughout the city and avoid sentencing youth to upstate secure detention programs far from their homes and families. Close to Home hastened the years-long shift from out of city detention centers into ACS non-secure placement facilities.

Lack of State Support for Raise the Age

Raise the Age will have budgetary implications for several City agencies including ACS, DOC, DOP, the Law Department, the NYPD, the District Attorneys' Offices, and MOCS. However, the Fiscal 2019 Preliminary Budget does not include related funding changes for any of these agencies.

Last year, the State passed legislation to raise the age of criminal responsibility to 18 years old in New York State. The age of juvenile accountability will be raised to 17 years old, effective October 1, 2018, and to 18 years old, effective October 1, 2019. In addition, by October 1, 2018, no youth under the age of 18 will be held at Rikers Island. In New York City, justice-involved youth requiring detention will be placed in specialized, state-certified ACS facilities called Specialized Secure Detention Facilities (SSDs), instead of with DOC. In addition, because 17 year-olds are considered adults until October 2019, they cannot be placed in the same facility as 16 year-olds, who are now classified as juveniles, until after October 2019.

The 2019 State Budget added $100 million to implement Raise the Age across the whole state to support State and local costs for diversion, probation, and other programming for these youth who will now be involved in the juvenile justice system and $50 million in capital needs. However, it is unclear how much of this funding New York City will receive as State funding is contingent upon approval of reimbursements of eligible costs associated with compliance of the legislation. In addition, the City estimates that implementing Raise the Age would cost $200 million a year, far short of the total State allocation for New York City.

In order for the Council to fully vet the costs associated with this legislation, we call for appropriate funding to be added, or in some cases, reduced from agencies' budgets by the Fiscal 2019 Executive Budget. For example, DOC's headcount may be reduced with a corresponding budget decrease now that the population at its facilities will no longer accommodate juveniles aged 16 and 17. Conversely, ACS will need additional headcount and training to accommodate the growing number of juveniles placed in its care.

The Council's Forecast

Council Forecast

The Finance Division believes the Office of Management and Budget (OMB) is exercising its usual caution in its tax revenue forecast. The Finance Division projects an additional $1.25 billion in tax revenues through Fiscal 2019 over the amount projected by OMB.[3] However, the Council concurs with OMB on the need for fiscal prudence, with the City grappling with extraordinary uncertainties and risks - both economic and policy-related.

National Economy

Job growth, wage movement and rising consumer confidence suggest the U.S. economy has healthy momentum for at least the short-term. [4] The labor market added a stellar 313,000 jobs in February 2018.[5] Both the Tax Cut and Jobs Act of 2017 (TCJA) and the Bipartisan Budget Act of 2018 are expected to provide an economic stimulus in the short-run. In the long-term, however, the resulting higher deficits will increase inflation and interest rates, further weakening growth.

Federal fiscal stimulus

Forecast of Selected Economic Indicators: National, CY2017-2022

Calendar Years	2017	2018	2019	2020	2021	2022
Real GDP Growth (%)	2.3	2.7	3.0	2.2	1.8	1.7
Payroll Employment Growth (%)	1.6	1.6	1.9	1.3	0.7	0.5
Unemployment Rate (%)	4.4	3.9	3.5	3.5	3.5	3.7
30-Year Fixed Mortgage Rate (%)	3.99	4.55	5.05	5.31	5.38	5.38

Source: *IHS Markit, March 2018*

City Economy

After dynamic gains in the City through 2015, employment growth has been continuously slowing, as slack in the labor market diminishes. Private sector payroll expansion slowed from 121,200 jobs in 2015 to a still decent 81,000 jobs in 2017. The gains were broad-based, with only finance and retail barely eking out growth. That said, the federal stimulus, referred to above, will almost maintain the pace of employment in 2018 and 2019, but higher interest rates will subsequently steepen the deceleration.

The City's unemployment rate has continued to fall, reaching 4.2 percent in February 2018 down from 4.6 percent a year ago. Its labor-force participation rate was 60.9 percent in February, close to its historical high of 61.1 percent last August. The vibrant demand for labor has offered work to both the unemployed and many previously outside the labor market.

The average wage in the private sector rebounded by an estimated 4.2 percent in 2017, propelled by a 17 percent increase in Wall Street bonuses. Excluding the securities industry, wages grew by 2.8 percent.

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[3] This forecast is a modified version of the Council's March 5, 2018 forecast, available at: https://council.nyc.gov/budget/economic_revenue_forecast_fy_preliminary_budget/
Adjustments were made for the benchmark revisions to City employment. Adjustments to the tax revenue forecast are discussed in the text.

[4] IHS Markit, Executive Summary, March 2018.

[5] Bureau of Labor Statistics, March 9, 2018. [https://www.bls.gov/news.release/pdf/empsit.pdf]

As mentioned above, the Finance Division expects private sector job growth in 2018 and 2019 to be roughly at the same pace as in 2017, edging-down by only one-tenth of a percentage point each year. In the outyears, payroll growth will weaken more noticeably, reaching 0.9 percent in 2022. OMB's forecast of total employment projects a more uniform deceleration, reaching 0.7 percent in 2022. The Finance Division expects the private sector average wage to strengthen from 2.3 percent in 2018[6] to 3.3 percent in 2022. OMB projects dynamic average wage growth of 4.1 percent in 2018, slowing to 3.2 percent in 2022.[7]

Federal fiscal stimulus

Forecast of Selected Economic Indicators: NYC, CY2017-2022

Calendar Years	2017	2018	2019	2020	2021	2022
Private Sector Employmen Growth (%)	2.1	2.0	1.9	1.4	1.1	0.9
Unemployment Rate (%)	4.5	4.3	3.9	3.9	4.1	4.3
Labor Force Participation Rate (%)	60.2	60.6	60.9	61.1	61.1	61.0
Private Sector Average Wage Growth (%)	4.2	2.3	3.0	3.0	3.1	3.3

Source: *New York City Council Finance Division; IHS Markit, March 2018*

Tax Revenues

The Finance Division expects total tax revenues to rebound by 6.1 percent in Fiscal 2018, following weak growth of 2.1 percent in 2017. The main drivers of the upturn are strong collections from the personal income tax, real property tax, and unincorporated business tax. Total tax collections will soften to 4.6 percent growth in 2019, and average 3.9 percent in the outyears. The slowdown in revenues reflects a more subdued City economy, with a saturated labor market and high interest rates constraining growth.

Property tax collections will maintain strong growth throughout the Financial Plan, driven by a recent history of strong market value growth. The Finance Division also took down OMB's estimates of the property tax reserve, namely abatements, delinquent accounts, and cancelled taxes. This will generate $303 million in additional revenues in 2018 and $347 million in 2019.[8] Driven by a sharp decline in commercial sales, the transaction taxes – real property transfer (RPTT) and mortgage recording (MRT) – are expected to continue their downward-correction into Fiscal 2019, before bottoming out.

Personal income tax (PIT) collections are estimated to rebound in Fiscal 2018 due to growth in employment, wages, capital gains and soaring Wall Street bonuses. The TCJA's new cap on the deductibility of state and local taxes has catalyzed the cashing-in of long-accumulated capital gains in tax year 2017. Bonuses were paid out early for the same reason. The State made changes to its STAR program, increasing the City PIT rates and revenues. However, the State also decreased its STAR aid to City by exactly the same amount, offsetting the increase in City PIT revenue. After adjusting for STAR changes, the Finance Division projects the effective increase in revenues stemming from the PIT to be 6.6 percent in Fiscal 2018, as distinct from the 9.5 percent increase in PIT collections.

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[6] The slowdown in 2018 is driven by a sharp reduction in bonuses in the securities industry after spiking 17 percent in 2017.

[7] OMB forecasts payroll employment and the average wage for the private and public sector combined. The Council's Finance Division forecasts private sector employment and wages.

[8] Reducing the property tax reserves was inspired by NYC Independent Budget Office, 'Analysis of the Mayor's 2019 Preliminary Budget: Overview, Economic, Revenue, and the expenditure Outlook, March 2018,' p. 11.

General corporation tax (GCT) collections continue to decline, though less sharply, amidst uncertainty that the 2015 business tax reforms were truly revenue-neutral. Collections are expected to turn by Fiscal 2019, reflecting a boost in corporate profits because of the cuts from the TCJA. Unincorporated business tax (UBT) collections have been strong this fiscal year, thanks to a growing economy and small business confidence. However, the strong year-to-date collections also reflect pre-payment of 2018 estimated payments for tax year 2017 in December 2017. UBT collections are expected to lose some steam in the second half of the fiscal year, but will still end Fiscal 2018 and Fiscal 2019 with remarkable growth.

Sales tax collections have improved markedly from the past two years, buoyed by higher disposable income from increased employment, rising wages, and reduced withholdings from the tax changes. The reported growth rate in Fiscal 2019 may be overstated because it incorporates OMB's assumption that the State will waive the remaining $150 million the City owes in STARC reimbursements. In contrast, the Finance Division adjusts for this in the Financial Plan. Collections are expected to soften in the outyears as consumer activity becomes less exuberant.

The Finance Division's overall tax revenue forecast is stronger than OMB's, and is $1.25 billion more in Fiscal 2018 and 2019.

New York City Council Finance Division - Tax Revenue Growth Rates

	FY17	FY18	FY19	FY20	FY21	FY22
Real Property	6.9%	7.9%	6.2%	6.2%	5.4%	5.1%
Personal Income	3.1%	9.5%	4.3%	3.2%	3.0%	2.8%
Business Corporate	(4.9%)	(1.6%)	7.7%	3.1%	0.6%	1.7%
Unincorporated	(1.7%)	6.2%	7.1%	5.4%	3.8%	3.6%
Sales	1.5%	5.7%	5.0%	3.4%	3.3%	2.6%
Commercial Rent	4.8%	3.3%	2.2%	4.8%	4.8%	4.2%
Real Property Transfer	(20.3%)	(3.3%)	(0.5%)	1.7%	2.1%	1.2%
Mortgage Recording	(9.4%)	(6.1%)	(6.0%)	2.1%	(1.5%)	0.1%
Utility	4.6%	(3.3%)	0.4%	2.5%	2.3%	2.8%
Hotels	2.5%	1.6%	4.3%	4.1%	3.5%	3.5%
All Others	(28.3%)	(5.0%)	(3.4%)	(0.4%)	(0.3%)	0.3%
Audits	11.6%	0.2%	(18.7%)	(22.3%)	0.0%	0.0%
Total Taxes	**2.1%**	**6.1%**	**4.6%**	**4.2%**	**3.9%**	**3.7%**

Source: *New York City Council Finance Division, Preliminary Budget Response Fiscal 2019*

New York City Council Finance Division - Tax Revenue Difference From OMB					
$ millions	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**
Real Property	$303	$353	$606	$931	$2,256
Personal Income	257	456	290	165	108
Business Corporate	(19)	(62)	45	52	85
Unincorporated	7	16	24	6	63
Sales	77	(118)	(175)	(259)	(176)
Commercial Rent	(4)	10	29	42	45
Real Property Transfer	(29)	(107)	(103)	(97)	(116)
Mortgage Recording	84	58	64	37	18
Utility	(23)	(30)	(30)	(35)	(36)
Hotels	(0)	23	44	56	64
All Others	0	0	0	0	0
Audits	0	0	100	100	100
Total Taxes	**$652**	**$599**	**$894**	**$999**	**$2,411**

Source: *New York City Council Finance Division, Preliminary Budget Response Fiscal 2019 and NYC Office of Management and Budget, 2019 Preliminary Budget Fiscal 2019*

Risks to the Forecast and Financial Plan

All financial plans have risks and those relevant to the financial plan contained herein can be organized into a few large categories.

- **Economic Risk.** The risk is mostly downward and comes from the possibility that inflation and interest rates will be higher than in the Finance Division's forecast. The Finance Division's forecast assumes the threat of inflation will be managed by a gradual increase of interest rates. However, should inflation get out of control, the Federal Reserve's response would be a particularly aggressive increase of interest rates, choking economic growth. Climbing interest rates would reduce property values and could cause losses to fixed interest investments for Wall Street banks.
- **Political Risk.** With the completion of the Fiscal 2018-2019 New York State Budget, risk from New York State action is much reduced for the fiscal years in the City Council's Financial Plan. Actions by the Trump Administration pose significant risks to the City's budget. However, the enactment of the Bipartisan Budget Act of 2018 reduces these risks in Federal Fiscal 2018 and Federal Fiscal 2019, having raised the spending level of domestic programs. These risks are more substantial after Fiscal 2019.
- **Infrastructure Risk.** City residence are experiencing the consequences of infrastructure failure in their daily commute with the MTA and while living in NYCHA housing. This financial plan contributes to addressing both of these issues. However, long-term issues for these agencies have not been fully resolved.
- **Agency Risk.** We have seen emerging problems requiring significant growth in agency spending. The most recent example is the cost of addressing the homeless problem by DHS. Such risks remain in the budget.

While risk is inevitable in financial plans, it can be managed and ameliorated through the use of budgetary reserves.

Expand Reserves

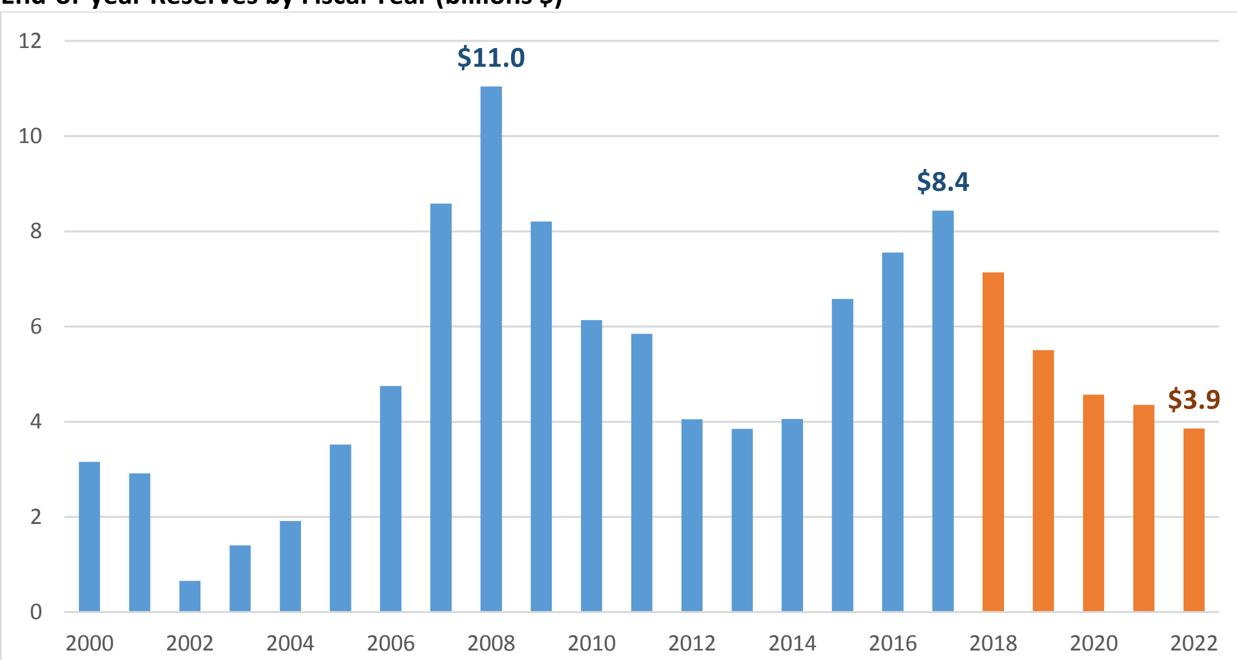
The Council calls on the Administration to add $500 million in reserves, strengthening our fiscal position and increasing our ability to weather future shocks. According to a recent Finance Division analysis,[9] there is a one-in-five chance that the current amount of reserves is not enough to make it through years of the Financial Plan without having to make budget cuts or raise taxes. To lower the odds to a one-in-ten chance, the City would need to add $2.8 billion to its reserves. Although this is unrealistic in the near-term, adding $500 million to the reserves now is a step in the right direction.

Historic Use of Reserves

In order to avoid painful spending cuts or tax increases during downturns, New York City can draw on its fiscal cushions, or reserves. The City's reserves consist of a variety of accounts, the use of and appropriations to vary from year to year.

Although there are a number of ways to measure total reserves available, the Council prefers to look at the end-of-year reserves, which includes the Retiree Health Benefits Trust (RHBT) balance, and which totaled roughly $8.4 billion at the end of Fiscal 2017.[10] Some other measures would not include the RHBT as reserves, and those measures would therefore peg current reserves at a lesser amount. As is evident in the figure below, the City generally adds to its reserves during periods of economic growth, and uses these reserves during periods of economic decline.

End-of-year Reserves by Fiscal Year (billions $)



[9] See, supra, fn. 3.

[10] End-of-Year Reserves is the sum of the Surplus Roll, any bond defeasances, and the end of year Retiree Health Benefits Trust balance. For a full discussion of the City's reserves, see the Revenue Note "Budget Reserves: How Much Does New York City Need?" from the Council's Finance Division, released at the Committee on Finance Preliminary Budget Hearing on March 5, 2018. http://legistar.council.nyc.gov/MeetingDetail.aspx?ID=594635&GUID=9F085F0D-2AAB-4278-B740-2F9B8D703F86&Options=info&Search=

From Fiscal 2003 to Fiscal 2008, end-of-year reserves grew from $1.4 billion to roughly $11 billion. During the Great Recession, the City drew heavily from reserves to avoid deep spending cuts or tax increases, which would have stifled recovery and rendered the recession even more painful. The City's reserves were instrumental in allowing the City to weather the Great Recession, but by the end of Fiscal 2013 only $3.8 billion in reserves remained. In the following expansion, the City again began increasing its reserves, building them back up to $8.4 billion in Fiscal 2017.

Reserves in the Preliminary Budget

The Fiscal 2019 Preliminary Financial Plan anticipates using over $4.5 billion in reserves over the Financial Plan, dropping reserves to $3.8 billion by the end of Fiscal 2022. However, we are not in a recession and the Administration is forecasting steady growth in the plan. Such a dramatic rundown of reserves during an expansion is unprecedented in recent history. If a recession does hit in the coming years, the City will be unequipped to handle it as well as well as it has in the recent past.

Reserves can also protect against other risks, such as infrastructure failures or changes in State and federal policy. Given the political environment, direct cuts in State or federal aid – or policy changes that shift the cost burden for important social services more onto the City – are not unlikely in coming years.

The City's reserves include the Retiree's Health Benefit Trust Fund (RHBT). We should keep in mind that it is worthwhile to keep adding to the RHBT not only because it is used as a reserve but also because of its primary purpose, to offset $88 billion liability, paying for retiree's health insurance.

The City should be adding to its reserves during periods of growth so that when a recession hits, adequate funds will be available to cushion the blow.

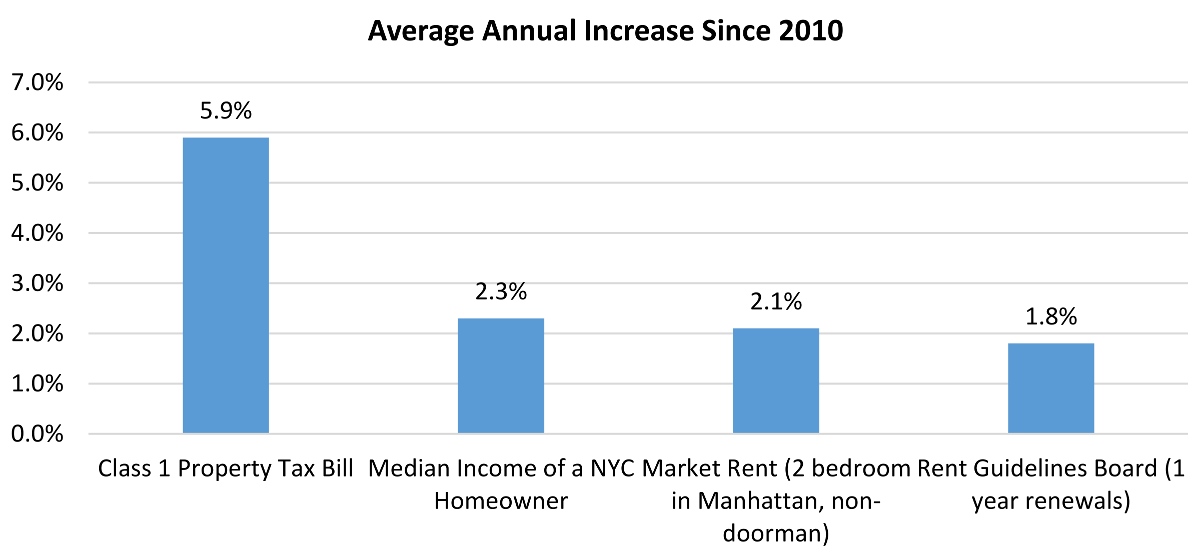
Address Property Tax Issues

Provide Property Tax Relief and a Road to Reform

The City should pursue State authorization to grant a property tax rebate to low and moderate income homeowners to provide tax relief while the Council and Administration work towards deeper property tax reform.

Homeowners in the City need a break. Since 2010, the median tax bill for a Class 1 home has dramatically outpaced both market[11] and stabilized rents,[12] but also the average income of a New York City homeowner.[13] As a result, homeowners are contributing a greater share of their incomes to property taxes. Unlike investor owners of property who can capitalize on increased property values by selling their investments, homeowners often have more ties to their home, such as children enrolled in local schools and access to their jobs, which greatly limits their ability to capitalize on any increase home value.

Therefore, a property tax rebate, targeted towards low- and moderate-income homeowners, would provide much needed relief. The Finance Division projects that a $400 rebate, provided to households with income below $150,000, would cost the City approximately $187 million. Recipients of the Veteran's Exemption would be ineligible for the rebate, as that exemption was greatly expanded in Fiscal 2018, providing each Veteran an average additional $641 in relief.[14]



Moreover, all property owners need a break from the City's opaque and confusing property tax system. Any reform effort should endeavor to create a more equal and fair system, but also to restore trust in the system. Therefore, the Council calls for the Mayor to agree to an open and transparent reform

[11] Manhattan Rental Market Reports. January 2011 & January 2018. MNS. http://www.mns.com/manhattan_rental_market_report

[12] Rent Guidelines Board Apartment Orders. 2018. The City of New York Rent Guidelines Board. http://www1.nyc.gov/assets/rentguidelinesboard/pdf/guidelines/aptorders2018.pdf

[13] American Community Survey, table B25119.

[14] Annual Report on Tax Expenditures, FY2017 and FY2018. New York City Department of Finance. Note that for Fiscal 2018, DOF cost estimates do not reflect the full impact of the expanded exemption, so the change may still be understated.

process. The first step should be to establish a Property Tax Commission along the lines of the 1993 Reform Commission, with members jointly appointed by the Mayor and the Council, to both study the inequalities and shortcomings of the current tax and to make recommendations for reform. The Commission should be required, at least, to hold public hearings in all five boroughs to receive input and disseminate findings, and to analyze the issues to provide a series of recommendations for reform. The Commission would be supported by staff from the Council and Mayoral agencies. The Council recommends that the Commission include the City's Commercial Rent Tax (CRT) within the scope of reform proposals.

Combat Vacant Storefronts through a Property Tax Surcharge

The City should create a registry of vacant retail spaces, and pursue State authorization to adopt a property tax surcharge on commercial property held vacant for more than six months. The proceeds from such a surcharge should be used to provide a reduction in the CRT.

As retail rents have risen in the City, so too have vacancy rates, particularly in high-demand areas throughout the City. According to the most recent available data, more than 20 percent of retail space in core parts of Manhattan is currently sitting vacant.[15] While there are numerous potential explanations for a vacant storefront, many of which are routine and not cause for concern, current conditions suggest more is going on. The Council believes the City should deter property owners from keeping properties vacant for long periods of time, whether in anticipation of higher prices in the future or as a strategy to warehouse spaces to attract large chains and other high-paying tenants.

As recommended in the Council's recent report, *Planning for Retail Diversity*, the City should begin to address the problem of vacant storefronts by requiring landlords to register with the City after a storefront has been vacant for 90 days.[16] With State authorization, the City could then levy a property tax surcharge on property owners who hold commercial property vacant for longer than six months in high-rent and/or high-demand areas. Proceeds from this surcharge should then directly be used to reduce the CRT. This will spur business activity and help small businesses compete for commercial space in the City.

[15] Manhattan Retail Snapshot Q4 2017. Cushman and Wakefield. http://www.cushmanwakefield.com/en/research-and-insight/unitedstates/manhattan-retail-snapshot/

[16] New York City Council (Dec. 2017). Planning for Retail Diversity. https://council.nyc.gov/land-use/wp-content/uploads/sites/53/2017/12/NYC-Council-Planning-For-Retail-Diversity.pdf

Examining the Structure of the City's Capital Budget and Investing in Infrastructure

Examining the Structure of the City's Capital Budget

The City's Capital Budget and Capital Commitment Plans are not transparent in their current forms, nor have they been historically. Consequently, it is difficult for the Council to properly fulfill its Charter-mandated oversight responsibilities with respect to the City's capital program. From the practice of housing multiple projects under generic budget lines to consistently frontloading the City's Capital Commitment Plan, it is apparent that the way the City conducts its capital budgeting must change. The Council recognizes that this must be done thoughtfully and in conjunction with the Administration.

The Council calls on the Mayor to execute the following actions in the Executive Budget.

Create More Descriptive Budget Lines in the Capital Budget

The Council votes on a capital budget that is aggregated at the budget line (unit of appropriation) level. It is commonplace for individual budget lines to represent many similar projects and have very generic descriptions as a result. In fact, in the Preliminary Budget there were 1,952 budget lines which contained funding for approximately 14,750 projects. Currently, the only information provided by the Administration to the Council about those projects when the Council votes on them at adoption is the general description contained in the budget lines, but not specifically which or how many projects will be included within them.

The Council would like to see a significant number of new and more descriptive budget lines added to the Executive and Adopted Budgets. The Council suggests that the Administration begin with the 65 budget lines in the Preliminary Capital Commitment Plan with over 50 projects apiece within them (Appendix B). These budget lines should be broken down into multiple lines with more specific budget line descriptions.

Stop the Frontloading of the Capital Commitment Plan

The City's Fiscal 2018 Preliminary Capital Commitment Plan totals $79.6 billion (All Funds) in Fiscal 2018 through 2022. Of this total, $42.4 billion or 53.3 percent, of the planned commitments are in the first two years of the plan. This level of planned commitment is not commensurate with the City's ability to execute its plan. Over the last five years, the City commitment rate has averaged $8.8 billion each year. Unbelievably, the Preliminary Capital Commitment Plan has $21.7 billion planned in Fiscal 2018 alone. It is very unlikely that the City will execute this level of planned commitments by year-end and therefore funding will roll into the following year continuing this trend.

The projects included in the Executive Capital Commitment Plan should be forecasted in a fiscal year more closely aligned with the City's ability to execute these projects. 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.

Reduce Excess Appropriations in the Capital Commitment Plan

Another result of the City consistently frontloading the Capital Commitment Plan is that an unnecessary need for new appropriations is continuously generated. The unused appropriations rolling from year-to-year rapidly create a situation where budget lines develop a large excess of appropriations. With large available balances, the Administration can raise, lower, or create new capital projects midyear without coming to the Council for approval.

The Council calls on the Administration to significantly reduce excess appropriations to no more than 15 percent over the Capital Commitment Plan (inclusive of interfund agreement (IFA) funds).

Encourage Minority-and Women-Owned Business Participation

The Council and Administration must work together to thoughtfully streamline aspects of the procurement process to encourage minority and women-owned businesses (MWBEs) to submit bids for capital contracts with the City. Parts of the City's procurement process are burdensome for the City agencies and contractors involved and should be reviewed to ensure that MWBEs are able to successfully navigate it and to be awarded an increased number of contracts.

Increase Infrastructure Funding to NYCHA

The Council calls on the Administration to provide $2.45 billion in capital funds to NYCHA to address ongoing critical capital needs and invest in housing development on NYCHA land. This investment will include:

- $950 million for boiler repairs and heating equipment technology;
- $500 million towards the development of senior housing at NYCHA; and
- $1 billion annually to address ongoing capital needs.

Currently, there is an estimated $25 billion gap between NYCHA's projected federal capital funding and the cost to maintain its properties in a state of good repair over the next five years. In addition, from 2001 to 2017, NYCHA has experienced a cumulative federal capital grant funding loss of $1.45 billion compared to eligibility. As the capital needs of its aging buildings grow, operating costs, such as maintenance and repair, has continued to increase. As such, in addition to making repairs, the Administration should aggressively pursue new strategies to develop housing on underutilized NYCHA land. The Council's allocations have attempted to fill critical capital funding gaps within NYCHA and while the Administration has recently allocated capital funding for large-scale initiatives at NYCHA, including a roof repair program, building façade repairs, and boiler repairs, a dedicated capital funding stream is needed to ensure that critical infrastructure improvements are routinely made. In addition, more should be done to include funding for new senior housing. The Council calls for the Administration to build 15,000 new units of affordable senior housing on under-utilized NYCHA land or other City-owned lots. This strategy could free up current senior occupied units in NYCHA to provide housing for more individuals on the NYCHA waitlist or in shelters.

The State recently took actions to address health hazards and improve living conditions at NYCHA through a $250 million allocation in emergency State resources, which will be paired with design-build authority in order to expedite necessary repairs, construction and upgrades for residents. The design-build act is historic and an important step, which will minimize the cost of construction projects and expedite the timeline for the completion of construction projects. Nonetheless, additional resources are urgently needed.

Lastly, due to the limited scope of the State's design-build authorization granted to the City, the Council urges the State to grant the City full design-build authorization from the State for all eligible City projects. In addition to the NYCHA projects, the recent State budget action extended design-build authorization to the City only for the Brooklyn Queens Expressway (BQE) Cantilever reconstruction project and for the construction of new jails citywide related to the closure of Rikers Island. The use of design-build, particularly for large construction projects, would save the City construction time and money. Although the time and money saved would vary from one project to the next, current estimated dollar savings are between six percent and 15 percent per eligible City project.

Accelerate the City's Solar Energy Goals

The Council calls upon the Administration to allocate $789 million in the Department of Citywide Administrative Services capital budget to accelerate the pace of solar installation on City buildings. As part of the *One City: Built to Last* plan, the City must install 100 megawatts of solar capacity on City buildings by 2025. To date, the City has installed approximately ten megawatts on its buildings. Considering the relatively small scale of solar installations, the Council believes this funding will allow the City retrofit non-solar ready rooftops at a faster pace, as well as exceed the original goal of 100 megawatts.

Enhance the Long-Term Control Plans for Sewer Overflow

The Council calls on the Administration to allocate $400 million in capital funds to capture a higher rate of combined sewer overflow (CSO) spillage into local water bodies. Specifically, the Council would like to see overflow contained at a higher rate in the areas adjacent to the Soundview Houses in the Bronx, as well as the Bland Houses in Queens. Currently, the long-term control plans (LTCPs) propose to capture a portion of the outfall at these sites, however, concerns have been raised that these plans do not go far enough. The Council believes the additional capital additional funds will fully support efforts to capture CSOs at higher rate and provide relief to local residents.

Protect Our Ecosystems with Proven Technologies

The Council calls upon the Administration to assess the Department of Environmental Protection's (DEP) use of alternative treatment methods to treat CSO. As part of the LTCPs, DEP proposed using chlorination to treat combined sewer overflow outfall at three sites: Flushing Creek, Alley Creek, and Hutchinson River. To address environmental concerns resulting from chlorination treatment at these sites, the Council calls on DEP to evaluate alternative treatment methods, such as utilizing ultraviolet filtration. The Administration should do an internal analysis to assess the installation and operation of ultraviolet treatment instead of chlorination facilities.

Improve the Education Capital Plan

The DOE and the School Construction Authority (SCA) should make improvements to the Five-Year Capital Plan regarding planning for new schools and to increase the overall transparency of the Capital Plan. In addition, funding within the plan should be shifted to make additional investments of $125 million for school accessibility projects and $100 million for camera security systems in schools.

Implement Planning to Learn Recommendations

In March 2018, the Council released a report titled *Planning to Learn: The School Building Challenge*, which made recommendations for improving the school planning and siting process. Some of these recommendations concerned the DOE Five-Year Capital Plan, in which the DOE and SCA identify the number of additional school seats needed and the methodology for determining this seat need. The Capital Plan currently projects seat need only through the final year of the fixed five-year plan (i.e. Fiscal 2019 for the current plan). The identified seat need should be a best projection of the number of new school seats required to appropriately accommodate all students, regardless of funding levels in the City or State budgets. The Administration should then consider the identified seat need when proposing a capital budget and preparing the capital Commitment Plan and Strategy.

Planning to Learn called for the SCA to project school seat need on a rolling 10-year basis so that the DOE can plan to actually meet seat need in the long term, rather than continually projecting an unachievable seat need in fixed, five-year increments. Long-term estimates would allow SCA to identify potential new school facilities, such as an educational complex for Staten Island's North Shore, beyond the term of the current plan. The identified need for the North Shore stands today at almost 1,300 seats--a figure that is likely to grow if seat need were projected to 2029. This long-term projection would demonstrate the magnitude of the need for investment not only in this sub-district but also across the

City. This and other recommendations of the *Planning to Learn* report relating to the DOE Five-Year Capital Plan should be implemented in the Fiscal 2020-2024 Plan.

Increase Transparency of the DOE Five-Year Capital 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. Additional changes should be made to the Plan given its size and density - the February 2018 Proposed Amendment to the Fiscal 2015-2019 Plan is almost 1,000 pages long, containing thousands of projects that total $16.5 billion. SCA should publish the Five-Year Capital Plan in a universal machine-readable format. In addition, the plan should identify which projects have been completed and reflect their actual costs. Project descriptions in the plan should be clearly tied to the plan's program categories and subcategories. Finally, the plan should list Resolution A projects funded by elected officials, either under their own category or under the appropriate existing category, as well as listed in the school-based program appendices. These changes should also be implemented for the Fiscal 2020-2024 Five-Year Capital Plan.

Provide Additional Funding for Accessibility and Security

For Fiscal 2019 projects, the DOE should reallocate $125 million within the Five-Year Capital Plan to fund additional accessibility projects and $100 million for security projects, both of which are currently insufficiently funded. Only half of DOE schools are partially or fully accessible to students with mobility impairments. 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. The $125 million investment should be towards projects that increase the number of accessible schools, particularly in districts with low portions of accessible schools and at schools used as poll sites. The Administration should also invest additional funding for camera security systems in schools. Only 710 school buildings have Internet Protocol Digital Video Surveillance (IPDVS) and funding in the current plan adds IPDVS in just 17 buildings. The $100 million investment in Fiscal 2019 should fund more IPDVS projects and a program to bring IPDVS to all schools should be fully funded in the Fiscal 2020-2024 Five-Year Capital Plan.

Fund the Construction of a Full-Service Animal Shelter in Queens

The Council calls on the Administration to allocate an additional $79.2 million in capital funding for the Queens animal shelter. In January 2018, the Administration announced that it had identified a site in the Bronx to construct a state-of-the-art animal shelter and veterinary medical clinic for the borough. Manhattan, Brooklyn, and Staten Island currently have full-service animal shelters – facilities capable of providing medical treatment for relinquished animals, housing lost animals, and offering direct animal adoptions. The borough of Queens, however, has only a receiving center. The Fiscal 2018-2022 Commitment Plan includes $5 million for the construction of the full-service Queens shelter. The Administration should allocate capital funding for the construction of a state-of-the-art animal shelter and veterinary medical clinic in Queens.

Increase Infrastructure Improvements to Libraries

The Council urges the Administration to add an additional $60 million in unrestricted capital funding split equally between the three library systems. The $60 million additional funding in Fiscal 2019 will help the systems address their most critical capital needs including failing infrastructure and equipment that has long exceeded its useful life. Investing in the buildings and facilities will allow the systems to focus on patrons and the delivery of high quality, vital services instead of roof leaks, HVAC failures, and lack of accessibility.

For the library systems, maintaining the 217 branches and aging infrastructure is a short- and long-term challenge. The branches are heavily used and most were not constructed to accommodate the traffic that they experience on a daily basis due to the growth in demand for services. At the New York Public Library, the average age of the branches is 67 years with many branches dating back more than 100 years. For Queens Borough Public Library, more than one-third of its buildings are over 50 years old with a capital need of $173 million over the next 10 years to modernize all its facilities and bring them into state of good repair. Brooklyn Public Library has $240 million in unmet capital needs system-wide. Approximately one-third of those needs are emergency infrastructure projects like boilers, HVACs, roofs and security upgrades. Investment in physical infrastructure also leads to increase in branches' circulation, program attendance and visits.

Establish Three New Health Action Centers

The Council calls on the Administration to allocate $9.6 million in capital funding for three new Health Action Centers. Launched in April 2017 as part of the Department of Health and Mental Hygiene's (DOHMH) investment in key neighborhoods, the Center for Health Equity's Neighborhood Health Action Center initiative is revitalizing underutilized Health Department buildings by co-locating health services, community health centers, public hospital clinical services, community-based organizations and service providers. To promote health equity in all five boroughs, the Administration should turn underutilized DOHMH buildings in Queens and on Staten Island into Health Action Centers. The centers would provide direct clinical services, including behavioral and mental health services, as well as connections to neighborhood-based social services.

Create a Capital Budget Process for Senior Centers

The Department for the Aging (DFTA) should design a transparent process for senior centers to apply for capital improvements. Currently, DFTA does not have a sufficiently transparent process by which senior centers can apply for capital funding to make structural improvements within their facilities. This could include repairs to roofs, kitchens, bathrooms, exercise rooms or common spaces used by seniors in the course of senior center activities. Furthermore, many senior centers are in NYCHA buildings that are in serious need of renovations. Although DFTA has a small capital budget, it is essential to improve the existing process and provide transparency to non-profit community providers and New York's seniors.

Bolster Efforts to Reduce Southeast Queens Flooding

The Council calls upon Administration to accelerate the pace of the ground water study, as well as construction of sewer systems to mitigate flooding in Southeast Queens. For decades, this community has experienced chronic flooding as residential and commercial development continues to outpace the extension of the City's sewer system. In addition, due to the Queens ground water supply being taken offline, some homeowners in this area have experienced basement flooding. The Council believes the above-mentioned recommendations will provide immediate relief to residents.

Add Funding for Orchard Beach Reconstruction

The Council calls on the Administration to add $30 million in the Fiscal 2019 Executive Budget to help complete the reconstruction of Orchard Beach in the Bronx. Orchard Beach, the Bronx's sole public beach, was proclaimed "The Riviera of New York" when it was created in the 1930s. The 115-acre, 1.1-mile-long beach contains a hexagonal-block promenade, a central pavilion, snack bars, food and souvenir carts, two playgrounds, two picnic areas, a large parking lot, and 26 courts for basketball, volleyball, and handball. It also includes changing areas and showers. Unfortunately, with beach season around the corner, much work needs to be done on the project. To date, the Administration, along with the Council, has put in $40 million for much needed upgrades to the pavilion and beach access. The State has also added $10 million, bringing total commitments to $50 million. However, more funding is needed to fully complete the project.

Participatory Budgeting Taskforce

The Council's Participatory Budgeting Initiative, in which citizens vote on capital projects for their districts, has been an unqualified success in engaging City residents. In fact, over 100,000 New Yorkers voted in Participatory Budgeting last year alone. However, what has not been as successful is the speed and efficiency at which these capital projects are being completed.

The Council calls upon the Mayor to launch a joint Participatory Budgeting Taskforce with appointees from the Office of Management and Budget, Parks, the School Construction Authority, the Department of Transportation and any other city agency with a significant number of Participatory Budgeting projects in their purview. The goals of this taskforce would be to speed coordination between agencies and to identify and solve any issues that arise with Participatory Budgeting projects.

Increase Funding to Bridge the Digital Literacy Gap

The Council calls on the Administration to add $10.2 million to the Fiscal 2019 Executive Budget to help bridge the digital literacy gap. Vulnerable populations have limited access to technology and this funding would help provide the infrastructure for digital literacy training. The Council would like to see these funds used for the purchase of computers at senior centers, especially those based out of NYCHA developments.

Strengthening the City's Social Safety Net

Institute Fair Fares

The City Council calls on the Administration to institute a fair fare program by including $212 million in the Fiscal 2019 Executive Budget for a half-price MetroCard program for all New Yorkers living at or below the federal poverty level and for all veterans who are currently enrolled in New York City colleges.

Access to public transit is an economic necessity for all New Yorkers, however, for the working poor and those with low wages, transit costs can become a financial hardship. According to a Community Service Society survey, one in four low-income City residents reported that they were unable to afford a MetroCard. Additionally, the current fare structure for MetroCards provides the largest discount to those who can afford to pay $121 upfront for the monthly unlimited MetroCards. According to a joint report released by the Community Service Society and the Riders Alliance, a half-priced MetroCard discount program for individuals and families living below the federal poverty level, which is currently $12,140 for an individual and $25,100 for a family of four, could save up to $700 per recipient/year for up to 800,000 participants.

Currently, there are approximately 210,808 military veterans who call New York City home, of which 10 percent, or 16,411 live in households with incomes below the federal poverty level and 33,729 are senior citizens, who would already qualify for reduced fare MetroCards. In addition to the proposal described above, the City Council would like to extend the half-fare MetroCard program to the New York City veterans currently enrolled in New York City colleges.

Prioritize Permanent Housing

The Administration must prioritize permanent housing solutions over homeless shelter spending. The homeless crisis continues to plague the country, and particularly New York City, with an estimated 60,000 adults and children residing in homeless shelters and thousands more living in temporary, unstable, or overcrowded homes. Since Fiscal 2015, spending on homeless shelters has grown by more than $790 million. The Preliminary Fiscal 2019 Budget added another $169.9 million in baseline funding for homeless shelters bringing the total to $1.59 billion. Of this, the City spends about $32 million a month, or $384 million a year, to house homeless families in hotels. Another $2 million a month, or $24 million a year, goes to cluster site apartments.

While shelter spending is supported by a mixture of City, State, and federal revenue, the City's share has increased steadily since Fiscal 2013 after the elimination of the Advantage Program, which provided rental assistance for homeless people to move out of shelters. The City portion of the shelter budget for Fiscal 2019 is about $887.1 million, or 55 percent, while federal portion is $548.8 million, or 34 percent, and State funding is $156.7 million, or 9.8 percent. The majority of City funds are for adult shelter operations, and for Fiscal 2019 City this funding totals $474.2 million, almost double compared to the $245 million spent in Fiscal 2013.

The State share of adult shelter operations for the upcoming fiscal year is $73.6 million, or 13 percent, while federal revenues support only one percent of the adult shelter budget, totaling $8.1 million. Overall, the State's contribution to the shelter budget has remained essentially flat at nine percent since Fiscal 2013 because the State has capped its reimbursement for single-adult shelter spending at 50 percent up to a cap of $68.9 million. At no point since the surge in the City's homeless population has the State increased its cap to accommodate the growing shelter census. It is time for the State to remove the adult shelter spending cap and contribute more funding for adult shelter operations. The City's homelessness crisis is not just a local issue, but a State issue too, and the State should bear just as much financial responsibility as the City.

The DHS shelter census remained relatively steady in 2017 compared to 2016, marking the first time in a decade that the census has remained stable. Costs to shelter the homeless, however, have continued to rise. What will hopefully be a permanent break in the census increase trend presents the City with an opportunity to refocus the mix of homeless prevention, shelter, and permanent housing spending. The City should dedicate more funding to support move-outs from the shelter system, rather than increasing the City's shelter budget. The $169.9 million added for shelter in Fiscal 2019 and the outyears, of which $150 million are City funds, would be more impactful if used for one of HRA's many rehousing programs. For example, the City Family Exit Plan Supplement (CITYFEPS) provides a rental supplement to families with children at risk of entry to a shelter and those already in a shelter to secure permanent housing. The program does not set a time limit on rental support making CITYFEPS vouchers attractive to landlords. CITYFEPS has helped 21,700 individuals move out of a shelter and secure permanent housing since Fiscal 2015. The Fiscal 2019 budget for CITYFEPS is about $9 million, which is a combination of State and City funding.

Unlike the CITYFEPS program, five of HRA's six Living in Communities (LINC) programs set time limits for rental vouchers. All LINC vouchers, with the exception of the LINC vouchers for seniors, are valid for one year with up to four one-year renewals. Since Fiscal 2015, only 8,550 households have used LINC vouchers to move out of a shelter, far short of the original goal. The voucher time limits as well as very low allowable rents have limited the effectiveness of the LINC programs. The total Fiscal 2019 budget for all six LINC programs is more than $118 million, but HRA is unlikely to spend this entire allocation based on previous actual spending if program changes are not made. If the HRA removed the time limit on LINC vouchers, increased the maximum rent allowed, and invested more money, by re-appropriating City funding currently designated for shelters, the LINC programs could help thousands more New Yorkers find decent, stable housing. Baselining budget resources for rental assistance is a far more economical strategy for tackling homelessness than is shelter spending or long-term hotel-based shelter contracts.

In addition to rehousing programs, the City should grow its supportive housing portfolio to combat long-term and cyclical homelessness among certain populations. Supportive housing is a proven cost-effective approach to deliver stability and permanently house New Yorkers struggling with mental illness and substance abuse. It can also provide a long-term cost savings for the City as it reduces reliance on homeless shelters, hospitals, mental health institutions, and incarceration. The City has a plan to create 15,000 new units of affordable housing over the next 15 years and by the end of 2017, 550 units of new supportive housing were supposed to have been online. However, only about 150 of the planned 550 are currently operating. In addition, the City is competing with the State and its own supportive housing plan in terms of finding possible supportive housing sites across the five boroughs.

The Administration's *Turning the Tide on Homelessness in New York* City, a plan on managing the current homelessness crisis proposes to phase out the use of cluster sites and hotels to house the homeless, and replace these facilities with 90 new shelters. Since the release of the plan in 2017, only 17 of the 90 proposed new shelters have been opened. HRA also recently entered into a three-year contract with hotel-based shelters totaling $1.1 billion over this time period, or roughly $1 million a day. Redirecting a portion of the funding for new and hotel-based shelters towards supportive housing would provide a long-term solution for placing the homeless in permanent housing, rather than temporary shelter housing, thus reducing the shelter census.

An open-ended request for proposals (RFP) has been issued for all the planned supportive housing units, with the exception of 90 units for youth, but the number of contract awards has been low. This is of particular concern because the development of new supportive housing units was intended to stem the increase and reduce overall the single adult homeless population, thus creating savings in the adult shelter budget. Given the long-term impact and overall savings when supportive housing is in place, including reduced shelter spending, lower emergency hospital admissions, and fewer criminal justice system contacts, the Council recommends using the already budgeted funding for supportive housing to increase the rates for providers so that more providers are able to competitively bid for these contracts and bring more units online. In addition, if a suitable site is identified for either congregate or scatter site supportive housing, not only the upfront cost for acquiring the space should be taken into account to determine whether the City should acquire it, but a full cost benefit analysis should be conducted to assess the long-term budgetary impact across agencies.

In sum, by prioritizing long-term permanent housing solutions over homeless shelter spending, the City will invest in a long-lasting solution to the homeless crisis where the positive outcomes far outweigh the costs.

Fight Hunger in New York City

One of the most effective strategies for knitting New York City's social safety net is to fight hunger with programs that tackle food insecurity. An increased investment of $25.9 million in the Fiscal 2019 Budget would go a long way toward fighting hunger across the City.

Although the City's economy has steadily improved since the 2012, an estimated 1.1 million New Yorkers still struggle with access to nutritious food. People from all segments of the City's population are food insecure - children and their parents, seniors, and the homeless too often face hunger.[17] The City should: 1) baseline adequate funding for the emergency food network; 2) offer seniors at least one free meal a day; and 3) continue to investing in innovative solutions to fight hunger.

Increase EFAP Baseline Funding

The Administration should finally recognize the importance of the Emergency Food Assistance Program (EFAP) and baseline $22 million for food procurement for this critical program. Emergency food is a crucial part of our social safety net, yet baseline funding for this program has not been increased for several fiscal years. Almost 40 percent of food pantries in New York City indicated that they could not distribute enough food to meet demand, and 35 percent indicated that they had to turn people away due to insufficient food in the pantry according to a recent survey conducted by Feeding America. Pantries should not have to make the tough decision of either turning away needy New Yorkers or distributing less food because of food shortages. Yet, the Administration has again presented a preliminary budget that proposes a devastating cut to EFAP, and then, in testimony to the Council explained that the EFAP budget would be calculated through discussions with the Council and others before adoption. The Fiscal 2019 Preliminary Budget for EFAP food procurement stands at just $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. Furthermore, the budget should present a realistic estimate of the spending for the next year. Anti-hunger programs should not be subject to a year-by-year budget dance.

Offer Universal Free Lunch for Seniors

Seniors are the fastest growing population in the City, almost 13 percent of whom are food insecure. Boosting DFTA's budget by $11.6 million would allow senior centers to eliminate lunch fees, which, although voluntary, often deter seniors from eating at centers. The increase would also support revision of provider contracts to adjust the reimbursement rates of home-delivered meals.

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[17] Hunger Free America, 2017 Survey of New York City Food Pantries and Soup Kitchens https://www.hungerfreeamerica.org/sites/default/files/atoms/files/2017%20NY%20City%20and%20State%20Annual%20Hunger%20Survey%20Report%20.pdf

Senior centers provide a dependable venue for seniors, in particular those living at or near poverty, to obtain a free lunch. Unfortunately, many centers require participants to make a monetary contribution before receiving their lunch. Federal law allows this, and the contributions are supposed to help the senior centers with their meal budget. However, this process, if done in a coercive manner, can stigmatize seniors who are on tight budgets. In order to ensure seniors' access to meals and that no center faces a budgetary shortfall, an additional $7.6 million is required for DFTA's baseline budget.

DFTA's home-delivered meals program is another key source of nutrition for seniors. The current reimbursement rate for home-delivered meals does not fully cover the costs of providing the meal. DFTA should increase the reimbursement rate for home-delivered meals by $1 per meal to close the gap, for a total of $4 million. DFTA now reimburses providers $7.50 to $8.50 per meal, while a recent analysis based on national data shows that the real cost of a home delivered meal is about $11.50.

It is important to note that DFTA's recent model contracting process did not include analysis or funding related to senior center meals and home-delivered meals. While the agency is working with OMB to conduct a full needs assessment for food related programs for seniors, it is imperative that additional resources be included in the Fiscal 2019 budget for DFTA and not be delayed any further.

Provide Summer Companion Meals

Fighting hunger across the City requires innovative solutions. One such idea is to launch a program to provide companion meals wherever summer meals are served to children by DOE. Offering 100,000 meals would cost approximately $300,000.

DOE's Summer Meals Program provides free breakfast and lunch to children ages 18 and under. During the summer, children can get free breakfast and lunch at hundreds of public schools, parks, pools, libraries, and NYCHA locations. Unfortunately, parents and guardians accompanying children to access the Summer Meals program may be food insecure, too, but cannot receive a free lunch due to funding eligibility constraints. Extending the free summer meal service to caregivers is a simple strategy for extending anti-hunger programs to more New Yorkers.

Increase Funding for Animal Care Centers of NYC

The Council calls on the Administration to allocate an additional $3 million for the Animal Care Centers of NYC (ACC). ACC is a 501(c)(3) non-profit that has a contract with the City to be an open-admissions organization, which means it never turns away any homeless, abandoned, injured, or sick animal in need of help. The Administration should work with ACC to increase funding for the addition of staff in an effort to help expand receiving hours, increase stray animal pick up, and reduce the feral cat populations. The Council urges the Administration to work diligently and swiftly in hiring staff and accelerating services for animals to ensure that New York City can rescue, care for, and find loving homes for animals throughout the five boroughs.

Fund Community-Based Organizations to Conduct Opioid Abuse Prevention and Treatment

The Administration should allocate $4.3 million in funding to community-based organizations (CBOs) to lead prevention and treatment efforts around opioid abuse. Specifically, the Administration should fund CBOs to lead intensive care navigation and coordination efforts in settings beyond emergency departments and among populations other than those who have recently overdosed. The Administration recently announced a $22 million annual investment to expand HealingNYC, the citywide plan to combat the opioid epidemic. The funding will largely support the work of City agencies, including NYC Health + Hospitals and DOHMH, and expand mayoral initiatives, such as the Relay program.

Support Diabetes Prevention

The Administration should allocate $1 million to support the National Diabetes Prevention Program (NDPP). In order to increase diabetes prevention activities in neighborhoods with high rates of obesity and chronic disease in New York City, the Administration should allocate funding to DOHMH to implement the NDPP. More than 700,000 adult New Yorkers have diabetes, a disease that can damage blood vessels and lead to heart disease and stroke, as well as nerve damage, kidney disease, and other health problems. An estimated 1.3 million adult New Yorkers have prediabetes, or higher-than-normal blood glucose levels, but many are unaware they have the condition. Diabetes disproportionately affects New York City's low-income and working-class communities, leading to an undue burden of mass illness, amputation, blindness, and kidney failure.

Restore 14 NYCHA Senior Centers

The Council calls upon the Administration to restore $2.8 million in the Fiscal 2019 Executive Budget for 14 NYCHA senior centers. In total, 255 community and senior centers (comprised of 126 community centers and 129 senior centers) operate on NYCHA's property across the five boroughs, providing recreational, social, educational and cultural programming for residents and community members. These centers are operated by NYCHA, the Department of Youth and Community Development (DYCD), DFTA, and a variety of CBOs at a total annual operating cost ranging from $200,000 to $520,000 per center. As part of NYCHA's efforts to eliminate its structural operating deficit, in recent years NYCHA has transitioned the management of most of these centers to DYCD and DFTA. As such, as of January 24, 2017, only 14 senior centers remain under NYCHA's management. The City's Fiscal 2018 Adopted Budget included $2.8 million in funding for the ongoing operating support for the remaining 14 centers until June 30, 2018. The Fiscal 2019 Preliminary Plan does not provide funding that would sustain these services after June 30, 2018.

Support Our Non-Profit Partners

The Council calls upon the Administration to review current human services contracts and include provisions that allow providers to request additional funding for rent increases and related insurance costs. By covering these costs, non-profits will be able to stay in current leased spaces and continue to provide important services to the community.

Human services vendors and their employees are a vital arm of the City's government, as many City agencies rely on their non-profit partners to deliver their core public services. DHS, DFTA, and DYCD, for example, contract out almost all of their programs to non-profit human service providers. These providers deliver some of the most essential public services to New Yorkers including foster cares, homeless shelters, after-school programs, and social adult day cares among others. Contracted non-profit providers work with approximately 2.5 million New Yorkers each year.

The Fiscal 2019 Preliminary Budget for human service contracts is approximately $15.6 billion, or 17 percent, of the City's total budget. The four human services agencies that house the largest contract budgets are DHS, ACS, DOHMH, and HRA. Collectively their contract budgets represent approximately 77 percent of the total Fiscal 2019 Preliminary Contract Budget.

The City has recently increased financial support for human services providers. Investments include a four-year commitment of $211 million to increase the indirect rate reimbursement to 10 percent beginning in Fiscal 2018. In addition, the Administration has implemented model contracting at various agencies totaling over $400 million across Fiscal 2018 to Fiscal 2021 including:

- right-sizing of shelter contracts at DHS;
- right-sizing of senior center contracts at DFTA;
- increased rates for preventive services contracts at ACS;
- increased case manager salaries for adult protective services at HRA; and
- increased rates for runaway homeless youth shelter beds at DYCD.

Despite these increases, the contract rates paid to human service providers remain too low. In particular, fringe benefits, occupancy, and insurance costs are not adequately reimbursed through current human services contracts. Shortchanging our non-profit providers has negative consequences on service delivery and service quality.

The low compensation rate for fringe benefits including employee health insurance and unemployment compensation is one of the most significant barriers to long-term sustainability for human services providers. The current fringe reimbursement rate is up to 26 percent, far short of the general industry standard of 37 percent. Low fringe rates make it exceptionally challenging to attract and retain qualified talent. Hiring challenges and staff turnover both negatively impacts providers' ability to competitively bid for human services RFPs and to execute current contracts. An update of the City's formula for fringe rate reimbursement, would allow the non-profit sector to continue to provide the essential services for the City, while maintaining the workforce needed to perform these services.

In addition, multi-year human service contracts typically do not adequately account for increases in occupancy and insurance costs. This is especially problematic for providers that have long-term City contracts.

Preserve Adult Literacy Programs

The Council calls on the Administration to baseline its funding of $6 million for the Adult Literacy initiative in DYCD's budget in order to increase and sustain adult literacy programs and adjust the teacher reimbursement rate with adult literacy providers throughout the City. The Fiscal 2019 Preliminary Budget does not renew the $12 million funding for Adult Literacy in which the Council and the Administration has invested over the past two fiscal years. This investment contributed to an increase in the number of participants in DYCD adult literacy programs during the first four months of Fiscal 2018, with a 36.5 percent increase when compared to the first four months of Fiscal 2017. Adult literacy and language proficiency are key elements to immigrant integration, leading to increased job opportunities and helping facilitate social and political participation.

Offer Legal Services for Workplace Rights

The Fiscal 2019 Budget should include an additional $5 million to fund legal representation for low-wage workers with employment-based complaints. Employment law and workplace rights violations have become a more prevalent and serious problem for low-wage workers in New York City. Common violations include the failure to pay overtime or minimum wage, forcing employees to work off-the-clock, illegal pay deductions, denial of sick leave, and retaliation for making a complaint or joining a union. The misclassification of low-wage employees as contractors also has denied workers the rights and benefits to which they are legally entitled. According to the National Employment Law Project, more than 317,000 workers in New York City suffer at least one pay-based labor or employment law violation per week. Violations collectively cost low-wage workers approximately $1 billion each year.

Therefore, the budget for the Office of Civil Justice should include an additional $5 million in Fiscal 2019 to fund civil legal advice and representation for issues that include wage theft, failure to pay minimum wage or overtime, misclassification, illegal pay deductions, employment discrimination and harassment, retaliation for reporting, denial of unemployment insurance and labor trafficking.

Prioritize and Support Services for New Yorkers with Disabilities

The Council calls on the Administration to prioritize and enhance support for New Yorkers with disabilities. As of 2016, there are roughly 950,000 New Yorkers living with a disability – with more than half or roughly 500,000 having more than one disability.[1] Since publishing the second edition of *AccessibleNYC* in 2017, an annual report on the state of people with disabilities living in New York City, the Administration has launched initiatives funded through private foundations. The Council implores the Mayor's Office for People with Disabilities (MOPD) to work with the Office of Management and Budget and City agencies to prioritize services for disabled New Yorkers as it relates to transportation, employment, housing, health, and education.

Creating a Strong Foundation for Our Youth

Direct Education Dollars to Schools

Fully Fund Fair Student Funding

DOE should bring all public schools up to 100 percent of their Fair Student Funding (FSF) entitlements. Doing this would allocate more funding directly to public school budgets and empower principals to decide how best to support their schools' instructional programs and operations. .

FSF is the single most important funding stream supporting New York City public schools, comprising 60 to 70 percent of each school's budget. In the current year, DOE released approximately $6.1 billion to schools through the FSF formula. FSF is unrestricted, giving school principals the flexibility to decide how much to spend on instruction, support services, administrative functions, and enrichment programs. Principals use their discretion to create a unique school program that meets the needs of each student body. FSF is a formula developed by DOE to allocate school budget resources based on student attributes, student achievement, and school programs. The formula sets a per student cost, which is $4,085 for the current year, and adjusts it by a set of standard weights.

DOE's Fiscal 2019 Budget totals $25.6 billion. This includes approximately $10.9 billion that directly supports schools and funds school budgets. DOE's budget is primarily funded with a mix of City and State dollars, which collectively account for more than 90 percent of DOE's budget. For Fiscal 2019 both City and State funding for schools will increase, but the Financial Plan projects a larger State aid increase than what was included in the State's Adopted Budget. The State school aid shortfall is approximately $136 million, despite the fact that the 2019 Enacted State Budget provides New York City with a $333.8 million, or 3.27 percent, increase over Fiscal 2018. This gap results from overly robust revenue projections. Dealing with the gap left in DOE's budget may present a challenge for DOE, but it is a challenge the Department should be able to overcome in its $25.6 billion budget.

Unfortunately, since its introduction in 2007, the DOE has not adequately funded FSF, leaving most schools underfunded according to the formula. This year, all schools received a minimum of 87 percent of their FSF entitlements, with an average of 91 percent. These long-term funding deficits have left schools unable to properly support the academic needs of students or offer robust educational programs. DOE has recognized the importance of FSF in choosing to provide Community Schools, including Renewal Schools, 100 percent of their FSF entitlements. All schools should receive the same treatment.

In order to ensure that schools have the funding needed to properly educate and support students' needs, all public schools should receive 100 percent of their FSF entitlements. Over the past four years, the Administration has added $1.3 billion in City funding to DOE's current budget for new needs. In addition, the Administration added $11.2 million in new needs in the Fiscal 2019 Preliminary Budget. However, rather than funding FSF, most of the new City funding that has been invested in school budgets has been for restricted programs, such as AP for All, Universal Literacy, and Single Shepherd. Repurposing this funding, as well as some of the $1 billion in City funded new needs that did not go to school budgets, could raise the FSF floor and average and have a greater impact on overall student achievement across the City's public schools. Additional savings of $100 million in the DOE's budget—in line with what was identified in the Preliminary Budget and in past years—should also be identified to support funding to increase the FSF floor and average, rather than being reinvested as new needs funding in the agency's budget.

DOE will need approximately $750 million to fully fund schools through FSF. DOE should dedicate $250 million in the Fiscal 2019 Budget to raise the FSF floor. The Financial Plan should also schedule $250 million increases for Fiscal 2020 and 2021. A fully-funded FSF formula will enable schools to provide the complete range of essential educational programs, such as licensed social workers and guidance counselors, support for homeless students, substance abuse prevention and intervention counselors, integrated social supports, and enrichment programs in the arts and sciences. For example, DOE has only 4,711 licensed social workers and guidance counselors for more than 1.1 million students. With significant administrative responsibilities and large caseloads, counselors and social workers have little time to provide services beyond those mandated in individualized education programs. Counseling and social work services should not be a rarity for students; additional school funding could make these basic services universally available. Achieving 100 percent FSF in all schools must be the top educational priority of this budget.

Increase Support for Homeless Students

The Administration should add $22.4 million to DOE's budget to fund a new FSF weight for homeless students. The Council recognizes the extraordinary challenges confronted by homeless students and wants to ensure all schools have adequate resources needed to properly educate and support these students. In the Fiscal 2018 Budget, DOE added $10.3 million for the second year in a row to address the specific needs of homeless students. Funds are used to provide literacy support through after-school tutoring in shelters and to add social workers to schools with at least 50 homeless students. The 43 social workers provide homeless students with social-emotional, health, and mental health services. This program is not funded in the Fiscal 2019 Preliminary Budget and it should be restored. DOE has indicated that the program will continue.

However, while this program is effective, it does not reach all of the 110,000 homeless students. It also leaves out schools across the City that struggle to fund appropriate supports for homeless students. Therefore, in order to ensure the funding level is sufficient and is tied to every single homeless student, the Council calls on the DOE to add a new FSF weight to support homeless students. By adding a weight of .05 for the upcoming school year, an additional $22.4 million would be provided to schools through the FSF formula. With this additional funding, principals could design school programs tailored to meet the specific needs of homeless students in a given school. Programs could include additional academic services, enrichment activities, or basic support such as providing access to laundry or food. Offering schools additional resources for homeless students can also improve attendance. A recent audit by New York City Comptroller Scott Stringer uncovered high rates of chronic absenteeism among homeless students.[18] By providing additional funding to schools through FSF we can ensure that every single school has sufficient resources to support the needs of all students.

Enhance Youth Programs and Child Care

Each day, hundreds of thousands of parents and caregivers depend upon programs offered by New York City to both ensure the safety and grow the potential of their children while they work to support their families. The proposed budget for Fiscal 2019, however, leaves programs for youth underfunded. Summer SONYC (School's Out NYC) and Priority 5 vouchers are not supported at all, while, for the second year in a row, the Preliminary Budget fails to include minimum wage increases for baselined slots in the Summer Youth Employment Program (SYEP). At the same time, contracts for everything from child care centers to runaway and homeless youth programs are consistently too low to support the full cost of services. Investing in these services now will have long-term benefits not only for individuals, but for the City as a whole.

[18] https://comptroller.nyc.gov/reports/audit-report-on-the-department-of-educations-efforts-to-monitor-and-address-school-attendance-of-homeless-children-residing-in-shelters/

Expand the Summer Youth Employment Program

SYEP needs an additional $48.8 million to be fully funded and adequately meet demand. After the successful convening of the Council's Youth Employment Task Force in 2016 and 2017, the Fiscal 2018 SYEP introduced an array of programmatic and systemic changes designed to improve services to a record 69,716 young New Yorkers aged 14-24. Innovations will continue for Fiscal 2019. The budget supports new program models, including a partnership between 32 vocational and technical high schools and 18 program providers to serve 5,000 students. It is anticipated that more program changes will be included in the next request for proposals, currently slated for Fiscal 2019.

The Fiscal 2019 Preliminary Budget includes $94.5 million for 70,000 baselined SYEP jobs. However, it includes minimum wage increases for only 5,000 positions. The Fiscal 2019 budget requires an additional $27.5 million for minimum wage increases for the more than 52,000 remaining City-funded SYEP jobs. The Council calls upon the Administration to baseline these funds to allow for more transparent planning of future programming.

Further, while the Council is eager to see programmatic changes in SYEP, the Fiscal 2019 Preliminary Budget includes no methods for addressing ever-increasing demand for summer jobs. In Fiscal 2018 alone, more than 147,000 young people applied for 70,000 available jobs. The Council urges the Administration to expand the availability of jobs under SYEP to ensure that as many New York City young people as possible have an opportunity to develop professional skills and networks. The Administration should baseline an additional 10,000 jobs, costing $21.3 million in Fiscal 2019, and build in outyear potential for growth.

Schedule Summer SONYC

The City must meet its past commitment to restore and baseline $15 million for the 22,800 summer SONYC slots that were included in the Fiscal 2018 Budget. Public afterschool programming is a vital service in keeping children and teenagers engaged in positive, productive activities rather than leaving them vulnerable to negative external influences. Particularly during the summer months, students need, and parents depend on, the structure offered by afterschool programs. The SONYC program offers middle school students great school-year options for extended learning time, enrichment activities, and positive social experiences after school and on holidays. Unfortunately, for the third year, the Preliminary Budget for Fiscal 2019 drops all funding for the SONYC summer program.

Extend COMPASS

The Council calls upon the Administration to baseline $14.2 million to increase COMPASS programming in Fiscal 2019 and beyond. DYCD's SONYC program makes afterschool programming universally available to middle school students, but the Agency's afterschool program for younger children, the Comprehensive After-School System (COMPASS), is limited to only 21,596 slots, a far cry from universal. Since Fiscal 2017, the baseline program has been supplemented by $16 million that supports 6,577 additional COMPASS slots, of which 3,210 are year-round. The Fiscal 2019 Preliminary Budget cut funding for all of these slots.

Expand Runaway and Homeless Youth Services

The Council requests that the Administration add $10.5 million for DYCD to expand its current services for runaway and homeless youth (RHY) populations. Under the current Administration, services for runaway and homeless youth under DYCD have increased dramatically, with 300 new crisis and transitional independent living beds added to the Department's baseline since Fiscal 2015. The services offered in these programs only target youth aged 16-20, excluding homeless young adults aged 21-24 who still require a great deal of support and guidance in order to successfully transition into permanent housing and self-sufficiency.

The Fiscal 2019 Preliminary Budget includes $41.5 million, supporting 753 beds and seven drop-in centers for RHY youth aged 16-20. However, the Council recently passed a package of legislation that will pave the way for RHY programs in New York City to adopt the expanded policies now permitted by the State. A budget increase of $10.5 million for DYCD would expand services for this age group. Specifically, the Fiscal 2019 Budget should baseline 100 more beds specifically for homeless young adults aged 21-24; fund two more 24-hour drop-in shelters; and increase the Department's headcount by 15 more RHY housing specialist positions. Finally, to adequately compensate for increased costs of services, the Council calls upon the Administration to increase the value of contracts by $4,000 per bed, from $47,000 to $51,000.

Fund Child Care Vouchers

The Council asks that the Administration baseline $14.8 million for Priority 5 Child Care Vouchers for Fiscal 2019 and the outyears, as the Fiscal 2019 Preliminary Budget does not include funding for these vouchers.

Priority 5 Child Care Vouchers are available to children on the ACS voucher waitlist. The only source of funding for these vouchers is through the City, and vouchers are only provided as long as there is City funding. In order to qualify for Priority 5 vouchers, family income must be at or below 200 percent of the State Income Standard and the child's parent or guardian must be employed a minimum of 20 hours per week or enrolled in an approved educational/vocational training program. Children are only eligible for this voucher until the child turns 13.

Support Child Care Providers

The Council requests that the Administration create pay parity across the early childhood care and education programs and public schools as EarlyLearn transitions into DOE.

Throughout the City, staff and teachers who work at ACS EarlyLearn childcare centers make significantly less than staff and teachers in DOE's schools. The starting salary for DOE teachers with a Bachelor's degree will be about $57,000 beginning in June, and for teachers with a Master's degree it will be $64,000. This is approximately $15,000 more than the average salary of teachers with a Bachelor's or Master's degree employed by EarlyLearn centers (excluding Head Start). Across the early child care and education programs there are also wage disparities. Teachers in childcare centers with a universal pre-kindergarten contract earn more than their peers working in the same center but under an ACS EarlyLearn contract, which further exacerbates the disparities in pay parity between the two systems.

The City is about to establish a single early child care through high school public school system as all of ACS' child care programs move to DOE in Fiscal 2019. DOE will provide direct early childhood education programs through the 3K for All program and universal pre-kindergarten. It will also contract out a major portion of the early care work. As part of this transition, the pay disparity across the public education system should be corrected.

Add School Crossing Guards

The Police Department should hire 200 new school crossing guards, at an annual cost of $2.9 million to improve safety around schools. Increasing the school crossing guard staff by seven percent to 2,838 positions would allow precinct commanders to deploy guards to additional intersections. Intersections with high traffic levels, those around middle schools, and critical streets around busy after school programs and Universal Pre-Kindergarten centers should be priorities.

Extend CUNY Campus Childcare Programs

The Fiscal 2019 Budget should double its allocation for City University of New York (CUNY) early childcare centers from $500,000 to $1 million. Since the school was founding in 1847, the mission of

CUNY has been to provide a quality, accessible education, regardless of background or means. This includes the 16 percent of CUNY's degree-seeking students at community colleges and 11 percent of students at senior colleges who are also parents. Currently, CUNY offers childcare services to approximately 1,600 students at 16 colleges, however, many of these programs have consistently long waitlists of CUNY students hoping to enroll their children in quality, affordable programs. Fiscal 2019 Preliminary Budget includes only $500,000 for childcare programs. By adding another $500,000, the City can support an expansion of services across the CUNY system.

Enhancing Core City Services

Construction and Safety Training for All

The Council calls on the Administration to include baseline funding in the Fiscal 2019 Executive Budget to ensure sustained funding to training providers for equal access to construction safety. The Fiscal 2019 Preliminary Budget added $2.6 million in Fiscal 2018 to the Department of Buildings (DOB), and $31.9 million in Fiscal 2019 ($18.7 million to the Department of Small Business Services (SBS) and $13.2 million to DOB) for the hiring of 189 positions in order to baseline expenses related to construction site safety enforcement and compliance with the new construction safety training law pursuant to Local Law 196 of 2017. Under the legislation, beginning March 1, 2018, permit holders will be required to ensure that all construction and demolition workers and subcontractors employed or engaged at a permitted site have completed a U.S. Department of Labor Occupational Safety and Health Administration (OSHA) 10-hour training course, an OSHA 30-hour training course, or a 100-hour program of OSHA training. Once fully phased-in, Local Law 196 will require that by 2019, construction workers at certain job sites receive a minimum of 40 hours of safety training and construction supervisors receive a minimum of 60 hours of safety training.

SBS is responsible for the administration of equal access to training. To support these efforts, the Council allocated $1,000,000 in Fiscal 2018 to several CBOs through the Council's Job Training and Placement and Day Laborer Workforce Initiatives to conduct construction site safety training, education, outreach, and referral services for construction workers and subcontractors employed at permitted building and demolition projects in the City. However, the Fiscal 2019 Preliminary Plan does not provide funding that would sustain these services after June 30, 2018.

Increase DCLA's Funding

The Council calls on the Administration to increase the budget for the Department of Cultural Affairs (DCLA) by $10 million. New York represents the most renowned arts and culture institutions in the world. These institutions are integral to the stability and growth of their neighborhoods and their resources are accessed by New York City schoolchildren, teachers, families, as well as international audiences. The cultural organizations of New York have served as the houses of successful pilot programs such as IDNYC and PlaNYC. They contribute to the economy by serving as major employers of New Yorkers and by increasing the traffic at the small businesses in the neighborhoods they are at. In order to ensure that the goals and intentions of the CreateNYC Cultural Plan is met the cultural community needs additional funding so that they can increase their current programming to achieve the Plan's objectives. The Plan is ambitious and will require significant investment. Given the current climate of our federal government, we need to show the City's leadership by maintaining the cultural assets and services which are critical to New York's vibrancy.

Increase Funding for Libraries

The Council urges the Administration to include $16 million in operating expenses for the City's library systems. Libraries have an essential presence in every neighborhood of New York providing indispensable services in a safe and reliable space to the youth, seniors, immigrants, and incarcerated individuals among other New Yorkers. Early literacy, English for Speakers of Other Languages classes and video visitation for incarcerated individuals are just some of the numerous agency partnerships and countless department collaborations the systems do each year. The library systems have developed new and inventive ways to engage the communities such as senior debates and virtual bowling leagues for senior patrons thereby engaging communities that might otherwise be isolated and overlooked. Technology at the libraries is a lifeline for all the patrons, from teen tech STEM program to building, coding, and programming robots, the libraries have found innovative ways to engage the young adults. The libraries strengthen community engagement and, with $16 million in additional funding, the systems will be able to continue to provide the same level of service they delivered during the nearly 37 million collective visits last fiscal year. Along with increase in programing and circulation, the systems have also seen a rise in cost of materials, staff, and operating expenses. Funds are needed to maintain physical spaces and cover repairs and upkeep that are not capitally eligible. The cost of providing six-day services has increased and substantial funding is needed to sustain operation and ensure the libraries continue to provide vital programs to the patrons and the communities.

Increase Outreach to Achieve Zero Waste by 2030

The Council calls upon the Administration to include $10 million to increase public awareness regarding the City's goal 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 the annual diversion rates hover around 20 percent. The Council believes this funding will bolster diversion rates and better align the City with its goal.

Create a Citywide Citizenship Fund

The Council calls on the Administration to include $3 million in the budget for a citywide citizenship fund, and for the Mayor's Office of Immigrant Affairs (MOIA) to lead the coordination of the distribution of the fund. In 2015, nearly 115,000 immigrants in the City's metropolitan area became U.S. citizens, which amounts to 15 percent of the total number of new citizens nationwide, according to the Department of Homeland Security. However, there are roughly 670,000 immigrants in New York City, 20 percent of the total immigrant population in the City, who have not become citizens, despite being eligible to apply for citizenship. This is partially due to the burden caused by the application fee of $725, which has increased approximately 500 percent since 1989. Additionally, over half of those eligible to naturalize live below 250 percent of the poverty level. In order to alleviate this burden, $2.5 million would be used to cover low-income applicants citizenship application fees, and $500,000 would assist in financial literacy classes for those on the pathway to citizenship. The $2.5 million would pay the full $405 filing fee for 6,173 people with incomes between 150 to 200 percent of the federal poverty level, and $245 of the filing fee for 10,204 people in this income range.

Pick Up More Trash

The Council calls upon the Administration to fully support the Department of Sanitation's (DSNY) operational demands. Currently, DSNY provides routine collection services to households citywide. However, on 12 nationally recognized holidays, collection operations cease. This places an undue burden on homeowners who may need to store material until a subsequent collection date. Additionally, as the City's population and tourism continue to grow, sanitation service levels need to be comparable. The Council believes additional support and headcount is required to ensure that DSNY is able to provide more timely collections, increase the frequency of litter basket pickups to seven days a week, and mobilize more street cleaning units citywide.

Support the MWBE Bond Surety Fund and Loan Program

In Fiscal 2017, the Administration added $20 million in funding for the MWBE bond Surety Fund and MWBE Loan fund, of which $13.5 million was rolled over from Fiscal 2017 to Fiscal 2018. The Council understands that assistance in securing project financing and bonding is crucial for MWBEs and urges the Administration to ensure that there is no further delay in contract registration process and that funds dedicated for this initiative is used in a more timely manner. Certified MWBE firms have repeatedly cited access to capital and difficulty obtaining bonding as barriers to entry that prevent them from obtaining contracts. In order to address these barriers, the Mayor had decided to establish the Bond Surety Fund, and Loan program to help MWBEs to compete for City contracts. The Bond Surety Fund assisted certified MWBEs with securing bonding in order to be able to bid on and take up City projects, in accordance with New York State laws which require MWBEs to secure surety bonds before they are awarded contracts via City procurement or development. The Fund was used to provide a percentage of the collateral required by sureties when firms apply for bonding. The MWBE Loan Program provided low-interest loans to all City-certified MWBEs, who otherwise were unable to obtain such financing. Funds from this program served as working capital which enabled firms to make necessary up-front investments.

Hire Additional Urban Park Rangers

The Council calls upon the Administration to provide an additional $3 million in the Fiscal 2019 Executive Budget to enable the Department of Parks and Recreation (DPR) to hire 50 additional Urban Park Rangers. Unfortunately, today there are only 30 Urban Park Rangers available for all of New York City's parks, which is down dramatically from nearly 200 in years past. Park Rangers serve as ambassadors to the natural world. They support environmental education, outdoor recreation, wildlife management, and active conservation and serve as the backbone for the next generation of parks leaders. As such, the Council would like to see an increase in the number of Park Rangers in our parks, specifically those specializing in wildlife management.

Establish a Staten Island FDNY Squad

The Council calls on the Administration to build a new fire squad on Staten Island. The City currently has Rescue Companies in every borough, but only four squad companies. FDNY squad companies are composed of specially trained firefighters, and functions as either engine or ladder companies at the scene of a fire, but squads are also equipped with similar equipment and specialized tools as a rescue company. In particular, squad companies are highly trained in mitigating hazardous materials incidents. Staten Island is the only borough without a squad company. Rescue Company 5 is Staten Island's only unit specially trained for confined space and high angle rescues, and reports to incidents in south Brooklyn often. This leaves Staten Island with no team to respond to confined space calls. Having a squad company would provide needed fire protection for Staten Island, whose population and industry has grown.

Bolster Census 2020 Outreach

The Council calls upon the Administration to include $1.2 million in funding to educate the public about the importance of the census and to assist applicants with navigating the complexities of the process. One measure of fairness is the equitable allocation of federal funding. The federal Census 2020 directly affects funding for many programs that are critical to the well-being of New Yorkers. Since the funding allocation is based on population, the City must ensure the accuracy of the 2020 Census. According the Mayor's Office of Immigrant Affairs (MOIA) testimony during the Fiscal 2019 Preliminary Budget Hearing, the City is planning to create a census office but funding needs have yet to be determined. In addition, outreach materials should be translated into the top 10 languages utilized within New York City.

Supporting the Justice System

The Fiscal 2019 Budget should increase support for the justice system by setting appropriate funding levels for the City's prosecutors and indigent defense providers, as well as funding improved domestic violence services. The Council calls upon the Administration to include $25.1 million in Fiscal 2019 to support the justice system.

The District Attorneys and the seven indigent defense providers play crucial roles in the City's criminal justice system. The Fiscal 2019 Preliminary Budget includes $375.6 million for the five District Attorneys and the Special Narcotics Prosecutor and in Fiscal 2018, $154.6 million for the seven indigent defense providers. At the Fiscal 2019 Preliminary Budget hearing, the prosecutors requested $34.1 million for core operations and innovative criminal justice related initiatives. The indigent defense providers require approximately $10 million to cover operating deficits through December 2018 and an additional $100 million to cover service enhancements included in the new trial-level indigent defense contract anticipated to start in January 2019. The request for proposal for indigent defense requires more wrap around services, such as social workers and immigration specialists.

The Council calls upon the Administration to ensure that the new contract for indigent defense provides sufficient funding. The Fiscal 2019 Budget also should include $10 million to cover the costs of maintaining current staff levels and increased operational costs.

The City's prosecutors have launched a variety of innovative criminal justice related initiatives. In order to continue these initiatives and support their core operations, the five DA's and the OSNP have each made budget requests that collectively total $34.1 million. These requests include body worn camera infrastructure, specialized units, and increased personal services funding for pay parity. The District Attorneys outlined the difficulty of recruiting and retaining attorneys given their pay scales. The Council calls upon the Administration to consider carefully these requests and to provide $14.9 million for salary parity across the five District Attorneys.

Finally, the budget should add $200,000 to launch a new service for domestic violence defendants, in collaboration with the Office of Court Administration's Office of Family Violence. The program would offer risk-targeted services to domestic violence offenders through validated approaches.

Making the City Budget Accountable to New Yorkers

Units of Appropriation and Transparency

The New York City Charter sets forth that the Mayor has the authority to present a proposed budget, and that the responsibility for adopting a final budget rests with the Council. Accordingly, the Charter sets forth various provisions to enable the Council to conduct meaningful oversight and have sufficient data to make informed decisions. One of those provisions regulates the manner in which the Mayor is required to present agency-level budget information. Specifically, the Charter requires that the expense budget be organized by units of appropriation (U/As), which represent the basic levels of detail within an agency's operating budget, and that the Council approve and adopt the expense budget at the U/A level.

According to the Charter, each U/A is permitted to encompass only "the amount requested…for a particular program, purpose, activity or institution." They are intended to be highly descriptive in order to facilitate the Council's and the public's understanding of agency spending and performance. However, the expense budget does not comply with these standards. The U/As included in the Fiscal 2019 Preliminary Budget are generally vague, overbroad, and wide-ranging. This practice not only violates the Charter's requirements, but also undermines the Council's ability to set and maintain budget priorities. Smaller, programmatic U/As would not only enable the Council to conduct more in-depth oversight of City agencies, but would also allow the Council to adopt the budget on a program basis. The Council would be able to better understand the Mayor's priorities and, more importantly, have the legal authority to adjust program funding levels as it sees fit. When the U/As do not properly reflect the programmatic activities of the agency, the budget becomes a less honest representation of the City's priorities.

As part of its Charter-mandated responsibility to adopt the budget, the Council is also tasked with approving significant, midyear changes to the expense budget through the budget modification process. The use of overbroad U/As allows the Administration to conduct an end run around this process and to move money between programs without Council input or authorization. If each U/A represented the amount for a particular program, as the Charter requires, then an agency head would have to come to the Council through the budget modification process in order to use money appropriated for one program for another program. However, if all of an agency's programs are contained in one or a handful of U/As, agency heads can transfer money between programs without the required oversight.

Therefore, the Council calls for an overhaul of the City's expense budget structure to create and reorganize the U/As in the budget so that they correspond to actual programs. Appendix A includes the list of recommendations from the Council that the administration should consider.

Additionally, more than a decade ago, at the request of the Council, OMB produced the Budget Function Analysis (BFA) for 15 City agencies, which provides details on the expense budget by major functional areas. The BFA is a supplementary report released with the Preliminary, Executive, and Adopted Budgets, that provides headcount, expenditures, and appropriations by functional area for both personal services and other than personal services. The 15 agencies comprised in the BFA total $29.7 million or 33.5 percent of the City's Fiscal 2019 Preliminary Budget of $88.67 billion.

Agency	FY19 Amount
Administration for Children's Services	$2,570,374
Department for the Aging	344,072
Department of Correction	1,404,493
Department of Environmental Protection	1,307,604
Department of Finance	306,357
Department of Health And Mental Hygiene	1,611,784
Department of Homeless Services	1,820,238
Department of Parks and Recreation	501,935
Department of Sanitation	1,713,968
Department of Small Business Services	172,682
Department of Social Services	9,882,730
Department of Transportation	965,286
Department of Youth & Community Development	689,377
Housing Preservation and Development	870,523
New York City Police Department	5,579,700
TOTAL	**$29,741,122**

While the BFA provides more insight into the programmatic operations of agency spending, it still fails to provide the actual number of positions, number of budgeted and actual contracts, and actuals by funding source for each functional area. In addition, since the Fiscal 2016 Adopted Budget, the BFA no longer provides full agency costs, which includes costs for pensions, fringe benefits, and debt service. Furthermore, over time, the BFA has not captured all functional changes introduced to agency programs. The BFA should be revised to so that it actually represents agency programs and OMB should include additional agencies.

Expand the Citywide Savings Program

The Council calls for the introduction of a more aggressive Citywide Savings Program with higher savings targets in the Fiscal 2019 Executive Budget and all future Citywide Savings Programs. Since adoption of the Fiscal 2018 Budget, OMB has recognized $3.3 billion in budget savings between Fiscal 2018 and 2021. While the Council expects the recognition of additional savings by the close of the fiscal year, current savings represent a reduction of just over one percent of City funding over the five fiscal years. In comparison, last year, the cumulative program introduced $6.6 billion in savings over five fiscal years (Fiscal 2017 through 2021), representing two percent of City funding. Efforts should be redoubled to increase these savings.

While the structure of the Citywide Savings Program has been improving in recent years as re-occurring budget reductions make up an increasing share of the plan, a major share of the plan continues to consist of re-estimations that would have occurred without any operational intervention, most notably debt service payment re-estimates. By setting higher savings targets, agencies will be compelled to seek more concrete savings that require making better and more efficient use of existing resources.

Moreover, the Council should have a say in how budget reductions that result from the Citywide Savings Program are re-appropriated. Currently, OMB recognizes savings and simultaneously re-appropriates them in each Financial Plan. OMB should work with the Council prior to releasing Financial Plan updates to determine how these cost savings are repurposed. The Administration should also consider dedicating a percentage of the savings program towards bolstering our reserves.

Finally, the Council also recommends that the Administration clearly differentiate between re-estimates, short-term savings, and long-term savings through efficiency gains and baselined reductions in spending.

While some savings are categorized by type in the current Citywide Savings Program, not all savings are categorized, nor are categories adequately defined. The Council recommends that all savings in the plan be accurately and clearly categorized.

Improve the MMR and PMMR

The Council supports the Administration's continued work in improving the clarity and usefulness of the Mayor's Management Report (MMR) and Preliminary Mayor's Management Report (PMMR), documents that are critical to tracking and evaluating the City government's operational performance. Nonetheless, after conducting a thorough review of the structure and content of the Fiscal 2018 PMMR through the hearings in held by the Council throughout March, the Council has identified several areas for improvement. Specific recommendations are included in the hearing reports prepared by the City Council Finance Division and several broad recommendations are listed below:

- **Improve the Link Between Indicators and the City Budget.** As consistent advocates for performance budgeting, the Council renews its call to make stronger connections between operational performance and the resources allocated to carry out these operations. In particular, the Council strongly recommends including capital funding data for all projects or initiatives related to indicators in the in the MMR/PMMR. For example, DCAS makes significant capital investments in the pursuit of the City's energy efficiency goals, yet financial information regarding these investments is not included in DCAS' section of the PMMR/MMR.
- **Include Clear Targets for all Indicators.** Performance targets should be attached to all PMMR/MMR indicators where applicable and each target should make sense in the context of the indicator to which it is tied. All targets should be reviewed and updated annually and additional clarification should be provided in all cases where the justification for selecting a specific target is not eminently clear. There are numerous examples of agencies consistently outperforming targets in the PMMR/MMR, which seemingly violates the rationale for adopting targets in the first place.
- **Provide a Directory of Indicators.** What is being measured is clear on its face for many of the indicators in the PMMR/MMR, and for others where it is less clear there are explanations for what is being measured. However, there are many indicators for which is it difficult to understand what is being measured, in some cases to misleading results for the reader. In order to clarify any potential confusion, the PMMR/MMR should include a directory that defines what each indicator in the report is measuring.
- **Explain Significant Indicator Variances.** Several indicators in the PMMR/MMR fluctuate significantly from fiscal year to fiscal year. While an explanation is provided for these vacillations for some indicators, many are left unexplained. The Council recommends that a clarification be included for all indicators that see significant variation year-over-year.
- **Add Capital Project Performance Indicators for Agencies with Large Capital Budgets.** The Council is unable to adequately measure the effectiveness of our capital spending due to insufficient detail in the Capital Budget. To alleviate this, the Administration should include a number of new indicators in the PMMR/MMR for Agencies with large capital budgets. Such new indicators should include the per-unit cost of construction projects by type, as well as benchmarks to measure the progress of completing specific major capital projects or categories of projects, such as the NYC Housing Plan.
- **Include a Section on the Judgements and Claims Budget.** Judgement and Claims payouts have averaged $720.5 million over the past four fiscal years, and have been growing each year. In

order to better understand and manage this growth, the Council recommends including a section in the PMMR/MMR that breaks out the Judgement and Claims budget and expenditures based on which agency cases were filed against and whether or not cases were defended by the Law Department or settled by the Comptroller or other entity.

- **Include a Section on the Implementation of the Citywide Savings Initiatives in the Citywide Savings Program.** The Council recommends including a section in the PMMR/MMR that tracks realized savings from the Citywide Savings Initiatives included in the Citywide Savings Program. These initiatives are designed to create lasting, programmatic savings across multiple agencies. The initiatives are not necessarily tied to agencies' budgets and are therefore difficult to monitor. The Council supports these efforts and requests the ability to easily monitor their implementation through the PMMR/MMR.
- **Include a Section on the City's Expenditures on Commercial Hotels.** The City spends about $32 million a month, or $384 million a year, to house homeless families in hotels, yet the Council is unable to readily access and track this information. The PMMR/MMR should include a section that tracks this overall spending, as well as the number of units being used and the average cost of renting a hotel room per night.
- **Include a Section on the Performance of Rental Assistance Programs.** Rental assistance programs are one of the City's most important strategies to reduce and prevent homelessness, yet the PMMR/MMR includes no indicators of the performance of these programs. The PMMR/MMR should report the number of people who use rental assistance to move out of shelter, as well as the number of people who were able to use these vouchers to remain in their homes.
- **Include a Section on the Progress of 80 x 50.** 80 x 50 is an ambitious project that strives to reduce New York City's greenhouse gas emissions by at least 80 percent by 2050, relative to 2005 levels. Towards that goal, the City has committed to a number of subprograms to aid in the progress of the larger 80 x 50 target, such as One City, Built to Last, NYC Clean Fleet, and Zero Waste. A section should be added to the PMMR/MMR that tracks the progress of 80 x 50, as well as all subprograms tied to the 80 x 50 goal.

Increase the Transparency of Fringe Benefits Budgeting

The Council calls on the Administration to increase the transparency of the City's expenses for employee fringe benefits. OMB should produce a report for each Financial Plan update that assigns fringe benefits spending to each agency. Employee fringe benefit expenses are projected at nearly $10 billion in Fiscal 2019, which represents more than ten percent of the overall budget. Outside of DOE and CUNY, the majority of fringe benefit funding is held in centralized budgets. There are no publically available documents that clearly list total fringe benefit expenditures by agency, nor are there any publically available documents that break out expenditures by individual fringe benefit by agency. Clearer reporting on projected fringe benefits costs by agency will be critical in forecasting a more accurate picture of overall agency spending in upcoming years.

Provide Greater Detail on the Contract Budget

In order to better evaluate the structure of the Contract Budget, the Council calls on the Administration to provide details of the sources of funds (City, State, and federal) that support the City's Contract Budget. OMB should provide reporting on contract funding sources broken down by agency and by contract category. With planned contract spending for Fiscal 2019 at over $16 billion, more budget transparency is required to monitor the outsourcing of City operations and service provision.

Additionally, OMB should provide a general accounting for the contracts that make up the Contractual General Services object code. For Fiscal 2019, $914 million is housed under Contractual General Services, with funding likely to increase. Details for the type of contracts included in this budget are limited. There are 53 different categories in the contract budget. Many of the contracts included in the Contractual General Services category better align with other existing categories and should be reassigned accordingly. New categories should also be considered in order to more accurately identify General Services contracts.

Reconcile the Year-end Modified Budget with Actual Spending

Currently, there is no detailed reconciliation of changes between the year-end modified budget and actual spending. The variance between these figures can be quite significant for certain agencies and parts of the budget, yet the lack of a detailed reconciliation prevents the Council from determining what specifically has been over- or under-budgeted. OMB should produce such a reconciliation based on the model of the Detail Initiative Funding Report.

Appendix A: Units of Appropriation

#	Agency #	Agency	Current Program Area (BFA) or U/A	Proposal	Issue
1	002	MOCJ	Criminal Justice Programs	Create office to Prevent Gun Violence U/A pair	The Administration established the Office to Prevent Gun Violence (OPGV) in 2017 to reduce gun violence in the City. Furthermore, the Administration increased funding in the Fiscal 2019 Preliminary Budget to expand the Crisis Management System (CMS) by four additional sites. The Council and the Administration have now invested over $27 million in CMS for Fiscal 2018. Creating separate units of appropriation and responsibility centers for the Office to Prevent Gun Violence to allow for better transparency.
2	002	Mayoralty		Create Office of Special Enforcement U/A pair	The Administration established the Office of Special Enforcement (OSE) to address quality of life issues citywide. The OSE is comprised of a budgeted headcount across multiple agencies. Creating a U/A pair and responsibility centers will allow for better transparency.
3	025	Law	U/A 001 and U/A 002	U/A pair for Tort Division	Law Department has 20 divisions but only 2 U/A's, PS and OTPS. We request that the Tort Division (the agency's largest) be separated from the rest of the Agency, and a PS and OTPS U/A be created for the Tort Division on its own. We have asked the Law Department to break out its budget further in previous years, and they are vehemently against this due to the issue of them regularly transferring resources across divisions (many of which are very small). We believe that pulling out the Tort Division on its own, which is by far the Department's largest division, would be a reasonable compromise.
4	032	DOI	Administration Program - 001/002	Restructure U/A Pair for Administration Program.	DOI currently has one U/A pair for Administration Program (AP), which includes funding for Inspector General (IG) program offices. Funding for IG should be removed from AP and shifted to IG (003 and 004), which would increase transparency into agency operations and more accurately capture spending.
5	032	DOI	Inspector General Program - 003/004	Restructure U/A Pair for Inspector General Program.	DOI currently has one U/A pair for the Inspector General Program, which captures intra-city funding only. DOI should restructure the IG U/A pair to include specialized units, policy and outreach, which would increase transparency into agency operations and more accurately capture spending.
6	040	DOE	481 and 482 - Categorical programs	Eliminate	This UA pair co-mingles several distinct programs, shift spending to programmatic area.
7	042	CUNY	Borough of Manhattan Community College	Borough of Manhattan Community College - U/A Pair	The Fiscal 2019 Preliminary Budget for Borough of Manhattan Community College is $175.9 million, but all of its funding is consolidated within two units of appropriation that capture spending for all community colleges as well as CUNY's Central Administration.
8	042	CUNY	Bronx Community College	Bronx Community College - U/A Pair	The Fiscal 2019 Preliminary Budget for Bronx Community College is $91.5 million, but all of its funding is consolidated within two units of appropriation that capture spending for all community colleges as well as CUNY's Central Administration.
9	042	CUNY	Guttman Community College	Guttman Community College - U/A Pair	The Fiscal 2019 Preliminary Budget for Guttman Community College is $23.2 million, but all of its funding is consolidated within two units of appropriation that capture spending for all community colleges as well as CUNY's Central Administration.
10	042	CUNY	Hostos Community College	Hostos Community College - U/A Pair	The Fiscal 2019 Preliminary Budget for Hostos Community College is $65.3 million, but all of its funding is consolidated within two units of appropriation that capture spending for all community colleges as well as CUNY's Central Administration.
11	042	CUNY	Kingsborough Community College	Kingsborough Community College - U/A Pair	The Fiscal 2019 Preliminary Budget for Kingsborough Community College is $96 million, but all of its funding is consolidated within two units of appropriation that capture spending for all community colleges as well as CUNY's Central Administration.

#	Agency #	Agency	Current Program Area (BFA) or U/A	Proposal	Issue
12	042	CUNY	LaGuardia Community College	LaGuardia Community College - U/A Pair	The Fiscal 2019 Preliminary Budget for LaGuardia Community College is $130.6 million, but all of its funding is consolidated within two units of appropriation that capture spending for all community colleges as well as CUNY's Central Administration.
13	042	CUNY	Queensborough Community College	Queensborough Community College - U/A Pair	The Fiscal 2019 Preliminary Budget for Queensborough Community College is $109.1 million, but all of its funding is consolidated within two units of appropriation that capture spending for all community colleges as well as CUNY's Central Administration.
14	056	NYPD	Administration	Administration - U/A Pair	create U/As to match Program Areas in the BFA
15	056	NYPD	Chief of Department	Chief of Department - U/A Pair	create U/As to match Program Areas in the BFA
16	056	NYPD	Citywide Operations	Citywide Operations - U/A Pair	create U/As to match Program Areas in the BFA
17	056	NYPD	Communications	Communications - U/A Pair	create U/As to match Program Areas in the BFA
18	056	NYPD	Community Affairs	Community Affairs - U/A Pair	create U/As to match Program Areas in the BFA
19	056	NYPD	Criminal Justice Bureau	Criminal Justice Bureau - U/A Pair	create U/As to match Program Areas in the BFA
20	056	NYPD	Detective Bureau	Detective Bureau - U/A Pair	create U/As to match Program Areas in the BFA
21	056	NYPD	Housing Bureau	Housing Bureau - U/A Pair	create U/As to match Program Areas in the BFA
22	056	NYPD	Intelligence and Counterterrorism	Intelligence and Counterterrorism - U/A Pair	create U/As to match Program Areas in the BFA
23	056	NYPD	Internal Affairs	Internal Affairs - U/A Pair	create U/As to match Program Areas in the BFA
24	056	NYPD	Patrol	Patrol - U/A Pair	create U/As to match Program Areas in the BFA
25	056	NYPD	Reimbursable Overtime	Reimbursable Overtime - U/A Pair	create U/As to match Program Areas in the BFA
26	056	NYPD	School Safety	School Safety - U/A Pair	create U/As to match Program Areas in the BFA
27	056	NYPD	Security/Counter-Terrorism Grants	Security/Counter-Terrorism Grants - U/A Pair	create U/As to match Program Areas in the BFA
28	056	NYPD	Support Services	Support Services - U/A Pair	create U/As to match Program Areas in the BFA
29	056	NYPD	Training	Training - U/A Pair	create U/As to match Program Areas in the BFA
30	056	NYPD	Transit	Transit - U/A Pair	create U/As to match Program Areas in the BFA
31	056	NYPD	Transportation	Transportation - U/A Pair	create U/As to match Program Areas in the BFA
32	068	ACS	Juvenile Justice	Juvenile Justice - OTPS U/A	The program areas fall under Juvenile Justice are split between two large U/As, both are for OTPS. For transparency, each of these program areas should have their own U/A.
33	068	ACS	Non-Secure Detention	Non-Secure Detention - OTPS U/A	The program areas fall under Juvenile Justice are split between two large U/As, both are for OTPS. For transparency, each of these program areas should have their own U/A.
34	068	ACS	OCFS Residential	OCFS Residential - OTPS U/A	The program areas fall under Juvenile Justice are split between two large U/As, both are for OTPS. For transparency, each of these program areas should have their own U/A.
35	068	ACS	Preventive Services	Preventive Services - U/A Pair	These program areas are split between two large U/As - one that is PS and the other that is OTPS, each of these program areas should have their own U/A (PS and OTPS) to better track funding.

#	Agency #	Agency	Current Program Area (BFA) or U/A	Proposal	Issue
36	068	ACS	Adoption Services	Adoption Services	These program areas are split between two large U/As - one that is PS and the other that is OTPS, each of these program areas should have their own U/A (PS and OTPS) to better track funding.
37	068	ACS	Foster Care Support	Foster Care Support	These program areas are split between two large U/As - one that is PS and the other that is OTPS, each of these program areas should have their own U/A (PS and OTPS) to better track funding.
38	068	ACS	Foster Care Service	Foster Care Service	These program areas are split between two large U/As - one that is PS and the other that is OTPS, each of these program areas should have their own U/A (PS and OTPS) to better track funding.
39	069	HRA	Legal Services	U/A for Legal Services PS	Associated headcount not reflected in the program
40	069	HRA	Homeless prevention Administration	Create program area in HRA Budget Function Analysis for Homeless Prevention Administration with a U/A pair for this newly created program area	Consists of Homeless prevention programs and headcount but cannot be separated out by a U/A.
41	069	HRA	Rental Assistance	Create a program area in HRA Budget Function Analysis for Rental Assistance and an UA pair for this newly created program area	There are 12 different budget codes reflecting the different rental assistance programs however upon the administration's own admission the budget codes do not accurately reflect the allocation for each program because the funding is flexible between the different programs. Need more clarity on how much funding is going into each rental assistance programs though its own U/A. We are also requesting that the Budget Function Analysis have a rental assistance program area which includes all the LINC programs, FEPS, SFEPS, FHEPS, SEPS, and the TBRA program.
42	069	HRA	Adult Protective Services	Adult Protective Services - U/A Pair	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
43	069	HRA	CEO Evaluation	CEO Evaluation - U/A Pair	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
44	069	HRA	Domestic Violence Services	Domestic Violence Services - U/A Pair	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
45	069	HRA	Employment Services Administration	Employment Services Administration - U/A Pair	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
46	069	HRA	Employment Services Contracts	Employment Services Contracts - OTPS U/A	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
47	069	HRA	Food Assistance Programs	Food Assistance Programs - U/A Pair	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
48	069	HRA	Food Stamp Operations	Food Stamp Operations - U/A Pair	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.

#	Agency #	Agency	Current Program Area (BFA) or U/A	Proposal	Issue
49	069	HRA	General Administration	General Administration - U/A Pair	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
50	069	HRA	HIV and AIDS Services	HIV and AIDS Services - U/A Pair	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
51	069	HRA	Home Energy Assistance	Home Energy Assistance - U/A Pair	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
52	069	HRA	Information Technology Services	Information Technology Services - U/A Pair	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
53	069	HRA	Investigations and Revenue Admin	Investigations and Revenue Admin - U/A Pair	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
54	069	HRA	Medicaid Eligibility and Admin	Medicaid Eligibility and Admin - U/A Pair	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
55	069	HRA	Office of Child Support Enforcement	Office of Child Support Enforcement - U/A Pair	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
56	069	HRA	Public Assistance and Employment Admin	Public Assistance and Employment Admin - U/A Pair	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
57	069	HRA	Public Assistance Grants	Public Assistance Grants - OTPS U/A	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
58	069	HRA	Public Assistance Support Grants	Public Assistance Support Grants - OTPS U/A	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
59	069	HRA	Subsidized Employment and Job-Related Training	Subsidized Employment and Job-Related Training - OTPS U/A	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
60	069	HRA	Substance Abuse Services	Substance Abuse Services - OTPS U/A	Programs are split into PS and OTPS U/As that are shared among other programs. Better transparency is needed on each program area budget so that spending can be more accurately tracked.
61	069	HRA	Medicaid and Homecare	Separate Program Area for Medicaid with U/A Pair	Medicaid accounts for about 60 percent of HRA's budget, but there is no transparency for the Medicaid budget because it is lumped together with home care and Medicaid PS and OTPS U/A are shared with other program areas.
62	069	HRA	Medicaid and Homecare	Separate Program Area for Homecare with U/A Pair	Medicaid accounts for about 60 percent of HRA's budget, but there is no transparency for the Medicaid budget because it is lumped together with home care and Medicaid PS and OTPS U/A are shared with other program areas.
63	069	HRA	Holding codes	Remove holding codes from HRA's budget and transfer funding to the appropriate program area(s)	Excessive use of holding codes
64	071	DHS	Adult Shelter Administration and Support	Adult Shelter Administration and Support - U/A Pair	DHS budget is split between two U/A, which provides no transparency into the agency's budget and spending.

#	Agency #	Agency	Current Program Area (BFA) or U/A	Proposal	Issue
65	071	DHS	Adult Shelter Intake and Placement	Adult Shelter Intake and Placement - PS U/A	DHS budget is split between two U/A, which provides no transparency into the agency's budget and spending.
66	071	DHS	Adult Shelter Operations	Adult Shelter Operations - U/A Pair	DHS budget is split between two U/A, which provides no transparency into the agency's budget and spending.
67	071	DHS	Family Shelter Administration and Support	Family Shelter Administration and Support - U/A Pair	DHS budget is split between two U/A, which provides no transparency into the agency's budget and spending.
68	071	DHS	Family Shelter Intake and Placement	Family Shelter Intake and Placement - U/A Pair	DHS budget is split between two U/A, which provides no transparency into the agency's budget and spending.
69	071	DHS	Family Shelter Operations	Family Shelter Operations - U/A Pair	DHS budget is split between two U/A, which provides no transparency into the agency's budget and spending.
70	071	DHS	General Administration	General Administration - U/A Pair	DHS budget is split between two U/A, which provides no transparency into the agency's budget and spending.
71	071	DHS	Outreach, Drop-in, and Reception Services	Outreach, Drop-in, and Reception Services - U/A Pair	DHS budget is split between two U/A, which provides no transparency into the agency's budget and spending.
72	071	DHS	Prevention and Aftercare	Prevention and Aftercare - U/A Pair	DHS budget is split between two U/A, which provides no transparency into the agency's budget and spending.
73	071	DHS	Rental Assistance and Housing Placement	Rental Assistance and Housing Placement - U/A Pair	DHS budget is split between two U/A, which provides no transparency into the agency's budget and spending.
74	071	DHS	Adult Shelter operation Family Shelter Operation	Create budget code for contracted hotels Create budget code for cluster site	The budget codes needs to breakdown shelter spending between temporary hotels, currently lumped together in family and adult shelter operations budget.
75	071	DHS	Holding Codes	Remove holding codes from DHS' budget and transfer funding to the appropriate program area(s)	Excessive use of holding codes
76	072	DOC	Jail Operations	Jail Operations - U/A Pair	create U/As to match Program Areas in the BFA
77	072	DOC	Admin-Management & Administration	Admin-Management & Administration - U/A Pair	create U/As to match Program Areas in the BFA
78	072	DOC	Health and Programs	Health and Programs - U/A Pair	create U/As to match Program Areas in the BFA
79	072	DOC	Operations-Infrastructure & Environmental Health	Operations-Infrastructure & Environmental Health - U/A Pair	create U/As to match Program Areas in the BFA
80	072	DOC	Admin-Academy and Training	Admin-Academy and Training - U/A Pair	create U/As to match Program Areas in the BFA
81	072	DOC	Operations-Rikers Security & Operations	Operations-Rikers Security & Operations - U/A Pair	create U/As to match Program Areas in the BFA

#	Agency #	Agency	Current Program Area (BFA) or U/A	Proposal	Issue
82	125	DFTA	Administration and Contract Agency Support	Administration and Contract Agency Support - U/A Pair	This program area is split between all four DFTA's U/As
83	125	DFTA	Case Management	Case Management - U/A Pair	This program area is split between two large U/As
84	125	DFTA	Senior Centers and Meals	Senior Centers and Meals - U/A Pair	This program area is split between two large U/As
85	125	DFTA	Senior Employment and Benefits	Senior Employment and Benefits - U/A Pair	This program area is split between three large U/As
86	125	DFTA	Senior Services	Senior Services - U/A Pair	This program area is split between three large U/As
87	226	CCHR	Community Development - 003/004	Create U/A Pair for Law Enforcement Bureau.	Create U/A pairs for Law Enforcement Bureau that will accurately reflect the operations of the agency and capture spending.
88	226	CCHR	Community Development - 003/004	Create U/A Pair for Community Relations Bureau.	Create U/A pairs for Community Relations Bureau that will accurately reflect the operations of the agency and capture spending.
89	260	DYCD	Adult Literacy Services	Adult Literacy Services - U/A Pair	create U/As to match Program Areas in the BFA
90	260	DYCD	Beacon Community Centers	Beacon Community Centers - U/A Pair	create U/As to match Program Areas in the BFA
91	260	DYCD	Community Development	Community Development - U/A Pair	create U/As to match Program Areas in the BFA
92	260	DYCD	General Administration	General Administration - U/A Pair	create U/As to match Program Areas in the BFA
93	260	DYCD	In-School Youth	In-School Youth - U/A Pair	create U/As to match Program Areas in the BFA
94	260	DYCD	Other Youth Programs	Other Youth Programs - U/A Pair	create U/As to match Program Areas in the BFA
95	260	DYCD	Out-of-School Time	Out-of-School Time - U/A Pair	create U/As to match Program Areas in the BFA
96	260	DYCD	Out-of-School Youth	Out-of-School Youth - U/A Pair	create U/As to match Program Areas in the BFA
97	260	DYCD	Runaway and Homeless Youth	Runaway and Homeless Youth - U/A Pair	create U/As to match Program Areas in the BFA
98	260	DYCD	Summer Youth Employment Program	Summer Youth Employment Program - U/A Pair	create U/As to match Program Areas in the BFA
99	781	DOP	Probation Services	Probation Services - Adult Supervision - U/A Pair	Break up into Adult and Juvenile to reflect different programs
100	781	DOP	Probation Services	Probation Services - Juvenile Supervision - U/A Pair	Break up into Adult and Juvenile to reflect different programs
101	858	DOITT	Technology Services	Technology Services	This program area is split between two large U/As - one that is PS and the other that is OTPS (001 & 002).
102	858	DOITT	Emergency Communications Transformation Program (ECTP)	Emergency Communications Transformation Program (ECTP) - U/A Pair	This program area is split between two large U/As - one that is PS and the other that is OTPS (001 & 002).

#	Agency #	Agency	Current Program Area (BFA) or U/A	Proposal	Issue
103	858	DOITT	NYC Media Group	NYC Media Group - U/A Pair	This program area is split between two large U/As - one that is PS and the other that is OTPS (001 & 002).
104	858	DOITT	311/NYC.gov Operations	311/NYC.gov Operations - U/A Pair	This program area is split between two large U/As - one that is PS and the other that is OTPS (001 & 002).
105	858	DOITT	General Administration/Operations	General Administration/Operations - U/A Pair	This program area is split between two large U/As - one that is PS and the other that is OTPS (001 & 002).
106	901	DANY	Each DA has just one UA pair currently	Executive Management 001 and 002 Operations 003 and 004	Break out line staff from executive and administrative staff and associated OTPS
107	902	DABX	Each DA has just one UA pair currently	Executive Management 001 and 002 Operations 003 and 004	Break out line staff from executive and administrative staff and associated OTPS
108	903	CKDA	Each DA has just one UA pair currently	Executive Management 001 and 002 Operations 003 and 004	Break out line staff from executive and administrative staff and associated OTPS
109	904	QCDA	Each DA has just one UA pair currently	Executive Management 001 and 002 Operations 003 and 004	Break out line staff from executive and administrative staff and associated OTPS
110	905	RCDA	Each DA has just one UA pair currently	Executive Management 001 and 002 Operations 003 and 004	Break out line staff from executive and administrative staff and associated OTPS
111	906	OSNP	Each DA has just one UA pair currently	Executive Management 001 and 002 Operations 003 and 004	Break out line staff from executive and administrative staff and associated OTPS
112	806	HPD	Administration	Administration - U/A Pair	create U/As to match Program Areas in the BFA
113	806	HPD	Administration Program	Administration Program- U/A Pair	create U/As to match Program Areas in the BFA
114	806	HPD	Development	Development- U/A Pair	create U/As to match Program Areas in the BFA
115	806	HPD	Housing Operations - Section 8 Programs	Housing Operations - Section 8 Programs- U/A Pair	create U/As to match Program Areas in the BFA
116	806	HPD	Housing Operations- Emergency Housing	Housing Operations- Emergency Housing- U/A Pair	create U/As to match Program Areas in the BFA
117	806	HPD	Housing Operations- Mgmt & Disposition	Housing Operations- Mgmt & Disposition- U/A Pair	create U/As to match Program Areas in the BFA
118	806	HPD	Preservation - Anti-Abandonment	Preservation - Anti-Abandonment- U/A Pair	create U/As to match Program Areas in the BFA
119	806	HPD	Preservation - Code Enforcement	Preservation - Code Enforcement- U/A Pair	create U/As to match Program Areas in the BFA

#	Agency #	Agency	Current Program Area (BFA) or U/A	Proposal	Issue
120	806	HPD	Preservation - Emergency Repair	Preservation - Emergency Repair- U/A Pair	create U/As to match Program Areas in the BFA
121	806	HPD	Preservation - Lead Paint	Preservation - Lead Paint- U/A Pair	create U/As to match Program Areas in the BFA
122	806	HPD	Preservation - Other Agency Services	Preservation - Other Agency Services- U/A Pair	create U/As to match Program Areas in the BFA
123	810	DOB	Divide U/A 001	Personal Services (001)	The Department of Buildings only has two U/As, Personal Services (PS) and Other Than Personal Services (OTPS). About 81 percent of the agency's budget, $148.7 million out of a total expense budget of $183 million in Fiscal 2019, is reflected in its PS U/A. The recommendation is that the agency's PS U/A be divided to reflect its two main functions as an agency, including enforcement and inspections.

Appendix B: Capital Budget Lines with 50 or More Project IDs

Budget Lines with over 50 Projects

BUDGET LINE	BUD LINE TITLE	Projects
P -1018	PARK IMPROVEMENTS, ALL BOROUGHS.	774
WM-0001	WATER MAIN EXTENSIONS	421
WP-0169	COMBINED SEWER OVERFLOW ABATEMENT FACILITIES, CITYWIDE	238
PU-0025	ENERGY EFFICIENCY AND SUSTAINABILITY	229
P -D018	MISCELLANEOUS PARKS, PARKWAYS, PLAYGROUNDS AND STRUCTURES: MANHATTAN	220
HW-0200	SIDEWALK CONSTRUCTION	215
WP-0112	RECONSTRUCTION OF WATER POLLUTION CONTROL PROJECTS	207
P -D017	MISCELLANEOUS PARKS, PARKWAYS, PLAYGROUNDS, AND STRUCTURES: BKLYN	202
HA-D001	HOUSING AUTHORITY CITY COUNCIL CAPITAL SUBSIDIES	193
P -D019	MISCELLANEOUS PARKS, PARKWAYS, PLAYGROUNDS AND STRUCTURES: QUEENS	182
PU-0016	PURCHASE OF ELECTRONIC DATA PROCESSING MACHINES	173
HO-0214	HOSPITALS, IMPROVEMENTS	172
ED-0075	ACQUISITION AND SITE DEVELOPMENT	158
C -0075	CORRECTION FACILITIES, CONSTRUCTION, RECONS & IMPROVEMENTS,	151
HN-D300	CONSTRUCTION AND IMPROVEMENTS TO CUNY SENIOR COLLEGE BLDGS, CITYWIDE	151
PW-0077	PUBLIC BUILDINGS, IMPROVEMENTS, CITYWIDE	146
WM-0030	IMPROVEMENTS TO STRUCTURES INCL. EQUIP. ON WATER SHEDS OUTSI	146
TF-0002	INSTALL TRAFFIC SIGNALS FOR BRIDGE, HIGHWAY & STREET PROJECT	140
HO-D003	HOSPITALS, CITYWIDE	134
PO-0079	IMPROVEMENTS TO POLICE DEPARTMENT PROPERTY, CITYWIDE	128
HH-0112	NEW SHELTERS FOR THE HOMELESS, CITYWIDE	122
LN-0008	CONS, SITE AQUISITION AND F&E FOR NYPL FACILITIES CITYWIDE	119
SE-0002Q	CONSTRUCTION AND RECONSTRUCTION OF SANITARY AND COMBINED SEW	113
LN-D008	CONS, SITE ACQUISITION, EQUIPMENT FOR NYPL	111
SE-0200Q	CONSTRUCTION & RECONSTRUCTION OF STORM SEWERS, QUEENS	106
TF-0502	STREET LIGHTING DRAW DOWN, CITYWIDE	106
LQ-0122	IMPROVEMENT OF BRANCHES, QUEENS	103
P -D021	MISC PARKS, PARKWAYS, PLAYGROUNDS AND STRUCTURES: BRONX	102
LQ-D122	CON, RECON, IMPVTS, ACQ, OUTFIT AND EQUIP, BRANCH LIBRARIES, QNS	99
S -0136	GARAGES AND OTHER FACILITIES, IMPROVEMENTS	97
P -Q245	MISCELLANEOUS PARKS, PLAYGROUNDS, CONSTRUCTION, RECONSTRUCTI	96
DP-0001	PURCHASE OF EDP EQUIPMENT FOR CSC & DESIGN/INSTALL/IMPLEMENT	93
P -0822	STREET AND PARK TREE PLANTING, CITYWIDE	92
F -0175	FACILITY IMPROVEMENTS, CITYWIDE	90
HB-1012	DESIGN COST FOR BRIDGE FACILITIES, CITYWIDE	87
HN-0206	COMMUNITY COLLEGES IMPROVEMENTS	84

BUDGET LINE	BUD LINE TITLE	Projects
HB-0215	IMPROVEMENTS TO HIGHWAY BRIDGES & STRUCTURES, CITYWIDE.	83
HN-D004	CONSTRUCTION AND IMPROVEMENTS TO CUNY COMMUNITY COLLEGES, CITYWIDE	83
LB-D104	CON, RECON, IMPVTS, ACQ, OUTFIT AND EQUIP, BRANCH LIBRARIES, BKLYN	83
WM-0006	TRUNK MAIN EXTENSIONS AND IMPROVEMENTS TO PUMPING PLANTS & B	81
LB-0104	IMPROVEMENT OF BRANCHES, BROOKLYN	80
SE-0200R	CONSTRUCTION & RECONSTRUCTION OF STORM SEWERS, STATEN ISLAND	80
HH-0115	CONGREGATE FACILITIES FOR HOMELESS FAMILIES	79
HW-0001Q	CONSTRUCTION & RECONSTRUCTION OF HIGHWAYS, ETC., QUEENS	79
P -M245	MISCELLANEOUS PARKS, PLAYGROUNDS, CONSTRUCTION, RECONSTRUCTI	78
EP-0007	MANDATED PAYMENTS FOR PRIVATE GAS UTILITY RELOCATION, DEP, C	77
HA-0001	HOUSING AUTHORITY CITY CAPITAL SUBSIDIES	75
HW-0001K	CONSTRUCTION & RECONSTRUCTION OF HIGHWAYS, ETC., BROOKLYN	75
SE-0002K	CONSTRUCTION & RECONSTRUCTION OF SANITARY & COMBINED SEWERS,	74
PV-0467	CONSTRUCTION & RECONSTRUCTION, ALL CULTURAL INSTITUTIONS	73
PO-0187	PURCHASE OF NEW EQUIPMENT FOR POLICE DPT. USE	72
HL-0082	IMPROVEMENTS TO HEALTH FACILITIES, CITYWIDE	67
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