

Fiscal 2005 Preliminary Budget Response



Part III

Committee Reports Based on the Preliminary Budget Hearings

Hon. Gifford Miller
Speaker of the Council

Hon. David I. Weprin, Chair
Finance Committee

New York City Council
Finance Division
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**TO: Honorable Gifford Miller
 Speaker**

**FROM: Honorable David I. Weprin
 Chair, Finance Committee**

**SUBJECT: Fiscal 2005 Preliminary Budget Hearing
 Committee on Finance**

The Committee on Finance held its Fiscal 2005 Preliminary Budget Hearing on Thursday, March 4, 2004. Testifying before the Committee was Department of Finance (DOF) Commissioner Martha Stark. The following is a summary of testimony presented by the Commissioner, the issues and concerns raised by the Committee and recommendations.

Department of Finance

Hearing Summary

Commissioner Stark opened her remarks by updating the Committee on several of the Agency's budget items. The Agency will save \$2.3 million starting in Fiscal 2005 by reallocating per-diem workers to full-time employees. Beginning April 1, 2004, the Finance Department is prepared to deploy 218 new employees in clerical functions as needed throughout the Agency.

Commissioner Stark also told the Council about the consolidation of operations in the Bronx, which would increase the Department's out-year costs, by \$2.1 million in Fiscal 2006, and by \$2.7 million annually from Fiscal 2007 and beyond. This consolidation is due to an inadequate ability to retrofit the two existing Bronx facilities. The Committee was told that the two sites have severe problems with their air conditioning systems, they have antiquated telephone systems that don't support answering machines and they lack sufficient public access space. Commission Stark also reassured the Committee that the closing of the Elm Street office in Brooklyn would not affect service to customers who will be well served by the three remaining offices in Brooklyn.

Commissioner Stark spoke briefly about two pending budget-related policy issues: the reauthorization of the tax lien sale, and a bill permitting the Agency to hire Administrative Law Judges (ALJs) as part-time employees instead of contract workers. The Administration has proposed changes to the tax lien legislation permitting Finance and the Department of Environmental Preservation to collect more of the outstanding liens, primarily water and sewer debt, owed the City. The Commissioner mentioned that she would present more information of these amendments at a later hearing on the lien sale legislation. (On March 24, the Council voted to extend the current tax lien legislation until March 1, 2006, and did not consider any amendments to the lien law at that time.) Commissioner Stark urged the Council to submit a home rule message in support of pending State legislation permitting the Agency to make Parking Administrative Law Judges City employees. Finance also presented data (requested by the Council last fall) showing how chronic cancellations hinder the Agency's ability to reduce wait times for parking ticket hearings.

Commissioner Stark mentioned the tremendous success of the three-month Business Tax Amnesty Program that ended on January 23, 2004. More than \$80 million has been collected to date, \$40 million more than the money anticipated in the Preliminary Budget.

Finally, Commissioner Stark spoke about the Fiscal 2005 Tentative Assessment Roll released on January 15, 2004, and the Final Task Force Report on assessor reform released at the same time (both are available on Finance's website). She discussed the changes to her Agency's Assessor's Office and the steps being taken to reduce the risk of corruption and to make assessments easier to understand. To that end, Finance has sent owners of 66,000 income-producing properties "Notices of Value" that show how the Department arrived at market values for their properties. She added that next year all 950,000 City property owners would be sent these Notices of Value.

Committee Issues and Concerns

Commissioner Stark responded to the Committee's inquiries about the market value increases for class one properties on the tentative assessment roll. The Commissioner explained that these reported market values were an indication of the sales prices that DOF has been tracking. Some Committee members expressed doubt that market value increases of more than 20 percent for class one homes could be justified.

Another concern expressed by the Committee was the failure of the Administration to implement the absentee landlord program and the related issue of outreach to enroll homeowners whose homes are their primary residences in the STAR program. While Commissioner Stark could not estimate the proportion of remaining eligible families that are not enrolled in STAR, she did state that over 68,000 people have recently enrolled in the STAR program as a result of the outreach efforts by the Department and several Council Members. Commissioner Stark said that the Administration has not included the \$44 million anticipated in Fiscal 2004 from the absentee landlord surcharge in the Preliminary Budget because of the Administration's opposition to the program, and has removed the fiscal impact of the program from its out-year estimates.

The Committee then went on to question Commissioner Stark as to which of two tax cut proposals (the Administration's and the Council's) she favored. She defended the Administration's \$400 per homeowner rebate proposal.

Lastly, Commissioner Stark described the Fiscal 2003 layoffs of DOF assessment workers. The layoffs were of Assistant City Assessors and not City Assessors. She stated that this has no effect on the assessment function because Assistant City Assessors only worked with the Agency's computer modeling software and that they were not really needed for the assessment function. She also said that of the 16 arrested City Assessors, no replacements were made and the assessment function is no longer organized by borough but is reorganized by property type. Commissioner Stark said that the assessors are now more efficiently deployed and their workload is much more manageable. In addition, the assessor's exam was recently offered and the Agency expects to have more assessors available as new employees replace departing ones. Currently, the City's assessors have a workload of approximately 1200 properties and the national assessors organization recommends as manageable a workload of not more than 1500 properties per assessor.

Public Testimony

David Moog from Local 1757 of District Council 37 addressed the Committee. Mr. Moog spoke about the vital importance of DOF's accurate assessment of properties and collection so that the tax burden is as fair as possible. He also said that the Assistant City Assessors are much more important to the process than stated earlier by Commissioner Stark. He indicated that they should be restored to the Department as soon as possible because the recent assessment role, with over 100,000 change-by notices, the notice of a change to the previous assessment, is the most inaccurate in the history of the City.

Recommendations

The Committee recommends that the Department maintain enough property assessment personnel to capture as much City property tax revenue as possible.

The Committee requests that the Department provide it with information on the changes to its models and formulas used in this year's assessment process at the Executive Budget hearing in May.

TO: Honorable Gifford Miller
Speaker

Honorable David I. Weprin
Chair, Committee on Finance

FROM: Honorable Eric Gioia
Chair, Committee on Oversight and Investigations

SUBJECT: Fiscal 2005 Preliminary Budget Hearing
Committee on Oversight and Investigations

The Committee on Oversight and Investigations conducted its Fiscal 2005 Preliminary Budget Hearing on Thursday, March 4, 2004. The Department of Investigation (DOI) appeared before the Committee, and this memorandum summarizes the testimony presented by the agency and the issues, concerns, and recommendations expressed by the Committee.

Department of Investigation

Hearing Summary

Commissioner Rose Gill Hearn's prepared testimony focused on the agency's mission to: investigate cases of fraud, corruption, and unethical conduct by City employees, contractors, and others who receive City money; identify and recommend improvements for corruption hazards; and investigate the backgrounds of certain City employers and contractors. The Commissioner noted several achievements by the agency over the last year, including the arrest of Department of Correction (DOC) employees in conjunction with three separate DOC-related investigations, and the prosecution of over 20 people who attempted to bribe City Building, Health, and Housing inspectors. Commissioner Gill Hearn also discussed DOI's proactive efforts to minimize potential corruption, such as taking over the management of the Department of Building's (DOB) Investigative Audit and Disciplinary Unit (IAD), assigning an Inspector General (IG) for Procurement, and conducting lectures at City agencies to advise employees about issues such as the rights of whistleblowers.

Commissioner Gill Hearn also highlighted the Department's efforts as a "revenue-generating agency." The Commissioner noted the January Financial Plan's recognition of additional revenue that DOI generates from court-ordered financial restitution to the City and from defaulted evidentiary payments, and she referenced a "sizable multi-million dollar forfeiture agreement" that was recently reached concerning tax assessor investigation. The Commissioner estimated that "total restitution, fines, loss prevention, forfeitures, and recoveries to all City agencies and other victims" totaled \$23 million in Fiscal 2003 and \$5 million thus far in Fiscal 2004. In addition to revenue generated from investigations, Commissioner Gill Hearn also detailed additional Intra-City agreements with other City agencies "to fund critical positions where significant hazards have been identified and dedicated resources must be assigned," such as additional personnel assigned to DOB and to the Department of Transportation.

Despite these efforts, the Commissioner testified that previous “budget cuts have hurt” the agency. Headcount reductions have reduced the staff at or eliminated certain central office units, and personnel assigned to IG offices have been reduced agency-wide. The Commissioner highlighted efforts to “streamline DOI’s operations,” such as implementing a “COMPSTAT program using key performance indicators to...better manage...resources,” but she admitted that further service reductions are being considered, including the elimination of background checks on lower level managers at City agencies.

In concluding her prepared remarks, Commissioner Gill Hearn testified that despite headcount reductions, DOI would “maximize its resources” towards the continued effort “to provide to the City and its citizens the promotion of honesty and integrity within City government.”

Issues and Concerns

Maintaining Oversight with Diminished Resources. Noting that DOI’s Fiscal 2005 and out-year headcount has dropped from 357 to 262 (a loss of 95 positions, or over 26 percent of the Department’s personnel) since the release of the February 2002 Financial Plan, Chairman Gioia expressed concern about DOI’s ability to minimize corruption and fraudulent activity with such significant reductions in personnel. The Commissioner reiterated her opening remarks that the Department had become more efficient and more technologically advanced, but she acknowledged that with a “smaller army,” some complaints are not attended to as quickly. The Commissioner also noted that “emergency situations that require immediate attention,” such as the recent investigation into the Department of Transportation’s Ferry Operation, also inhibit the agency because staff from other IG offices are pulled away from their regular duties and assigned to these investigations. At the Chairman’s request, Commissioner Gill Hearn testified that a previously implemented cut to DOI’s covert operations Other Than Personal Services (OTPS) Budget had reduced funding for van, equipment, and building rentals, as well as money for bribes. The Chairman commended the Commissioner for the Department’s efforts with diminished resources, but he restated his concern that previously implemented reductions to DOI’s budget effectively weaken the City’s fraud prevention efforts. Chairman Gioia urged the Commissioner to seek both restoration of previously implemented budget reductions and additional Intra-City funding from other City agencies whose oversight requires dedicated personnel.

Additional Funding. In response to Chairman Gioia’s question about how additional resources would be allocated, Commissioner Gill Hearn listed several operational areas that would benefit from increased funding, including: increased staffing at certain IG offices, such as the Department of Environmental Protection (especially related to protecting the City’s watershed), the Fire Department, and the Department of Housing Preservation and Development; additional IG offices to share agencies; more personnel assigned to the Audit and Background Units; and additional executive staff.

Oversight of Non-Mayoral Agencies. Chairman Gioia requested information about DOI’s oversight of non-Mayoral agencies, and the Commissioner described different levels of contractual and legislative supervision. DOI has entered into Memorandums of Understanding (MOU) with the New York City Housing Authority (NYCHA) and the New York City Housing Development Corporation (HDC) to manage the IG offices that oversee these entities. Agencies

such as the Metropolitan Transit Authority (MTA), the Off-Track Betting Corporation (OTB), and the Health and Hospitals Corporation (HHC) have their own Inspectors General, but DOI “supports” their operations, “shares information,” and “invites the Inspectors General to DOI’s IG meeting and seminars.” [DOI also has an MOU with HHC to conduct background checks.] According to the Commissioner, the Economic Development Corporation’s (EDC) “contract with New York City has built-in DOI oversight powers,” and the Department is currently negotiating with EDC to identify funding streams for Vendex and background checks. Finally, DOI has a “working relationship” with the School Construction Authority’s IG.

Recommendations

Chairman Gioia reminded the Committee that integrity in government must be of paramount importance, and he characterized the significant reductions to DOI’s budget as counterproductive to efforts to root out corruption. Chairman Gioia also noted that DOI not only saves money by curtailing fraudulent activity but also adds money to the City budget through the financial recovery often associated with DOI cases, and he expressed his concern about any additional “penny-wise and pound-foolish” reductions to the agency’s budget. As such, the Committee urges DOI to explore additional revenue enhancements and to seek additional Intra-City funding from other City agencies whose oversight requires dedicated personnel.

TO: Honorable Gifford Miller
Speaker

Honorable David I. Weprin
Chair, Committee on Finance

FROM: Council Member Maria Baez
Chair, Committee on Aging

SUBJECT: Fiscal 2005 Preliminary Budget Hearing
Committee on Aging

The Committee on Aging held its Fiscal 2005 Preliminary Budget Hearing on Thursday, March 4, 2004. Commissioner Edwin Méndez-Santiago and other senior Department for the Aging (DFTA) officials represented the Agency before the Committee.

Department for the Aging

Summary of Testimony

Commissioner Méndez-Santiago focused on the following topics in his prepared testimony: the changing demographics of the City's senior population, budget cuts that were only restored for Fiscal 2004, and the Bronx home delivered meals pilot.

In discussing the City's senior population, the Commissioner said there has been significant growth in the number of non-white seniors in the City since 1990. Of the 1.25 million City residents over 60, the number of non-white seniors has increased by 32 percent while the number of white non-Hispanic seniors decreased by 20 percent. Minority seniors now account for one of every two City seniors. In addition, seniors are living longer, which is reflected in the 18.7 percent increase in the 85 and older population since 1990.

Regarding budget cuts, the Commissioner stated that the following cuts were restored in Fiscal 2004 and not baselined: the Weekend Meals program (\$1.7 million), Extended Services Contracts (\$1.6 million), Borough President Discretionary funds (\$7.5 million), and funding for two senior centers (\$390,000). These cuts are part of DFTA's budget for Fiscal 2005.

On the subject of the Bronx home delivered meals pilot, the Commissioner said the pilot would consolidate 17 contracts into three larger contracts and that frozen meals would be used for some seniors.

Issues of Concern

The Committee's questions focused on the following topics: Greenwich House senior center, the budget cuts restored in Fiscal 2004, the Borough President Discretionary funds, the ESL program, and the Bronx home delivered meals pilot.

A Council Member questioned the Commissioner about the Mayor's public statements that no senior centers would close in Fiscal 2005. The Council Member pointed out that this statement

contradicts the Fiscal 2005 Preliminary Budget, which includes a proposed budget cut that would force Greenwich House senior center to close. The Commissioner said Greenwich House would stay open in Fiscal 2005, but did not commit to having the funding restored.

Throughout his testimony, the Commissioner repeatedly stated that DFTA was “held harmless” in the Fiscal 2005 Preliminary Budget. The Committee pointed out that this was not true because of the budget cuts that were restored in Fiscal 2004 but not baselined.

The Borough President Discretionary funding was one of the budget cuts that was restored in Fiscal 2004 but is still a proposed cut for Fiscal 2005. However, a part of this restoration (\$3.4 million) was baselined and will continue in Fiscal 2005. When questioned about whether this \$3.4 million would continue to be given to the Borough Presidents, the Commissioner responded that this funding would not be allocated by the Borough Presidents and instead would be distributed through a new Request for Proposals (RFP).

DFTA’s English as a Second Language (ESL) program was discontinued in January 2003. At that time, DFTA had contacted senior centers to inform them that it was exploring the idea of establishing a new ESL program in collaboration with the Department of Youth and Community Development (DYCD) and the Department of Education (DoEd). The Committee questioned the Commissioner about the status of the new ESL program. The Commissioner stated that DFTA was still working on this idea with the Mayor’s office, DoEd and the City University of New York (CUNY).

In response to a question about the Bronx home delivered meals pilot, the Commissioner said DFTA would not achieve the \$8 million meals program savings that was included in the Fiscal 2004 Adopted Budget. When asked whether the \$8 million would be restored in the Executive Budget, the Commissioner would not commit to this.

Recommendations

The Committee recommends that funding be restored for Greenwich House senior center (\$150,000) and BFFY Rockaway senior center (\$240,000).

The Committee recommends that funding be restored for the Weekend Meals program (\$1.7 million).

The Committee recommends that funding be restored for the Extended Services Contracts (\$1.6 million)

The Committee recommends that funding be restored for the Borough President Discretionary funds (\$7.5 million).

The Committee recommends that DFTA re-start its original ESL program, which offered ESL and citizenship classes at 38 senior centers. The funding for this program (\$500,000) remains in DFTA’s budget as DFTA discontinued this program without cutting its budget.

The Committee recommends that funding be restored to DFTA's meals budget (\$8 million in Fiscal 2004) because DFTA has stated it will not achieve this savings.

TO: Honorable Gifford Miller
Speaker

Honorable David I. Weprin
Chair, Committee on Finance

FROM: Honorable Yvette D. Clarke
Chair, Committee on Fire and Criminal Justice Services

SUBJECT: Fiscal 2005 Preliminary Budget Hearing
Committee on Fire and Criminal Justice Services

Introduction

The Committee on Fire and Criminal Justice Services conducted its Fiscal 2004 Preliminary Budget Hearing on Friday, March 5, 2004. Agencies appearing before the Committee were the Criminal Justice Coordinator (testifying regarding the indigent defense system), the Fire Department, the Department of Probation, the Department of Correction, and the Legal Aid Society. During the public testimony portion of the hearing the Council heard from representatives of several indigent defense and alternative to incarceration programs.

This memorandum summarizes the testimony presented by the agency heads and the other testimony givers, and the issues, concerns and recommendations expressed by the Committee.
Indigent Defense

Criminal Justice Office

Hearing Summary

Criminal Justice Coordinator John Feinblatt indicated that Fiscal 2004 spending on indigent defense services will be about \$168 million. This includes \$68.8 million for the Legal Aid Society, \$26 million for seven alternative providers and \$73 million for 18-b expenses including Family Court. As per the January Plan, total indigent defense spending is scheduled to rise to \$196 million.

Coordinator Feinblatt cited two big changes in New York City's indigent defense landscape that have occurred during the past two years: the new Legal Aid contract and the increase in 18-b reimbursement rates. The Legal Aid contract was described as an improvement in quality and a positive step towards the City getting "the most out of its financial investment." The 18-b rate increase was described by Mr. Feinblatt as "long-overdue" and a significant factor that "has improved the availability of 18-b representation in both the Criminal and Family Courts.

Criminal Justice Coordinator Feinblatt provided details about Legal Aid's success in not only meeting but exceeding its contractually-mandated case intake targets. Whereas Legal Aid has had to take at least 86 percent of the indigent cases at the arraignment shifts that it staffs, Coordinator Feinblatt testified that the Society has averaged about 90 percent. This level of performance, which has saved the City substantial 18-b expenses, has been made possible by the

fact that “Legal Aid has hired more attorneys, increased its supervisory capacity and expanded training.”

Regarding the City’s alternative providers, Coordinator Feinblatt testified that, “reports from court administrators and Criminal Court judges indicate that these providers continue to deliver excellent representation.”

The Coordinator indicated that the City’s use of Assigned Counsel (18-b) attorneys was still significant, and that the City costs for 18-b attorneys increased by \$26 million last year when the increase in rates was only partially covered by the State. He then proceeded to outline two harmful changes in the State’s 18-b reimbursement methods that were included in the Governor’s proposed Executive Budget. The first change “replaces the current reimbursement formula with a workload-based formula, which pays localities according to the number of cases filed in a year rather than the total amount of expenditures.” The second change relates to the timing of State reimbursement payments. Based on its analysis, Mr. Feinblatt said, the Administration “strongly oppose[s] these provisions of [the] Governor’s Executive Budget bill,” which would cost the City millions of dollars. Even if these measures are not adopted in Albany, the Coordinator warned, risks to the 18-b budget exist. These risks stem from the City’s uncertainty as to its projections of future 18-b costs and the uncertainty of the State funding stream which supports reimbursements to localities, including the City.

Although Coordinator Feinblatt testified that, “the state of the defense bar is healthy in New York,” he was asked by Chair Clarke whether or not the City has ever conducted random surveys of recipients of indigent defense legal services. He indicated that no such surveys have been done and that none were planned. The Chair suggested that the idea might be worthy of consideration.

Chair Clarke and the Coordinator engaged in a lengthy discussion about the funding levels of the various providers, with Mr. Feinblatt generally asserting his contention that the Legal Aid Society, the Neighborhood Defender Service (NDS) and the Office of the Appellate Defender (OAD) are too expensive on a per-case basis, and Chair Clarke asserting that there are qualitative, valued-added differences in the services these organizations provide.

Chair Clarke asked the Coordinator about contract negotiations with the Legal Aid Society in light of published reports that the Society is facing significant financial difficulties. Mr. Feinblatt indicated that his office meets regularly with Legal Aid (and all the other providers, for that matter) and that it was awaiting the submission of a new needs request from them. He assured the Chair that negotiations would be conducted with the greatest possible speed and with an eye towards negotiating the best possible agreement for the Society and the City. Chair Clarke indicated clearly her desire to see Legal Aid well funded for Fiscal 2005 and beyond. In addition to the central role Legal Aid plays as the City’s primary defender, each case picked up by them saves the City the cost of diverting the case to an increasingly expensive 18-b attorney. Because of the rising and uncertain future costs associated with 18-b, Chair Clarke asserted, the fiscal health of the Legal Aid Society is of paramount importance.

As for concerns expressed by the Chair that no funding for NDS or OAD is included in the Mayor’s Preliminary Budget, the Coordinator indicated both that their costs-per-case are too

high and that the City is precluded from entering into contract with them because they failed to secure a contract a few years ago during a formal contracting process. Citing the fact that these two groups have become integral parts of the City's indigent defense system, Chair Clarke urged that the Administration fully fund them in the Executive Budget.

Testifying on behalf of the Legal Aid Society were Daniel Greenberg, its President and Attorney-in-Chief, and Steve Banks, its Associate Attorney-in-Chief. Mr. Greenberg indicated the dire fiscal straits in which the agency finds itself as a result of a combination of factors including: displacement from its former quarters adjacent to the World Trade Center, State funding cuts, and the inadequacy of its current contract with the City. Regarding the latter, Mr. Greenberg testified that the Society had gone into a deficit in Fiscal 2004 in part because it handled many more cases than had been anticipated in its contract. He furthermore stated that the City's budgeted funding for his agency in Fiscal 2004 (\$68.8 million) is slated to be reduced by \$2 million in Fiscal 2005, to \$66.8 million. In order to both maintain its caseload in Fiscal 2005 and remain solvent, Mr. Greenberg testified, Legal Aid's budget must be increased to \$77.75 million - \$70.05 million for trial representation and \$7.7 million for appellate work.

Funding for neither the Neighborhood Defender Service (NDS) nor the Office of the Appellate Defender (OAD) is included in the Fiscal 2005 Preliminary Budget. The executive directors of each of these organizations asked for continued funding to be included in the Executive Budget. They also requested that their appropriations be supplemented to cover structural imbalances in their budgets and baselined to facilitate better long-term planning for their organizations.

Leonard Noisette, testifying on behalf of NDS, stated that NDS was seeking a modest funding increase from its \$2.3 million appropriation in Fiscal 2004 to \$2.8 million in Fiscal 2005. Similarly, Richard Greenberg, testifying on behalf of OAD, stated that OAD was seeking a modest funding increase from its \$1.5 million appropriation in Fiscal 2004 to \$2 million in Fiscal 2005. They stated that these increases in funding are necessary to cover the rising costs of running their respective offices and to maintain the size of their staffs.

Caroline Kearney, testifying on behalf of Legal Services for New York (LSNY), urged the City Council to restore \$500,000 for the Keeping Families Together Program. Funding for this program is not included in the Mayor's Fiscal 2005 Preliminary Budget.

Recommendations

Office of the Criminal Justice Coordinator: The Committee recommends that the Office conduct surveys of recipients of indigent criminal defense services in order to gauge the effectiveness of representation. Additionally, the Committee strongly recommends that the Office expeditiously conclude its budget negotiations with the Legal Aid Society with the dual goals of strengthening the Society and decreasing the City's reliance on 18-b attorneys.

Legal Aid Society: The Committee recommends that Legal Aid's budget be increased to \$77.75 million in the Fiscal 2005 Executive Budget in accordance with the organizations stated needs.

Assigned Counsel (18-b) Attorneys: Because of the budgetary risks attached to the use of 18-b attorneys, the Committee recommends that the City continue to reduce its reliance on them. To

the extent possible, 18-b attorneys should only be utilized for cases in which a conflict exists for one of the City's institutional providers.

Neighborhood Defender Service (NDS): The Committee recommends that NDS's budget be increased to \$2.8 million in the Fiscal 2005 Executive Budget in accordance with the organizations stated needs.

Office of the Appellate Defender (OAD): The Committee recommends that OAD's Budget be increased to \$2 million in the Fiscal 2005 Executive Budget in accordance with the organization's stated needs.

Legal Service for New York (LSNY): The Committee recommends that funding of \$500,000 for LSNY's Keeping Families Together Program be included in the Fiscal 2005 Executive Budget.

Fire Department

Testifying on behalf of the agency were Nicholas Scoppetta, Commissioner, Stephen Rush, Assistant Commissioner of Budget, Daniel Shacknai, Deputy Commissioner for Intergovernmental Affairs, Salvatore Cassano, Chief of Operations, and Frank P. Cruthers, Chief of the Department.

Hearing Summary

The Commissioner started his testimony by addressing the January Financial Plan. Despite the numerous budget reductions in the past, the Commissioner was upbeat about the improved economic environment in New York City and noted that management improvements, rather than service reductions, make up the bulk of the Department's Programs to Eliminate the Gap (PEG) savings.

In the area of layoffs and staffing, the Commissioner clearly does not anticipate any civilian layoffs or further reductions in fire companies or Fire Marshal staffing. He did however applaud the Department for restoring five-firefighter staffing five months ahead of schedule thanks to improved medical leave levels.

On the issue of restorations of service levels, the Commissioner stated that current levels of service remain excellent and that he does not foresee a restoration of service levels to those that existed prior to our recent tough fiscal times. However, he stated his belief that with the infusion of homeland security grant funding, the Department will be able to improve its operational capabilities.

The Commissioner testified that the Fiscal 2005 Financial Plan requires all uniformed agencies to reduce their total City-funded overtime budgets by ten percent, or specifically for the Department, \$10 million. The Commissioner stated that the uniformed roster levels will reach their pre-9/11 levels as a result of the graduation of the latest Probationary Firefighter class in late-March 2004. The increased uniform staffing, along with tightened controls on medical leave, will help to lower the Department's City-funded overtime spending. The Commissioner pointed

to the Department's reduced medical leave rate; whereas the February 2002 rate was 9.43 percent of scheduled hours, it has dropped to the current level of 7.63 percent. He stated that the reduced rate helped avoid overtime costs in excess of \$7 million over the past 12 months. The Commissioner also stated that the Department will continue its hiring freeze, instituted in October 2002, with a continuous review of each retirement, resignation or termination in the context of future needs.

On the issue of EMS revenue collection, the Commissioner testified that the Department expects further improvement in the collection of ambulance transport revenue. The January Plan targets \$41 million in collections, in conjunction with Medicaid reimbursements of \$60 million, for a realization of \$101 million in Fiscal 2005. The billing vendor, HMS, is in the second year of a five-year contract. Along with HMS, the Department plans to retain a law firm to pursue collections against non-paying clients where appropriate.

On the issue of additional revenue collection, the Commissioner testified that the Department anticipates collecting additional revenue from increased penalty fees for Fire Code violations, and in turn, improved compliance with the Fire Code. The Department will also realize additional revenue from the two-percent New York State tax on fire insurance premiums paid by out-of-state commercial insurers.

The Commissioner discussed the Department's budget, specifically dealing with new needs. The Department will need fifteen firefighters to provide fire protection on Governor's Island. Funding is also needed for six new positions in the Bureau of Fire Prevention to input data to generate inspection bills, along with \$250,000 to upgrade computer-based programs to issue certificates of fitness.

With regard to the Fire Code revision, the Department has allocated \$347,000 for two Fire Chiefs, two attorneys and two engineers who will support the Fire Code revisions. This effort will require coordination with the current revision of the Building Code by the Department of Buildings and represents the most notable effort to update the Fire Code since its first adoption in 1913. The project will continue for two to three years.

The Commissioner discussed the Department's Capital budget and the addition of \$18 million to totally renovate three firehouses. An additional \$1 million has been allocated to survey all Department facilities to assess those in urgent need of renovation. Funding has been received to install thirty-four back-up generators in various firehouses throughout the City. The sum of \$1.5 million has been secured to establish broadband computer connections at all firehouse and EMS stations, arranged with Time Warner and Cablevision.

With respect to communications and dispatch operations, Commissioner Scoppetta testified that the Department is working closely with the Department of Information Technology and Telecommunications (DoITT), the Police Department, the Office of Management and Budget (OMB) and the Mayor's Office to implement and integrate upgrades to the City's computer aided dispatch (CAD) and communications infrastructure. Capital funds for the Police and Fire Departments have been provided and OMB has already released more than \$23 million for these projects.

The Commissioner discussed Homeland Security Grand funding that provides federal money to assist the FDNY in enhancing its disaster preparedness. As of the hearing, the FDNY had been awarded approximately \$66 million in grant funding to support initiatives like increased hazardous materials (HazMat) operations and specialized rescue capabilities through advanced training; procurement of resources for catastrophic incident response such as wireless incident command boards; and ongoing training of uniformed forces throughout every rank. Also, the Department received grant money to fund health surveillance for FDNY firefighters and EMS personnel exposed to the World Trade Center site.

Lastly, the Commissioner briefly discussed some of the Department's ongoing initiatives:

Strategic Plan: The Department has developed a strategic plan for 2004-2005 that presents a roadmap for implementing twenty priority initiatives. The plan will be released shortly.

Headcount: The Department continued to accelerate hiring to rebuild after the losses of 9/11 and subsequent retirements. The Department has hired 2,668 firefighters since 9/11 and promoted 1,519 members to officer ranks. The budgeted headcount for firefighters is 8,619 and the actual headcount is 8,501. A new class of firefighters began training in March and will be ready for field duty in May 2004.

Incident Command System (ICS): Two hundred FDNY officers have received ICS training and the Department now has two fully trained Incident Management Teams ready to handle complex, long-duration incidents.

FDNY Officer Management Institute (FOMI): In the second year of FOMI, the Department continues to collaborate with Columbia University to provide management courses to senior FDNY staff. The \$500,000 in funding needed for FOMI is provided by the Fire Safety Education Fund, a non-profit foundation.

West Point: The Department established a partnership with the United States Military Academy to create a Combating Terrorism Leadership Program that includes lectures from counter-terrorism experts.

FDNY High School: The Department has submitted a grant application to the New Century School Initiative for funding to transform a portion of Thomas Jefferson High School in East New York into a focused high school infused with the culture, academic curriculum and core values of the FDNY, along with public safety and homeland security themes.

Special Operations Command (SOC) Ladder Support Companies: The Department has put into service 21 SOC Ladder Support Companies to supplement the Department's HazMat and technical rescue capabilities. These groups are dispersed throughout the City and have 625 firefighters trained to provide operational support with hazardous materials monitoring, decontamination and scene surveys of collapse and confined space incidents.

Randall's Island Training Academy: Three new buildings have been opened at the Training Academy. A "burn building" uses computer technology to simulate live fire conditions; a field

house features a mock streetscape containing representations of all types of construction in New York City; and a learning center containing the latest in audio-visual technology.

Issues and Concerns

Chairwoman Clarke welcomed the Commissioner and the other Fire Department representatives and thanked them for their continuing cooperation in working with the City Council to protect the lives of all New Yorkers.

The Committee commends the Department on its initiative to draft and implement a new citywide fire code in conjunction with the Department of Building's re-draft of the building code.

The Committee members expressed concern about response times for the areas affected by the closing of the six firehouses in May 2003. The Commissioner stated that the areas surrounding four houses experienced an increase in response times but that those times are still lower than the citywide average of four minutes and 44 seconds. Two areas surrounding closed houses experienced an increase but are still below the national average of six minutes. Council Member Clarke asked whether the Department is considering the reopening of the six firehouses and the Commissioner responded that the Department has no such plans but that it will continue to track response times and workloads. Council Member Yassky expressed concern that while the Department's budget is increasing slightly and other new needs are being funded in the January Plan, the closure of the six firehouses is not being restored. The Commissioner responded that despite the fact that the agency's proposed Fiscal 2005 budget increases by \$2 million compared with Fiscal 2004, each house requires \$1.6 million per year and that their reopening would prevent the Department from fulfilling its other needs.

The Committee members expressed concern about diversity recruitment and its cost. Commissioner Scoppetta stated that the Department has spent about \$4 million on recruitment with a staff of ten people, with additional in-kind donations received to create posters and graphics. Additionally, the Commissioner responded that the last class of recruits included twenty-three percent minorities and four women, and that the Department is committed to improving those numbers in the future.

Council Member Clarke followed up with a question regarding the Department's review of Council recommendations for improved diversity recruitment. He said he was sure he read them but could not recall their specifics. He also referred to a study of FDNY recruitment being conducted for the Department by Columbia University, which should be completed in April 2004. He indicated his desire to review the Columbia report before formally responding to the Council's recommendations.

Council Member Clarke raised concerns about the Cadet program. The Commissioner stated that the Department fought and won a legal battle with the unions to continue the cadet program that allows for the promotion to firefighter of EMTs and paramedics. Concern was expressed about the cost of a new FDNY high school. Commissioner Scoppetta stated that the Department of Education would pay for the entire school.

The Committee inquired as to whether the FDNY will endeavor to address its increased overtime costs and create a formal class hiring schedule. The Commissioner stated that the Department's overtime new need of \$52.7 million for Fiscal 2004 was caused by lower headcount and higher-than-normal medical leave. Commissioner Scoppetta indicated that the Department's Preliminary 2005 overtime budget would be insufficient. He also stated that the Department plans to start another firefighter class in May 2004 after the current class graduates.

Another concern expressed by the Committee was the Department's ability to maximize its EMS revenue collection. With regard to backbilling, the Commissioner anticipates that the rate of acceleration of EMS collections over the past two fiscal years will not continue into the future due to the higher collection rates being achieved by the billing vendor. The Commissioner also expressed the idea that the amount of revenue collected will never cover the entire cost of EMS, even if collection rates topped 50 percent (whereas they are currently at 38-40 percent).

Another concern expressed by the Committee was the civilian hiring freeze. The Commissioner responded that the Department is facing the same difficulties as last year when they released per diem employees. He indicated that the Department's 350-400 off-line and light duty firefighters, along with its civilian employees, will have to assume more responsibilities to accommodate the civilian hiring freeze.

Lastly, the Committee expressed concern about the Administration's plans to reconfigure the CAD system and build a second Public Safety Answering Center (PSAC II). The Commissioner testified that the Department meets weekly with the Police Department, DoITT and labor to discuss these plans and to work towards the goal of implementing an integrated and complete computer aided dispatch system and emergency communication infrastructure. The Commissioner also emphasized an aggressive time table, with the first phase to be implemented within the next two years.

Recommendations

Restore Funding for Six Engine Companies: The Committee urges the FDNY to restore funding for the six engine companies that have been closed. With an improved economy and growing Departmental budget, the additional \$9.6 million to open the six closed houses would be minimal in effect on the budget.

Upgrade the City's Emergency Communications and Dispatch Systems: The Committee supports the Department's initiative to establish an integrated communications and dispatch system. It commends the Department's undertaking on PSAC II and the special attention it has given to the purchase of equipment that is practical to the unique demands of fire safety and firefighting in New York City. The Committee recommends however, that a comprehensive written plan for the City's reconfiguration of its emergency communications and dispatch systems be promptly provided to the Council for its review.

Reduce Overtime Needs by Hiring More Firefighters: The Committee recommends that the Mayor approve the hiring of additional uniform firefighters ("over-quota" hiring) to reduce the Department's overtime needs.

Improve Minority Recruitment: The Committee recommends a re-doubling of the Department's efforts to increase and improve minority recruitment and representation in all aspects of the Department.

Department of Probation

Testifying on behalf of the Department of Probation was Commissioner Martin F. Horn

Hearing Summary

Commissioner Horn began his testimony by detailing the “continuing erosion in the level of state support for [the Department’s] State-mandated duties.” (Note: The Commissioner displayed a large chart in the Council Chambers showing graphically how State reimbursement has eroded over the past 25 years.) He continued by saying that while “New York City bears a disproportionate share of the State’s probation burden, affording more relief in dollar terms to the State of New York than does any other county,” the City receives on average only \$468 per probationer in reimbursement as opposed to the \$647 average per probationer received by the other counties. This inequity is all the more unfair, he asserted, since New York City’s probationers are “more serious offenders and our supervision of them saves the State far more than other counties.” According to Commissioner Horn, whereas 54 percent of felons and 40 percent of all probationers in the State are on probation in the City, we receive only 25 percent of the available State funding.

Commissioner Horn described the reengineering of the Department to allow for meaningful community supervision of the most serious offenders, and reduced caseloads for those probation officers who monitor high risk and “special” offenders. Also discussed were court- and technology-based innovations. The Commissioner reported on the success of the first violation of probation courts in the State. He also testified about advances in the use of data sharing that allows for the more timely delivery to the courts of pre-sentence reports and Investigation and Recommendation (I&R) reports. Lastly, Commissioner Horn reported about data sharing and cooperation by the Police Department that has allowed DOP to contact complainants and obtain their consent to non-judicial sanctions for alleged juvenile delinquents.

In terms of alternative placements of juvenile delinquents, the Commissioner described a program called “*Esperanza*.” Run jointly with the Vera Institute of Justice, *Esperanza* is “an evidence-based, home-based supervision model which helps to keep the juvenile connected to his or her family and maintain educational progress at far less cost to the City and State.”

Commissioner Horn reported success in the area of Persons in Need of Supervision (PINS) cases. As a result of joint programs with the Agency for Children’s Services, the number of PINS cases winding up in Family Court has been reduced by 34 percent and the number of children remanded to foster care is declining.

Commissioner Horn was asked several questions about the Juvenile Intensive Supervision Program (JISP), a program that diverts juveniles from placement in State Office for Children and Family Services (OCFS) facilities. He said that the 711 juveniles served by the program in Fiscal 2003 represented a 12-percent increase from the prior year. The additional City funds

being proposed for JISP in Fiscal 2005 would be offset by the loss of State funds. He indicated that the decline in State funding was counter-intuitive given that OCFS placements cost \$150,000 per year, a cost borne evenly by the City and the State.

Issues of Concern

Decreasing State funding of New York City probation services is truly distressing. When Commissioner Horn is compelled to testify that, “It is unfortunate that the State continues to decrease its financial support for this crucial public safety function,” something is very wrong.

The Committee remains concerned about overall probation officer caseloads. If community based supervision of probationers is to be effective in terms of both public safety and rehabilitation, caseloads must be of reasonable size. Increased State funding would certainly enable the Department to lower probation officer caseloads and improve the quality of the community-based supervision services it provides.

Recommendations

The Committee lauds Commissioner Horn’s firm insistence that State support for the Department of Probation must be substantially increased and recommends that DOP continue its lobbying efforts in Albany for relief.

Department of Correction

Testifying on behalf of the Department of Correction was Commissioner Martin F. Horn.

Hearing Summary

Commissioner Horn testified that the Department continues, “to benefit from inmate populations far lower than previous years.” He also reported budget efficiencies implemented by the agency since the beginning of the Bloomberg Administration totaling \$174 million and a total uniform headcount reduction of 1,652 positions. Commissioner Horn stressed the Department’s continued success at limiting jail violence and at producing inmates to court on a timely basis.

Commissioner Horn reported on the status of DOC’s Capital Budget, including its plans to replace about 5,000 units of aging housing stock. Importantly for the Council, the Commissioner testified about the Department’s recent decision to put an end to its plans for constructing a new 448-bed central punitive segregation unit (CPSU). This policy change is in keeping with the strong and persistent recommendations of Chair Clarke. Instead, the Department now plans to construct an 800-bed structure to house general population inmates. When questioned about the potential use of the new structure for special populations, Commissioner Horn testified that design plans were still being finalized and that it was possible that some subset of beds at the facility could be used as an alternative to the existing CPSU or as a placement option for inmates with mental health issues.

The Commissioner also reported on the agency’s de-emphasis on “jail-based treatment programs” in favor of programmatic services focused on “discharge planning and aftercare.” These latter services, which will address the sobriety, employment and housing needs of inmates

leaving the City's correctional system, will be provided by both governmental agencies and community-based organizations.

Also reported were DOC's plans to civilianize 45 positions and its 4-month acceleration of the June 2004 correction officer recruit class by four months. According to the Commissioner, "On February 12, 310 recruits entered the academy, and just yesterday [March 4] another 108 began training. When asked if the planned recruit class adjustments would be sufficient to ensure minimal overtime expenditures, Commissioner Horn stated that the Department would promptly ask the Mayor's Office of Management and Budget (OMB) to accelerate other classes if higher-than-planned attrition levels warranted such action. The Committee was told that the next two recruit classes are scheduled to begin in October 2004 and February 2005.

Commissioner Horn was asked by Chair Clarke if the agency's projected overtime budget for Fiscal 2005 (\$43.3 million) would be sufficient. The Commissioner responded by saying that controlling overtime will necessitate aggressive management and discipline. He reported that DOC's overtime control efforts seem to be bearing fruit as earned overtime for the prior month showed a substantial decline.

Chair Clarke asked for comment regarding the Department's plans to eliminate 47 civilian vacancies. The Commissioner indicated that some of these positions were historically hard to fill and that such reductions would allow the agency to be more efficient.

When questions about departmental efforts to lower inmate transportation costs, Commissioner Horn stated that DOC has conducted more than 5,000 videoconferences, allowing for remote communication between the courts, inmates and their attorneys.

Chair Clarke was pleased to see that the Department had adopted her recommendation to purchase rather than lease trucks to facilitate DOC's kitchen consolidation plans. The savings of \$198,000 in Fiscal 2005 and \$396,000 annually thereafter indicate that this is a prudent initiative. The Chair also indicated her satisfaction with the Department's utilization of digital photography for inmate processing which will save the agency \$125,000 annually.

Commissioner Horn was asked to defend his proposed revenue generation proposals relating to charges for inmate haircuts and increased inmate telephone rates.

Issues of Concern

While pleased with the Department's decision to build general population beds as opposed to a new CPSU, the Committee must remain vigilant to ensure that the design for this new facility is both cost effective and consistent with Board of Correction standards.

Recommendations

The Committee recommends that the Department carefully track its uniform attrition rate and its monthly overtime expenditures. Should it be warranted, DOC should accelerate its recruit classes to limit its exposure to overtime cost overruns.

TO: Honorable Gifford Miller
Speaker

Honorable David I. Weprin
Chair, Committee on Finance

FROM: Honorable Bill Perkins, Deputy Majority Leader
Chair, Committee on Governmental Operations

SUBJECT: Fiscal 2005 Preliminary Budget Hearing
Committee on Governmental Operations

Introduction

The Committee on Governmental Operations conducted its Fiscal 2005 Preliminary Budget Hearing on Monday, March 8, 2004. Agencies appearing before the Committee were the Board of Elections; the Department of Records and Information Services; the Law Department; the Campaign Finance Board; the Financial Information Services Agency; the Department of Citywide Administrative Services; and two of the City's 59 Community Boards. This memorandum summarizes the testimony presented by the agency heads, and the issues, concerns and recommendations expressed by the Committee.

Board of Elections

Testifying on behalf of the Board were Executive Director John Ravitz, Deputy Executive Director George Gonzalez, Administrative Manager Pamela Green Perkins, Counsel Steven H. Richman, and Finance Officer John Ward. Also present were several board members.

Hearing Summary

In response to questioning from Chair Perkins, Mr. Ravitz indicated that sensor latches were appropriately installed in all 5,000-plus elections machines citywide that were used during the recent Democratic Presidential Primary. When asked about the genesis of the policy that led to the dismantling of the sensor latches in 1964, Mr. Ravitz indicated that his research did not uncover the rationale behind the Board's vote.

Chair Perkins praised the Board for having successfully installed the latches and for having conducted the Presidential Primary without incident. While the Board indicated that the Fiscal 2004 funding it received for the Primary was sufficient, Chair Perkins asked whether any savings were achieved, particularly in the area of printing costs. Mr. Ravitz responded that his agency relies on Department of Citywide Administrative Services for the procurement of printing services and that the Board's working relationship with DCAS is much improved. He offered praise for Commissioner Hirst and indicated that further negotiations with printing vendors will occur.

Regarding the Board's \$20-million new needs request, Chair Perkins inquired as to the extent to which the State would pick up costs associated with the Help America Vote Act (HAVA). Mr.

Ravitz responded by saying that, "We're frozen until the State implements the various components of HAVA. We'll have to fight tooth and nail with other localities" to get the needed funding for New York City.

In order to better assess the \$20-million new need, Chair Perkins requested that the Board provide a breakdown that details: the amounts needed for general operations purposes and those needed for HAVA implementation; the costs which impact the Expense Budget versus those relating to the Capital Budget; and those costs -- related to both general operations and HAVA -- which are expected to be paid for with City funds versus those which one expect to be State-funded. Mr. Ravitz indicated that he would make such detail available.

Mr. Ravitz stated further that the State had already received \$63 million in HAVA funding from the federal government, but that the funds were being held up due to the State legislature's failure to pass required legislation. He testified that both the State Senate and Assembly had recently passed competing one-house packages of HAVA legislation. When asked by Chair Perkins which package was better, Mr. Ravitz replied that neither the Senate nor Assembly packages contain details that would indicate the amount of financing that would come to New York City. According to Mr. Ravitz, the Senate package would have the State Board of Elections administer much of the HAVA implementation, including the purchase of a single voting machine for use statewide. In contrast, the Assembly version would cede more control and discretion to local boards of election, including the choice of voting machines from a pre-approved list that would allow for reimbursement. He did stress, however, that important implementation details were missing from both legislative packages.

Due to the lack of accord in Albany, he said, prior plans to begin phasing in HAVA in 2004 must now be scrapped. Whereas the Board had hoped to implement HAVA in one borough in 2004, it now hopes to phase in the implementation of HAVA in three boroughs in 2005. Federal law calls for full implementation by 2006.

Mr. Ravitz told the Committee that according to federal law, the Board must soon begin its HAVA-related public education campaign and implement the required recordkeeping changes associated with the creation of a statewide voter database. It is the Board's position that City funding must be made available for this purpose should State funds continue to be illusory. When asked by the Chair whether the Board had already petitioned the Administration for the \$20 million in new needs funding, Mr. Ravitz indicated that a letter had been sent to both the Mayor and the Office of Management and Budget (OMB) the week before; he indicated that no response had yet been received.

Mr. Ravitz provided some details about the implementation of the HAVA mandate requiring new voters who register by mail to provide identification at the polls in order to vote via machine this September. (If they failed to do so, they would still be able to vote via affidavit ballot.) Mr. Ravitz indicated that a letter has been sent out to approximately 60,000 voters who will be affected by this mandate. Chair Perkins asked for a copy of the letter and Council Member Reed offered to publicize the new identification requirement in his newsletters. Council Member Provenzano questioned whether the identification mandate would chill voter participation among precisely those individuals that HAVA is trying to reach, and asked why the Board was

implementing it. Mr. Ravitz replied that HAVA was passed by both houses of Congress and signed into law by the President. He also said that New York City has asked for and been granted a waiver for all HAVA items until 2006, except for the identification requirement which must be implemented in 2005.

Mr. Reed questioned the Board about its anti-discrimination training stemming from a recent spate of discrimination complaints within the agency. Mr. Ravitz indicated that all Board staff would soon be undergoing such training. (Two classes per day for two weeks will be provided in April at both the Board's executive and Varick Street offices.) The one-time training will be coordinated by the Board in conjunction with the City's Department of Human Rights. The cost of the training is being funded internally through the Board's Fiscal 2004 budget. When questioned by Council Member Reed, Mr. Ravitz indicated that he could not compel Board commissioners to attend the training. Both Council Member Reed and Chair Perkins stated in the strongest of terms that all commissioners should attend. Having not yet seen the curriculum, Mr. Ravitz could not say whether the training would be offered on an ongoing basis.

Mr. Perkins asked about the Board's request for \$3 million to hire independent legal counsel. Mr. Ravitz cited examples of instances in which the Law Department was unable to represent the Board due to conflict of interest concerns, as well as instances in which the Board was sued by the Law Department. He indicated that access to counsel is vital during petition season when hundreds of petitions may be challenged. Mr. Ravitz pointed out that the Campaign Finance Board uses a similar model so as not to rely on the legal services of the Law Department.

Council Member Provenzano asked what percentage of eligible voters voted in the recent Presidential Primary. Mr. Ravitz replied that preliminary data show that figure to be only 14 percent.

Council Member Addabbo asked if the Board might be able to increase the amount of revenue it receives. Mr. Ravitz indicated that it could not be done without legislation. He did say, however, that the Board was seeking to work more closely with good government groups who might be able to provide the agency with staff on Election Day. In addition to cost savings, Mr. Ravitz indicated that the presence of such staff would increase agency performance.

When asked by Council Member Brewer what the Board's top technology priorities were, Steve Ferguson, Director of the Board's Management Information Systems (MIS) indicated that number one was interfacing the new voting machines with the Board's computers, and that number two was implementing the required changes in the City's voter registration system.

Issues of Concern

Of utmost concern to the Committee is Albany's delay in passing the requiring legislation to implement HAVA. Though the Board needs to begin its HAVA-related education outreach and voter registration programs, no direction has yet come from the State regarding policy changes, new voter technologies or funding. In this environment of uncertainty, it is impossible for the Board to move forward and for the City Council to assess the Board's new needs funding proposal.

Recommendations

The State must expeditiously pass all required HAVA legislation. The State must expeditiously fund all of the Board's HAVA-related expenses. Anti-discrimination training must be received by all Board staff and commissioners. The training should be provided on an ongoing basis.

Department of Records and Information Services

Commissioner Brian G. Andersson testified before the Committee regarding the Fiscal 2005 Preliminary Budget for the Department of Records and Information Services (DORIS). His prepared testimony covered such topics as the City Hall Library, the Municipal Archives, and agency headcount.

Hearing Summary

Commissioner Andersson stated that the Department, through its unique City Hall Library, is the City's statutory depository for all reports issued by New York City government agencies. Through the Records Management Division, it provides for and facilitates the professional management, storage and retrieval of records for 55 agencies and the courts having jurisdiction over the City of New York. He went on to say that their renowned Municipal Archives Division preserves and provides public access to the historic records of New York City.

Commissioner Andersson stated that the Department implemented Local Law 11, which requires that all of the City's official reports be posted on the agency's website within 10 business days, and made available to the public. He went on to say that two successful workshops were held to inform agencies about the new law, and that approximately 450 reports are now available on DORIS's website. He also stated that DORIS was one of the lead agencies for the 3-1-1 initiative. DORIS launched, in cooperation with the Department of Information Technology and Telecommunications (DoITT) and the Department of Finance, new features on its website, including on-line order forms and electronic payment for vital records searches and copy requests. This enables customers to request record searches over the Internet and pay by means of a credit card.

Commissioner Andersson stated that the Department was called on to preserve the flowers, pictures and other mementos left by family members and friends of the World Trade Center disaster on the occasion of the anniversary of September 11th, 2001. DORIS also performed this function as it related to victims of the Flight 587 disaster in the Rockaways. Also, the Department became the repository for all submissions by the public of ideas and suggestions for the memorial to be built at the World Trade Center site. Some 2,500 submissions were compiled, and a catalogue was produced.

Issues and Concerns

The Committee expressed concerns about the current status of the Giuliani Archives. Commissioner Andersson indicated to the Committee that half of the materials relating to the Giuliani Archives are back in DORIS's possession. All of those materials are now on both microfilm and compact disc (CD). He also stated that completion of the Giuliani Archives project was on schedule, but did not give a time frame as to when it would be completed

With regard to the Department's Revenue Budget, the Committee inquired about the breakdown of DORIS's \$401,000 in proposed Fiscal 2005 revenues. Commissioner Andersson stated that the agency's revenue is comprised of vital records research and copy fees, but that a large portion of the revenue is derived from the research of vital records. He also said, in response to a question from Council Member Brewer, that the agency is receiving growing revenue from the sale of archival photographs.

Chair Perkins asked Commissioner Andersson if the agency had a full-time grants unit. The Commissioner indicated that he did have such a unit and that the agency, with the aid of its librarians and archivists, is always seeking grant opportunities.

Law Department

Testifying on behalf of the Law Department were Corporation Counsel Michael A. Cardozo, First Assistant Corporation Counsel Jeffrey D. Friedlander and Managing Attorney G. Foster Mills.

Hearing Summary

Mr. Cardozo, as is his custom at budget hearings, presented no formal written statement. Chair Perkins indicated that he was unaware of the reason that this custom had been adopted and stated in the strongest terms possible that prepared opening remarks would be required of Mr. Cardozo at future hearings. The lack of prepared remarks, Chair Perkins contended, makes oversight a difficult proposition. Mr. Cardozo responded by indicating that the decision not to prepare a statement was based on the fact that his agency's work is driven not by his own policy decisions, but rather by the specific needs of the Law Department to handle the legal work that comes its way. Chair Perkins indicated his opinion that Mr. Cardozo's reasoning in no way supported his position, and he reiterated his request that the Corporation Counsel present prepared testimony during the Executive Budget Hearing about his agency's budgetary condition, management, contracts and personnel.

Mr. Cardozo, for the benefit of the Committee, indicated that the Law Department has approximately 650 lawyers working in numerous legal divisions. He briefly outlined the functions of these divisions and the clients whom the Department serves.

Chair Perkins asked Mr. Cardozo about the extent to which he and his staff are lobbying in Albany for tort reform. Mr. Cardozo responded by saying that while he occasionally goes to Albany, the Administration has a full-time lobbying presence there. He continued by listing the three main tort reform issues that the City is seeking: 1) Elimination of the "Double Dipping Rule" whereby successful plaintiffs receive both settlements from the City and governmental benefits for the same claim; 2) Limitations on Pain and Suffering awards; and 3) Limitations on Joint and Several Liability. As an example of an instance in which tort reform is needed, the Corporation Counsel told of a particular case in which a justifiable (in his opinion) police shooting that left the perpetrator paralyzed led to a jury award of more than \$50 million against the City. Mr. Cardozo indicated that the City is appealing the case.

The next topic discussed was the City's litigation costs relating to the Staten Island Ferry crash. Mr. Cardozo indicated that \$650,000 had been spent in the first few months since the crash for

the hiring of outside counsel. These counsel have been providing both criminal defense and maritime legal services. He indicated that the expenditure was warranted due to the “huge amount of initial work in both criminal and civil matters.” In response to questioning from Chair Perkins, Mr. Cardozo confirmed published reports that the City is hoping to cap the City’s liability – as is allowable under maritime law – to the cost of the ferry itself, around \$14 million. He also indicated that the City has encouraged all injured parties and relatives of those who perished in the crash to contact the City Comptroller’s Office. He indicated that in all cases the City would endeavor to reach a “fair and reasonable settlement.”

Corporation Counsel Cardozo continued by outlining for the Committee the rates of pay that outside counsel are receiving for their ferry-related work. On the criminal side, he reported hourly rates of from \$250/hour to \$500/hour, and stated that multiple sets of attorneys had to be hired. On the criminal side, multiple firms have been utilized, costing the City \$250/hour. He indicated that the attorney contracts were let via the negotiated acquisition method since these services had to be secured quickly, and that the costs of the contracts were being paid for through the City’s judgment and claims budget.

Counsel Member Vallone expressed significant concern about the rates of pay for these outside counsel. As a practicing attorney with knowledge of general compensation rates, he expressed his opinion that the City was grossly overpaying for attorneys. While not specifically addressing the rates, Mr. Cardozo stated that these attorneys were needed because the ferry litigation represents “a very major matter” for which the Law Department lacks personnel possessing particular areas of expertise. Legal assistance, he said, was needed to prepare documents requested by the United States Attorney for review, to interview witnesses, and to prepare for grand jury presentations. He continued by saying that the U.S. Attorney insisted that many individuals be represented individually, necessitating the hiring of multiple firms. Council Member Vallone remained resolute in his opinion that the City’s attorney pay rates are overly generous.

Mr. Cardozo next responded to questions about whose legal bills were being paid for by the City. He responded by stating that under regular circumstances City employees are personally obligated to pay the costs of retaining attorneys. In the ferry matter, conversely, the City is paying for their legal defense because there are potential charges that the City has acted wrongfully.

Council Member Vallone asserted that the Law Department needed to take more pro-active steps to limit the City’s exposure to large-scale judgment and claims settlements. In addition to the ferry incident, which may have been prevented if City policy was better written and better enforced, Council Member Vallone noted a recent \$26 million jury award against the City in favor of the Latino Officers Association, which had filed discrimination claims against the Police Department. Council Member Vallone also put forth his opinion that the City should seek to collect damages from those past or present City employees responsible for the actions that led to the City’s civil liabilities.

The hearing then turned to the topic of the legal needs of the City’s Board of Elections. Chair Perkins asked Mr. Cardozo about testimony heard earlier in the day from the Board’s Executive

Director John Ravitz asking the City Council to provide \$3 million for the retention of outside counsel, claiming that reliance on the Law Department was no longer viable. The Corporation Counsel indicated those instances in which his attorneys cannot represent the Board due to conflicts of interest, such as when the City sued the Board over matters relating to the proposed revision of the City Charter.

When questioned about the status of the lead bill legislation recently passed by the City Council, Mr. Cardozo indicated that the law is slated to go into effect in August and that the Administration is considering litigation to prevent its implementation.

When asked about other areas in which the Department regularly uses outside counsel, Mr. Cardozo cited special litigation matters, bond and disclosure matters and medical malpractice cases. Council Member Brewer urged the Corporation Counsel to seek in-house counsel savings and efficiencies with other City agencies such as the Department of Transportation and the Department of Education that have large volumes of litigation.

Chair Perkins referred to a recent Blacks in Government (BIG) study that showed a paucity of blacks in management positions, and asked the Corporation Counsel to detail his efforts to diversify his agency. Mr. Cardozo indicated that approximately 15 percent of the Law Department's attorney and non-attorney staff are minorities, and that the agency's Fall 2003 hiring class contained approximately 30 percent minorities. He said that the Department participates annually in a diversity fair in the Surrogate's Court and also seeks to retain minority employees.

Issues of Concern

The Committee is concerned about the diversity of the agency, particularly in terms of management positions, and asks that efforts to increase diversity be redoubled.

Recommendations

The Committee recommends that the Law Department provide written testimony when appearing at Council hearings.

The Committee recommends that the Law Department engage in routine, pro-active endeavors designed to limit the City's potential exposure to lawsuits. This can include assisting agencies in: rooting out systemic discrimination; providing City services in a safe manner; and responding in a timely manner to issues that need redress.

The Committee recommends that the Law Department seek better rates for the outside legal counsel services it retains.

Campaign Finance Board

Testifying on behalf of the Board were Executive Director Nicole A. Gordon, Deputy Executive Director Carole Campolo, General Counsel Sue Ellen Dodell, and Director of Campaign Finance Administration Amy Loprest.

Hearing Summary

Ms. Gordon indicated in her testimony that the Board would soon be submitting to the Mayor its Charter-mandated budget estimates for Fiscal 2005. She indicated that the budget submission would include “a slight increase in personnel services from FY 2004 and a substantial decrease in OTPS...” The rationale given for the lower OTPS projection is the lack of a “scheduled municipal election for the upcoming year.”

Ms. Gordon indicated that her agency is in the process of conducting audits from the 2003 election, while also preparing for the election in 2005. Among the other activities in which the Board is engaging are: “conducting candidate trainings, updating software, and making our Web site even more useful to the public and to candidates.”

Testimony was also given regarding new Board responsibilities associated with Conflicts of Interest Board personal financial disclosure forms. Planned improvements to the Voter Guide were also discussed.

Council Member Moskowitz asked Ms. Gordon about the Board’s timetable for completing the audits relating to the 2003 election. She also inquired about the Board’s guidebook for candidates who participate in the City’s Campaign Finance Program. Ms. Gordon indicated that the guidebook is available both in hardcopy format and on their website, and that it is updated before each election.

Chair Perkins asked whether the proposed Fiscal 2005 budget to be submitted by the Board would include assumptions relating to proposed City legislation that would substantially alter the Campaign Finance Act, including increasing the campaign matching formula in certain instances to 8:1. Ms. Gordon indicated that the agency’s budget submission would not include assumptions about the legislation because any potential cost increases associated with a matching formula increase would not be felt until Fiscal 2006.

In response to Chair Perkins’ inquiry, Ms. Gordon indicated that the Board’s budget submission would likely increase Personal Services costs by approximately \$250,000 and headcount by 3 or 4 positions. She also remarked that the number of seasonal employees, whose presence is not formally recorded in the agency’s headcount, would be expanding.

Chair Perkins and Council Member Brewer asked whether the Help America Vote Act (HAVA) would have any material impact on the agency’s budget. Ms. Gordon indicated that no impact was anticipated.

Financial Information Services Agency**Introduction**

Acting Executive Director Robert Townsend testified on behalf of the Financial Information Services Agency (FISA) regarding the agency's Preliminary Fiscal 2005 Budget. His prepared testimony covered topics such as the Financial Management System, the Payroll Management System, the agency's budget and staffing level, and new agency initiatives.

Hearing Summary

The Financial Management System (FMS) successfully supports the base functions required of a citywide budget and accounting system. FMS processes data for inclusion in the City's Financial Plans, Budget, Comptroller's Annual Statements and all required tax reports. FMS generated almost one million vendor payments valued at \$57.7 billion in Calendar Year 2003. FISA maintains a Call Center and a Training and Education Center to accommodate the informational needs of FMS users citywide. The FMS Call Center averages over 15,000 calls per calendar year; almost 69 percent of the questions asked are resolved that same day, with an additional 13 percent resolved the next day. During Fiscal Year 2003, almost 170 training classes were offered resulting in the participation of over 90 city agencies and almost 2,500 students.

With regard to the Payroll Management System (PMS), Director Townsend stated that PMS is the computerized payroll system responsible for producing the City's payroll. PMS enables FISA to process approximately nine million paychecks annually without significant incident. In order to accomplish this, PMS runs over 265 pay cycles per year producing payrolls of approximately \$20 billion.

Director Townsend stated that for Fiscal 2004 and Fiscal 2005, FISA's staffing levels are at an authorized level of 243 and 249 positions respectively. FISA's Fiscal 2005 Preliminary Budget is \$36 million, with \$15 million for Personal Services (PS) and \$21 million for Other Than Personal Services (OTPS). Since the Budget was adopted for Fiscal Year 2004, FISA has had a total OTPS expense reduction of \$930,000.

Director Townsend reported to the Committee on a number of new initiatives being undertaken by FISA. The agency is: 1) performing a support role in the development of a new citywide timekeeping system (Citytime) being sponsored by the Office of Payroll Administration (OPA); 2) taking over the Pension Payroll System from the Comptroller's Office by the end of Calendar Year 2004; 3) supporting the development of the New York City Automated Personnel System (NYCAPS); and 4) continuing to upgrade and maintain the FMS system.

Issues and Concerns

The Committee inquired about the \$2.4-million transfer from City-funded lines to Capital I.F.A.-funded lines. Director Townsend stated that the transfer was needed so it could continue to fund its Capitally eligible projects. The projects are: 1) Citytime, which is an automated timekeeping system which is expected to be completed in the spring of 2005; 2) the Pension Payroll Management System, which is scheduled to be phased in during January of 2005; and 3) continuous upgrades to FMS which could take up to four or five years. The Committee also

inquired as to the current status of FMS. Director Townsend indicated that FMS is fully operational.

The Committee inquired as to why FISA was receiving a transfer of \$1.1 million from the Office of the Comptroller for the Pension Payroll System and what responsibilities would be carried out by FISA. Director Townsend indicated that OPA is the lead agency on this project. OPA has gathered the business requirements from the pension systems and FISA is currently building the Pension Payroll Management System (PPMS) that will maintain the data needed to generate the pension payroll for City retirees or their beneficiaries. He also stated that once it is implemented, FISA would be responsible for maintaining PPMS, making approved changes to the system, printing and distributing checks and making electronic transfers to financial institutions for retirees or their beneficiaries.

Department of Citywide Administrative Services

Commissioner Martha K. Hirst testified on behalf of the Department of Citywide Administrative Services (DCAS) regarding the agency's Preliminary Fiscal 2005 Budget. Her prepared testimony covered the Expense, Revenue, and Capital Budgets as well as agency headcount levels.

Hearing Summary

Commissioner Hirst commented on certain items in her agency's Expense Budget. With regard to energy expenses, she stated that a large majority of DCAS's expenditures are for payment of the City's energy bills. DCAS is funded at \$488.3 million in Fiscal 2004 and Fiscal 2005 for citywide energy expenses. The remainder of the DCAS Expense Budget primarily funds the maintenance and operation of DCAS-managed office buildings and court facilities; security for non-court City-owned buildings; and the administration of civil service examinations. With regard to DCAS's portfolio, the Commissioner noted that DCAS currently maintains 53 City-owned buildings and court facilities. With regard to civil service examinations, Commissioner Hirst stated that certain exams offered this fiscal year included NYPD Police Officer, NYPD Sergeant, Sanitation Worker Physical, Firefighter Physical, Staff Analyst, Eligibility Specialist, and Juvenile Counselor. Overall, DCAS has planned expenditures of \$712 million for Fiscal 2004 and \$718 million for Fiscal 2005. The total planned headcount for DCAS is 1,671 in Fiscal 2004 and 1,810 in Fiscal 2005.

Commissioner Hirst commented on certain items in the Revenue Budget. She stated that DCAS plans to receive additional revenue in the amount of \$13.2 million in the current fiscal year and \$1.5 million in Fiscal 2005. Another source of revenue for DCAS is the proceeds generated from the auction of surplus real estate property. Revenue from the July 2003 auction generated \$32.8 million in bids, of which DCAS had already received \$18.3 million. She has also stated that DCAS offered an Early Mortgage Satisfaction Program that provides a ten-percent discount to mortgagors, allowing them to satisfy their mortgages to the City earlier than the mortgage term. This program resulted in additional mortgage pre-payment revenue of \$5.3 million in Fiscal 2004, and DCAS also expects to receive an estimated \$600,000 in other pre-payments from mortgagors in Fiscal 2005.

Regarding the Revenue Budget, Commissioner Hirst stated that DCAS' focus is on projects that are critical to building maintenance and preservation related to the health and safety of City employees and the public. Over the next five years, DCAS plans to commit nearly \$520 million in Capital funds for these programs. She also stated that as part of the program to maintain the structural integrity of public buildings, DCAS is rehabilitating the elevators in numerous court facilities, including the Surrogate's, Supreme, Criminal, Family and Civil Courts in Manhattan; the Brooklyn Criminal and Supreme Courts; and the Bronx Family/Criminal Court. The Four Year Capital Plan provides \$21 million for these projects. She went on to say that DCAS will manage nearly \$144 million worth of leased-space construction projects during the life of the Capital Plan. This includes \$13 million this year for the Department of Finance (DOF) offices at 59 Maiden Lane and \$7.2 million in Fiscal 2006 for the DOF's Bronx Business Center. DCAS will also manage more than \$30 million in various Police Department (NYPD) and Fire Department (FDNY) projects, including the relocation of FDNY 9-1-1 dispatch operations to a new Metrotech location.

Issues and Concerns

The Committee expressed concern on the matter of energy and other efficiency savings. Commissioner Hirst stated that efficiency savings of 60 million kilowatt hours through the ENCORE program produced a savings of \$14 million. She also stated that the agency is always evaluating programs to reduce Heat, Light, and Power expenditures. She went on to say that the City of New York would be better served by the consolidation of functions. She did not get into specific numbers, but she indicated that through following programs such as the use of a central storehouse, the acquisition of fleet management services, citywide jobs programs, and the consolidation of paper purchasing, the City would be better served because consolidation drives down expenses.

The Committee inquired as to the issue of revenue generation from the installation of antennas and cell phone towers on DCAS-managed property. The Commissioner stated that the Department has been looking at the issue and claimed that there are safety concerns for the installation of such items. The Commissioner responded further by saying that while there is revenue to be made in this area, it is not substantial.

The Committee expressed concern as to the status of the New York City Automated Personnel System (NYCAPS). Through NYCAPS, agency human resources staff and managers will have access to comprehensive personnel data. The information housed in this system is expected to include basic employee data, employee work data, employee skills and performance data, civil service and exam data, and equal employment opportunity data. The Commissioner stated that DCAS was a few years away from having this system up and running.

The Committee inquired about the City Store. The Commissioner stated that the City Store would be better served from a revenue standpoint if it had a centralized location that could be utilized by a large portion of the public. Also, there is an on-line catalog from which people can purchase City Store items. The Commissioner also stated that DCAS generates approximately \$1 million from the sale of City Store merchandise.

Community Boards

Of the 59 community boards throughout the City, only two testified before the Committee on Governmental Operations. The two boards in attendance were Queens Community Board #6 and Queens Community Board #12.

Hearing Summary

With such a low number of Community Boards in attendance, Chairman Perkins asked them to provide a list of their biggest issues. The issues mentioned were pest control, garbage pick-up, recycling, and safety improvements on each of the Boards most heavily traveled roadways.

**TO: Honorable Gifford Miller
 Speaker**

**Honorable David I. Weprin
 Chair, Finance Committee**

**FROM: Honorable James Sanders, Jr.
 Chair, Committee on Economic Development**

**SUBJECT: Fiscal 2005 Preliminary Budget Hearing
 Committee on Economic Development**

On The Committee on Economic Development held its Fiscal 2005 Preliminary Budget Hearing on Monday, March 8, 2004. Testifying before the Committee was Economic Development Corporation (EDC) President Andrew Alper and the Department of Small Business Services (SBS) Commissioner Robert Walsh. This is a summary of the testimony presented, issues and concerns raised by the Committee and recommendations.

Economic Development Corporation

Hearing Summary

In his opening remarks, President Alper immediately highlighted that although there was a budget reduction of approximately ten percent in EDC's 2004 - 2009 Capital Plan, EDC would not reduce any of the City Council's or Borough Presidents' projects. President Alper said the only capital new need is for health and safety improvements at Manhattan's Passenger Ship Terminal.

President Alper went on to describe the conditions of the local economy. He said the economy was expanding with Class A office space vacancies declining and residential real estate construction growing. This is amid reports that the issuance of building permits was up seven percent in 2003.

President Alper also enumerated EDC's efforts to diversify the local City economy, by employing the sector development approach to infrastructure development such as advancing the City's life sciences industry. He referred to Pfizer as an example, after its merger with Pharmacia, which has consolidated its staff in the City. He also stated that other numerous life sciences companies are in various stages of decision-making with regard to locating their facilities in the City. President Alper also spoke about tourism and hospitality development, such as that associated with expanding the Javits Center, and the development of central business districts as local economy growth areas.

President Alper went on to say that EDC is devoting capital resources to the following: the renovation of ferry terminals; reactivation of the Travis Branch of the Staten Island Rail Road; and developing comprehensive commercial projects such as the Downtown Brooklyn, Flushing and Jamaica Center projects.

President Alper concluded his opening remarks by detailing information about EDC's operating budget. He first highlighted that EDC doesn't use City tax-levy funds for operations and emphasized that EDC is not a City agency. He described some of the revenue EDC collects from its transactions, such as the origination fees from bond issuances, and the income from the rental or sale of City-owned property. The President explained that costs for City initiatives are deducted from EDC's income such as the annual \$1.1 million in funding for the In-Place Industrial Parks (IPIP) program and the management cost of the EDC-managed portfolio of City-owned properties.

Committee Issues and Concerns

In response to the Committee questions concerning the Jet Blue project, President Alper said that the only concern that he was aware of was that Jet Blue wanted to locate its office facilities in an airport office park, such as those that commonly exist in cities around the country. As EDC promoted a Jamaica, Queens facility near the train/airport connection, there was not an agreement with Jet Blue on a location.

President Alper addressed another concern of the Committee when he said that he has tried to help grow the City's life sciences industry. There is a fundamental support infrastructure for the life sciences industry within the City's clinical and research facilities. However, it continues to remain, on balance, a missed opportunity because of the lack of growth space for start-up firms. He contrasted this missed growth opportunity with the example of the Federal Jeans Company, originally from East New York, Brooklyn, that chose to situate its production facilities in Queens and the Bronx. This happened at a time when the trend is for garment manufacturers to locate outside the City, typically outsourcing production to developing countries.

Another concern expressed by the Committee was EDC's efforts for the chronically unemployed. President Alper pointed out that EDC has always worked "hand in hand" with SBS, especially with its M/WBE and LBE units. The concern expressed pertained to how to increase minority community participation in the building trade unions, so that poor and other marginalized persons can participate in the ongoing building boom. President Alper responded that the Council should meet with Robert Walsh from SBS to address its concern.

The Committee inquired about one of EDC's biggest focal points, the development of the Long Island City (LIC) community. President Alper explained how the community development focus went from the single original Citibank building on one side of Long Island City to eventually much more development, like the Silvercup studios and its adjoining development. However, there exist large public housing developments, which are in some of the City's less commercially developed space. If the LIC industrial development area can be expanded to this area, it would serve as a model for developing other industrial areas around the City.

When asked about the Brooklyn Navy Yard, the President said that EDC's industry desk for the Brooklyn Navy Yard is currently producing a space utilization study. The Navy Yard is almost filled to capacity, similar to the nearby Metrotech Center. President Andy Alper explained, however, that while the space requirement for commercial jobs is approximately 200 square feet per job, the industrial equivalent is 1000 square feet per job. It is anticipated that there will be a

great deal more space available at the Navy Yard in the future and EDC wants to be certain that the space can be used to grow industry and not be quickly converted to residential use.

The Committee members also expressed concern about the Forest City Ratner's Brooklyn Nets proposal. The President explained that any agreement is far from final, and therefore, the necessary financing is not yet determined. Forest City Ratner has an agreement with the City, State and the MTA for the land, however, EDC and the Empire State Development Corporation are not any further along in its negotiations.

A final concern expressed by the Committee was EDC's arrangement to use Pier 7 in Brooklyn as an auxiliary pier to relieve congestion at the Passenger Ship Terminal in Manhattan. President Alper said that docking at the Brooklyn pier is fairly risky, with fast, unpredictable currents. EDC has performed ship maneuver simulations in these currents and simulations have not worked out as planned. As a result, EDC is also negotiating with the Port Authority for access to other Brooklyn sites.

Recommendations

The Committee recommends that the EDC explicitly invite the Council to its public hearings with an expressed invitation.

The Committee recommends that the Council and its community staff assist EDC in performing small firm outreach. President Andy Alper has said EDC wants to increase its local marketing efforts in Councilmatic districts, especially for growth firms. This would enable more local businesses to take advantage of EDC programs instead of relocating to New Jersey or Georgia.

The Committee recommends the Administration urge the Governor to provide an origination fee to be paid to the City to address business development needs not explicitly met by the current Liberty Bond program.

Department of Small Business Services (SBS)

Hearing Summary

Commissioner Walsh opened his remarks by addressing a principal Council concern: the reinvigoration of the Minority and Women's Business Enterprises (M/WBE) program. Commissioner Walsh announced that just last month he received the 2004 Agency Advocate Award from the Association of Minority Enterprises of New York. Commissioner Walsh announced a SBS strategic action that has combined its M/WBE unit with its procurement unit. This move would increase the procurement unit staffing to 20 positions. This consolidation would effectively increase the power of the M/WBE unit and augment the small business focus. Commissioner Walsh said that they have also eliminated the M/WBE certification backlog, reducing certification time from two months to two weeks.

Commissioner Walsh explained how the Department has implemented changes to its Departmental programs such as the "5 + 5" program, which requires City agencies to use two randomly selected lists from the vendor pool - one list with five bidders from the general vendor pool and another list with five bidders from the certified M/WBE and Local Businesses

Enterprises (LBE) pool. SBS has also increased the income limitation cap on LBEs to \$2 million from \$675,000, thereby enabling them to obtain more City contracts. This Agency's other action to increase contracting opportunities has been to form partnerships with the Port Authority and the Women's Business Enterprise National Council. Through these partnerships, the pool of M/WBEs has been broadened and the separate certification requirements are eliminated.

Commissioner Walsh went on to say that the Department has also started using Softshare, a software product that sends e-mail alerts to 700 vendors when City, State and Federal contracts are available for bids. This initiative, along with the monthly classes offered by SBS such as "Selling to Government" significantly increases the opportunity for businesses to bid on contracts.

Shifting to the Agency's new workforce development component, Commissioner Walsh said SBS is also proud of its workforce initiatives. SBS has worked hard to improve its One-Stop system where job seekers and businesses come together. He cited the Consortium for Worker Education, Goodwill, Seedco and Wildcat as some of the respected non-profit organizations SBS has selected to operate these business centers. The Commissioner also said SBS is now administering the Individual Training Accounts, which provides federally funded vouchers to individuals to obtain job training. The Department had placed a moratorium on this program until it developed better controls linking the training programs with actual jobs.

Committee Issues and Concerns

In response to the Committee's inquiry about its resources, SBS confirmed that it has barely enough in WIA funds to consistently make its training resources reach the many job applicants, a shortfall that's emphasized in this stagnant economy. The Committee seeks to work with SBS to maximize WIA resources in the City. Committee Members also expressed concern about making the WIA One-Stop facilities more accessible to immigrants. Commissioner Walsh said the Brooklyn One-Stop facility would soon be made more broadly accessible. In addition, he wants the staff that operates the centers to have knowledge of CUNY's two-year schools to provide information when asked. SBS has issued a Request for Proposals (RFP) seeking affiliates to administer the various one-stop centers.

Commissioner Walsh said the In-Place Industrial Parks (IPIP) program would now be at SBS, simplifying the contracting requirements of the Local Development Corporations (LDC) that administer these parks. Managing these parks would be integrated with the Agency's Commercial Revitalization (CR) program. However, when asked about baseline funding for Commercial Revitalization, Commissioner Walsh responded to the Committee that all City support to Commercial Revitalization was eliminated for Fiscal 2005, leaving only the Federal Community Development Block Grant funding. The Administration has again eliminated \$914,000 of baseline support.

Committee Members asked about the performance measures used by the Department for the Commercial Revitalization program. Commissioner Walsh said SBS regularly wants to know how broad an LDC's commercial area is, and the vacancy rates and diversity of shops in the area. Historically, the Commercial Revitalization program has been used to fund some Business Improvement Districts (BIDs), such as the Fordham Road BID, which grew from a small LDC.

The Committee discussed its desire for the State to expand the Empire Zone program or to make IPIPs into Empire Zones. Commissioner Walsh reiterated SBS' role in attempting to guide the State to authorize Chinatown as the newest Empire Zone, despite this effort having ended unsuccessfully.

The Industrial Retention Grants (IRGs) program was described for the Committee as the reserve of the defunct Business Relocation Assistance Corporation (BRAC) program. BRAC collected fees from the conversion of industrial spaces into commercial uses and the Department still holds about \$1 million in its BRAC fund, which is used to generate \$30,000 IRGs to help businesses relocate.

Public Testimony

Bettina Damiani from Good Jobs New York (GJJNY) stated that the review time allocated for the public to respond to tax incentive agreements before they are approved is insufficient and there should be a publicly available database to review tax incentive agreements. She gave as an example the agreement with Traveler's Insurance Company. The agreement was reported as a 15-year, \$19.4 million subsidy to retain 11,537 jobs, but the actual agreement was for 2,500 fewer jobs. She also stated that Merrill Lynch laid off 20 percent of its workers after obtaining a tax incentive agreement from the City. In addition, she said that necessary details provided as outlined in the Local Law 69 report are frequently inaccurate.

With respect to the Liberty Bond program, Ms. Damien said that the Housing Development Corporation (HDC) has attached a three percent origination fee to the HDC Liberty Bonds it issues for low income housing. She said that GJJNY feels that similar fees should be attached to IDA-issued Liberty Bonds to provide an opportunity for the EDC to generate funds for other public development purposes.

Recommendations

The Committee recommends that the Administration restore funding to the Commercial Revitalization program. Restoration of City funds to assist these LDCs is multiplied several times by the consulting services LDCs provide to City businesses. Additionally, City funds provide a level of funding that makes LDCs eligible for matching grants.

The Committee recommends that the Administration restore funding to the Garment Industrial Development Corporation (GIDC), New York City and Company and to SBS for its M/WBE staff positions eliminated in Fiscal 2005.

The Committee recommends that SBS explores linking its job development programs with the New York City Housing Authority's (NYCHA) programs. NYCHA can work with WIA in a strategic effort that might consolidate WIA One-Stop centers in the City's housing developments. This would help ensure that the WIA program provide services in areas where the need is greatest.

TO: Honorable Gifford Miller
Speaker

Honorable David I. Weprin
Chair, Finance Committee

FROM: Council Member James F. Gennaro
Chair, Committee on Environmental Protection

SUBJECT: Fiscal 2005 Preliminary Budget Hearing
Committee on Environmental Protection

On Tuesday, March 8, 2004, the Department of Environmental Protection (DEP) appeared before the Committee regarding the Fiscal 2005 Preliminary Budget. Representing the agency were Commissioner Christopher O. Ward and other senior officials.

Department of Environmental Protection

Hearing Summary

Commissioner Ward covered the following topics in his prepared testimony: changes to DEP's long-term capital budget, the City's upstate property tax obligations, and improving the collection of residential water and sewer charges.

The Commissioner began his testimony with DEP's construction costs for the Manhattan leg of the City Tunnel 3 that were originally budgeted for Fiscal Years 2006 and 2008. Those costs have been moved forward to accelerate the Tunnel construction schedule in order to close up the Shaft Site at 30th Street and Tenth Avenue and allow that shaft site to be used for other Administration priorities. The costs associated with the upgrades to wastewater treatment plants including 26th Ward, Bowery Bay and Tallman Island, were moved to Fiscal Year 2006 from Fiscal Year 2005.

DEP's Fiscal 2005 operating costs of \$718 million is a \$10 million decrease from the Fiscal 2004 January Plan. The decrease is a result of costs offset by a variety of grants, one-shot costs or technical budgeting adjustments. The Financial Plan also projects a \$7 million, or eight percent increase in operating costs due to changes in the City's upstate property tax obligations. In Fiscal 2004, approximately 12 percent of DEP's total operating budget went to pay property taxes on land that DEP owns outside of New York City.

The Commissioner is developing and implementing several initiatives to improve the collection of residential water and sewer charges. DEP collects only about 85 percent of the total charges it bills each year while the Department of Finance collects over 90 percent of the charges it bills. Eighty percent of DEP's 827,000 accounts are residential. Responsible property owners have to pay higher annual rates to offset the uncollected costs billed to delinquent property owners. DEP plans to improve its collection rate with the following initiatives: The Water Board has hired a consultant to analyze the issue and to develop strategies to improve the collection rate and

collection process; and, DEP will focus more effort on collection without compromising its efforts to provide good customer service. If DEP obtains the authority to sell liens on residential properties based on delinquent water sewer charges that will improve the residential collection rate, as it did with commercial properties.

Committee Issues and Concerns

In an effort to mitigate future water rate increases, the Committee strongly supports DEP plans to reduce delinquent water rate charges by improving its collection rate. The Committee agrees with Commissioner Ward that a “situation where 15 percent of the water and sewer bills are simply ignored, without any consequences, is a problem both in terms of the effectiveness of DEP’s collection practices, and in terms of fairness.”

The Committee is concerned about the protection of the watershed and would like to be reassured that DEP has allocated enough resources to address this issue, particularly with respect to land acquisition. Currently, the City pays \$84 million in upstate property tax obligations. DEP projects a \$7 million increase in upstate taxes since Westchester County recently raised property taxes by eight percent, bringing the total tax obligation in Fiscal 2005 to \$91 million.

Public Testimony

Public testimony was heard from Elizabeth Cooke Levy, President of the Friends of Van Cortlandt Park. Ms. Levy’s testimony addressed the resident’s concerns with building a water and sewage facility at Van Cortlandt Park. In her testimony, she stated that the residents’ concerns are not being taken seriously.

Recommendations

The Committee strongly recommends that DEP’s main priority should be to ensure watershed protection and continue its efforts to avoid filtration of the Catskill/Delaware water supply. The Committee urges the DEP to provide adequate funding to ensure watershed protection.

The Committee also recommends that DEP increase its ability, by hiring consultants or assigning staff, to conduct significant environmental analyses on projects in the watershed, similar to the analysis done by a consultant on the Belleayre Resort at Catskill Park project, which involves a substantial development proposal. The purpose of the analyses would be to assess the environmental impact of proposed development projects in order to ensure the continued protection of the watershed.

Additionally, the Committee recommends that DEP hire more inspectors to handle noise and air complaints in light of the fact that noise complaints were the most common calls in the first year of the 311 Citizen Service Hotline, with a total of 255,000. Also, Commissioner Ward stated that he anticipates that DEP will provide to the Council its revisions for the Noise Control Code within a month.

The Committee recommends that DEP provide the Council with details on all of its plans to find creative and cost effective alternatives to the capital expenditures currently mandated by existing consent decrees.

With regard to an increase in water rates, the Committee urges DEP to recommend to the New York City Water Board that it consider the lowest water rate increase possible in its water rate deliberations in light of the fact that City residents are still financially recovering from a national recession.

**TO: Honorable Gifford Miller
Speaker**

**Honorable David I. Weprin
Chair, Committee on Finance**

**FROM: Honorable Peter F. Vallone Jr.
Chair, Committee on Public Safety**

**Honorable Sara Gonzalez
Chair, Sub-Committee on Juvenile Justice**

**SUBJECT: Fiscal 2005 Preliminary Budget Hearing
Committee on Public Safety/Sub-Committee on Juvenile Justice**

The Committee on Public Safety, jointly with the Sub-Committee on Juvenile Justice, conducted its Fiscal 2005 Preliminary Budget Hearing on Tuesday, March 9, 2004. Agencies appearing at the hearing were the New York City Police Department (NYPD), the Civilian Complaint Review Board (CCRB), the District Attorneys and Special Narcotics Prosecutor, the Department of Juvenile Justice (DJJ), and the Department of Emergency Management (OEM). This memorandum summarizes the testimony presented by the agency heads and the issues, concerns, and recommendations expressed by the Committee.

Police Department

Hearing Summary

Police Commissioner Ray Kelly began his prepared testimony with a discussion of the City's crime statistics and NYPD crime initiatives. The Commissioner noted that major felony crime had dropped by 5.8 percent in Calendar 2003 when compared to Calendar 2002, and he highlighted the success of Operation Impact, an initiative that focuses police resources in select high-crime areas. The Commissioner also emphasized initiatives that target quality of life offenses, such as Operation Clean Sweep (general quality of life crimes) and Operation Silent Night (noise complaints). Regarding safety in City schools, the Commissioner described the Impact for Schools initiative, which applies the Operation Impact model on designated schools with high crime complaint activity, and the new School Safety Task Force, which is comprised of 150 police officers reassigned to school safety and security tasks.

Commissioner Kelly then discussed the Department's efforts to develop and fund its counter-terrorism initiatives. While touting the NYPD's enhanced "intelligence gathering capacity...information sharing protocols...and aggressive investigative and asset protection measures," the Commissioner noted that counter-terrorism grant funding awarded by the Federal Department of Homeland Security (DHS) to date was "not sufficient for New York City." The Commissioner explained that while NYPD counter-terrorism activities cost \$201 million in Fiscal 2003 and are estimated to cost \$184.1 million in Fiscal 2004, the NYPD received only \$95.3 million in first responder grant funding in Federal Fiscal 2003, and the City as a whole will be awarded only \$96.2 million from Federal Fiscal 2004 grants. The Commissioner was hopeful

that New York City's Federal Fiscal 2005 counter-terrorism grant awards would increase, and he cited language in the President's Preliminary Federal Fiscal 2005 Budget that would shift the DHS State Homeland Security Grant formula away from a "minimum plus population" basis and in favor of "population concentrations, critical infrastructures, and other significant risk factors." But Commissioner Kelly acknowledged that while the total proposed appropriation for DHS Urban Security Initiative Grants had increased, the eligibility has been expanded from the original seven cities to 50 cities and 30 transportation districts.

The Commissioner continued his prepared remarks by listing the gap-closing initiatives that have reduced the NYPD's budget by \$94 million in Fiscal 2004 and \$88.7 million in Fiscal 2005. The budget reduction programs include such measures as: a \$37.1-million Personal Services (PS) reduction in Fiscal 2005 from savings generated from a higher-than-expected number of retiring officers; a 10-percent overtime reduction, which would "reduce [the NYPD's] Fiscal 2005 Overtime Budget by \$19.9 million to \$210 million;" a reduction of 291 civilian positions in Fiscal 2004 and Fiscal 2005, resulting in a \$10.1-million savings in Fiscal 2005; and additional Federal reimbursements of \$37.9 million in Fiscal 2004 and \$3 million in Fiscal 2005 and each of the out-years to offset costs of securing the United Nations and various embassies. The Commissioner noted that these and other reductions to the Department's budget were partially offset by increased funding needs, including: \$54.5 million in Fiscal 2004 and each of the out-years for collective bargaining raises; \$30.7 million in Fiscal 2004 for higher-than-expected overtime expenditures; and a combined \$51 million in Fiscal 2004 and Fiscal 2005 for the Republican National Convention, of which \$25 million would be reimbursed by the Federal government.

The Commissioner also detailed changes to the NYPD's uniformed headcount. First, he reviewed the funding sources for a class of 730 recruits that was hired in January 2004. The NYPD will receive approximately \$90 million over 36 months from the Department of Justice Community Oriented Policing Services (COPS) program to offset the salaries of these officers. (City matching funds are \$6.7 million in Fiscal 2004, \$15 million in Fiscal 2005, \$15 million in Fiscal 2006, and \$38 million in Fiscal 2007. After Fiscal 2007, the City will bear the full costs of these officers.) Commissioner Kelly also described a new recruit-hiring plan, which would split the NYPD's annual attrition-replacement recruit class into two separate classes, one to be hired in July and one in January of each fiscal year. Noting the expected annual attrition and replacement of "3,000 to 4,000" officers "in the next few years," the Commissioner explained that "smaller, semi-annual Police Academy recruit classes" would provide a "better recruit-to-instructor ratio" and would not necessitate the reassignment of patrol officers to fill instructor positions.

Commissioner Kelly discussed the NYPD's Fiscal 2004 Overtime Budget, which has increased from an Adopted Budget level of \$189.5 million to a Current Modified Budget level of \$359.6 million. The Commissioner outlined the causes of the increase, which included: \$22.8 million from Federal, State and private grants; \$9.7 million for collective bargaining increases; and \$134 million for "unplanned events like the August Blackout and major unfunded initiatives like Operation Atlas," the NYPD's "comprehensive security plan designed to thwart potential terrorist attacks." In addition to a Fiscal 2004 new overtime need of \$30.7 million, the Commissioner explained that \$103.3 million necessary to close the NYPD's Fiscal 2004

Overtime Budget gap “will be funded internally with surplus funds in the Personal Services budget.”

In closing his prepared statement, Commissioner Kelly provided an update to the NYPD’s Capital Budget. Despite an increase of \$26.2 million “to partially fund a second Public Safety Answering Center,” the NYPD’s Capital Budget, which the Commissioner noted had “been reduced by \$372 million through cuts imposed over the last two years,” lacks much-needed funding for “precinct construction and rehabilitation programs.”

Issues and Concerns

Counter Terrorism. Chairman Vallone expressed concern about the lack of financial commitment from the Federal government to fund New York City’s local Homeland Security efforts, and he echoed the Commissioner’s statements that New York City “deserves more Federal funding.” The Chairman explained that the current “patently absurd” DHS grant-awarding formulas have resulted in cities such as Jersey City, NJ receiving seven times more per capita Urban Area Security Initiative funding than New York City and states such as Wyoming receiving seven times more State Homeland Security Grants than New York State. Chairman Vallone reminded the Commissioner and the Committee of Resolution 551-A, adopted unanimously by the City Council in April 2003, which called upon the Federal government to award counter-terrorism grants based upon risk assessment and target potential, and he vowed “to work with the Police Commissioner in securing the appropriate resources so that this Department can do its job.”

Unified Command Structure. Chairman Vallone questioned the Commissioner about the recently-released Department of Homeland Security National Incident Command System (NIMS), which calls for “the Nation’s first standardized management plan that creates a unified structure for Federal, State, and local lines of government for incident response.” In particular, the Chairman pointed out that according to Homeland Security Presidential Directive HSPD-5 of February 28, 2003, beginning in Federal Fiscal 2005, “Federal departments and agencies shall make adoption of the NIMS a requirement, to the extent permitted by law, for providing Federal preparedness assistance through grants, contracts, or other activities.” The Chairman also reiterated his request that a copy of the written protocol be submitted to the Committee. The Commissioner responded that the “Department of Emergency Management will formalize [the City’s] unified command structure,” the City “will meet the NIMS guideline,” and the receipt of Federal grant awards will not be jeopardized.

Emergency Dispatch Operations. Although Chairman Vallone conveyed his appreciation that \$26.2 million and \$8.7 million had been added to the NYPD’s and Fire Department’s respective Capital Budgets to build a second Public Safety Answering Center (PSAC II), he questioned the Commissioner about the adequacy of the funding and the timeline to complete the project. The Commissioner admitted that the funding “was not enough” and that it was difficult to say how much funding was needed or when the project would be completed. The Chairman also requested details about the proposed merger of Police and Fire/EMS emergency dispatch operations, and he referenced an as-yet unanswered January 2004 letter to Mayor Bloomberg (and copied to the Police, Fire, and DoITT Commissioners) regarding this issue. Commissioner Kelly deferred explanation of the merger process to the Department of Information Technology

and Telecommunications (DoITT), which is in charge of the project, but the Commissioner did state that there “is much more direction this year” than in previous years to combine dispatch operations, and that “the issue is of significant concern to the Mayor.”

Uniformed Headcount and Precinct Staffing. In noting that “more police officers will reduce crime,” Chairman Vallone commended the Commissioner about the results of Operation Impact. However, the Chairman and other Committee Members expressed concern about how the Department has deployed the majority of recently graduated recruits to a select number of Operation Impact precincts, as opposed to a balanced allocation across all City precincts. Commissioner Kelly responded that if it is determined that a precinct is deficient in uniformed headcount, each Patrol Borough Commander, with the approval of the Chief of Department, has the authority to reallocate officers where needed within that Patrol Borough’s precincts. He also stated that overtime funds for additional tours in individual precincts can be allocated if approved by the Patrol Borough Commander and the Chief of Department.

The Chairman also commended the NYPD on its decision to split its annual attrition-replacement recruit class into two separate classes, one to be hired in July and one in January of each fiscal year. In addition to the benefits detailed by Commissioner Kelly in his opening remarks, the Chairman noted that “the NYPD’s actual headcount will not fall to severely low levels at any point during the year, [which will] allow the NYPD to better manage its resources by lessening the gap between annual peaks and valleys in uniform headcount levels.”

Overtime. In noting that the Department’s Fiscal 2005 Preliminary Overtime Budget of \$210 million is over 40 percent less than the NYPD average annual overtime expenditures over the last few years, Chairman Vallone expressed skepticism about the NYPD’s ability to reach its \$20-million Fiscal 2005 overtime reduction target. The Commissioner admitted that the NYPD’s Fiscal 2005 Preliminary Overtime Budget of \$210 million was “not realistic,” especially given burgeoning overtime expenditures for counter-terrorism and unplanned events. (The Commissioner pointed out that Federal counter-terrorism grants generally cannot be used to reimburse a locality for Personal Services expenditures such as NYPD’s Operation Atlas overtime initiative.) The Chairman asked if any overtime-reduction programs had been implemented, particularly with regard to planned and unplanned events, and the Commissioner described several initiatives: the Mayor’s Community Assistance Unit has limited the number of permits for events; the Department will increase the use of scooters and barriers at events to reduce the number of assigned personnel; and the NYPD’s First Deputy Commissioner has formed a Committee that examines overtime expenditures and policy after planned and unplanned events with significant overtime expenditures.

Republican National Convention. At the Chairman’s request, the Commissioner provided additional details about NYPD resource allocation for the August 2004 Republican National Convention at Madison Square Garden. The Commissioner estimated that up to 6,500 officers would be assigned to security tours over the course of the convention. The City’s \$25.9-million expenditure will include \$8.4 million in pre-Convention overtime costs for training and preparation and \$17.5 million for Other Than Personal Services items, including Delta barriers to restrict automobile traffic, surveillance equipment, and 300 new two-wheeled scooters. The Federal government will provide \$25 million to reimburse the NYPD for overtime costs, and the

Commissioner pointed out that this is similar to what other cities receive in police overtime reimbursement for hosting the national political conventions.

Other Miscellaneous Issues: Chairman Vallone and other Council Member posed several other questions to Commissioner Kelly, who provided the following information:

Reduction of 291 Civilian Positions: The eliminated positions are currently vacant, and thus the reduction will not necessitate layoffs. The eliminated titles are considered “entry-level” positions that do not require training or specialized skills. However, the Commissioner did admit that uniformed officers will have to absorb into their daily routine many of the administrative tasks that would normally be performed by the 291 eliminated titles.

Index Crime Statistics: Overall index crime is down two percent this year compared to the same period last year, but some crime categories have increased. Grand larceny crime complaints have risen, partly due to an increase in identity theft, and investigators in the NYPD Fraud Unit have been assigned to these cases. Rape complaints have risen due to an increase in acquaintance rape, but stranger rape has decreased compared to the same period last year.

School Crime Statistics: The NYPD is forwarding school crime statistics to the Department of Education (DOE) on a monthly basis, and it will be DOE’s responsibility to post the data on its web site.

Location of Wireless E911 Callers: Nextel and Verizon started selling wireless phones with Global Positioning System (GPS) technology in October 2003, so the latitude and longitude of owners of these phones who call E-911 will be known. The other carriers must provide GPS technology in their wireless phones by the end of 2005, and in the interim period, only the location of the nearest wireless transmission tower to the owners of non-GPS E-911 wireless phone callers will be known. The Commissioner also noted that the GPS system is not as reliable in areas with tall buildings.

Recommendations

The Committee urges the Department to continue its efforts to pursue Federal funding for New York City’s local Homeland Security expenditures, and in particular to ensure that the Federal government: (1) awards emergency preparedness grants based on risk assessment and target potential, and (2) awards preparedness grants directly to a limited number of urban areas (all of which have experience with Federal grant applications and requirements) and not to the States with a pass-through requirement to localities.

The Committee calls upon the Administration to respond to a January 2003 letter to Mayor Bloomberg that requested details about the proposed merger of Police and Fire/EMS emergency dispatch operations. The requested information included: emergency response-related policy changes, copies of relevant contracts and contract amendments, the time line for the various phases of the plan, budgetary impacts on each affected agency, a listing of labor issues that must be addressed to implement the plan, and other pertinent details.

The Committee urges the NYPD, in conjunction with the Department of Emergency Management, the Fire Department, and other City first responder agencies, to meet the guidelines of Federal Department of Homeland Security National Incident Command System (NIMS), including the formalization of the City's unified command structure, such that the receipt of Federal emergency preparedness grants is not jeopardized.

The Committee encourages the Department to ensure that (1) non-law enforcement positions are staffed with civilians, and (2) all full-duty uniformed officers who currently perform administrative tasks are reassigned to law enforcement functions.

The Committee recommends that the Department reduce its overtime expenditures through civilianization, efficient tour scheduling, more realistic assessments of overtime needs for planned and unplanned events, and increased patrol strength at the precinct level.

Department of Emergency Management

Hearing Summary

The prepared testimony of Rachel Stein Dickinson, Deputy Commissioner for Administration, Finance, and Policy, reviewed the core functions of the Department of Emergency Management (OEM). Deputy Commissioner Dickinson highlighted the agency's emergency operations program and public education initiatives, the interagency preparedness exercises that it coordinates, and OEM's Fiscal 2005 Preliminary Budget. Deputy Commissioner of Technology Henry Jackson also testified for OEM. [Note: According to Deputy Commissioner Dickinson, the recent appointment of a new Commissioner, Judge Joseph Bruno, will not be effective until April 2004.]

Issues of Concern

Unified Command Structure. Chairman Vallone questioned the agency about the recently-released Department of Homeland Security National Incident Command System (NIMS), which calls for "the Nation's first standardized management plan that creates a unified structure for Federal, State, and local lines of government for incident response." In particular, the Chairman pointed out that according to Homeland Security Presidential Directive HSPD-5 of February 28, 2003, beginning in Federal Fiscal 2005, "Federal departments and agencies shall make adoption of the NIMS a requirement, to the extent permitted by law, for providing Federal preparedness assistance through grants, contracts, or other activities." The Chairman also reiterated his request that a copy of the written protocol be submitted to the Committee. The agency responded that it is "working closely with both agencies [the Police and Fire Departments] to complete" the written protocol.

Emergency Command Center. Chairman Vallone asked the agency to provide funding and design details about OEM's proposed Emergency Operations Center, which would replace the former center that was destroyed in the World Trade Center attack. In response to this question at last year's Fiscal 2004 Preliminary Budget Hearing for OEM, former Commissioner Odermatt testified that a \$110-million Command Center would be built in Brooklyn Heights' Cadman Park using \$23 million from the Federal Emergency Management Agency (FEMA) – reimbursement for the destroyed WTC Command Center – plus an additional \$87 million in FEMA hazard

mitigation grant funding. Former Commissioner Odermatt added that the “approximately...four-story structure” would be constructed in Brooklyn Heights’ Cadman Park and would house both the “agency base” and “200 seats for continuity of government operations.”

At the Fiscal 2005 Preliminary Budget Hearing, the agency detailed significant changes to the Command Center plans. First, the \$87-million FEMA hazard mitigation grant was denied last year. However, according to OEM, alternative FEMA funding of \$89 million was identified and awarded to New York City. [It is unclear if this \$89 million is in addition to or inclusive of the original \$23-million reimbursement for the destroyed WTC Command Center.] The agency testified that the City was “allowed to draw these funds...to use for current needs” unrelated to the new Command Center, so a new appropriation of \$35 million in City funds, or less than one-third of the original funding allocation of \$110 million, is now included in the Capital Budget to build the new Command Center in Brooklyn Heights. Although it was unclear from the agency’s testimony, it is believed that the design of the building has been scaled back considerably; rather than tearing down the existing structure (the abandoned New York City Red Cross building), the design will now incorporate the building’s existing shell into what the agency now describes as “an office building,” which is currently in the “final design stage” and is scheduled for completion in November 2005. Chairman Vallone asked OEM to provide a complete accounting of the funds that have been awarded, including: the amount reimbursed to the City to replace the destroyed WTC Command Center; the amount awarded to the City to build a new Command Center; and how the latter amount was expended on “current needs.”

OEM’s Charter Mandate. Chairman Vallone noted that in announcing the appointment of Judge Joseph Bruno as the new OEM Commissioner, the Mayor called for an examination of “OEM’s response program with an eye towards reducing day-to-day responses better handled by other agencies, such as the Police Department, the Fire Department, or the Community Assistance Unit.” The Chairman asked OEM if this new goal of reducing day-to-day responses conflicted with OEM’s City Charter-mandate to “coordinate the City’s response to all emergency conditions and potential incidents which require a multi-agency response.” OEM replied that it was “looking forward to working with the new Commissioner to refine the focus” of the agency.

Recommendations

The Committee urges OEM, in conjunction with the Police and Fire Departments and other City first responder agencies, to meet the guidelines of Federal Department of Homeland Security National Incident Command System (NIMS), including the formalization of the City’s unified command structure, such that the receipt of Federal emergency preparedness grants is not jeopardized.

Civilian Complaint Review Board

Hearing Summary

Effect of Increased Complaint Activity and Proposed Fiscal 2005 Investigative Headcount on CCRB Operations. Testifying on behalf of the Civilian Complaint Review Board (CCRB) were Board Member Franklin Stone and Executive Director Florence Finkle, each of whom submitted written remarks that primarily expressed grave concern about the effect of increased

complaint activity, combined with inadequate investigative headcount, on the timeliness and quality of CCRB investigations.

Commissioner Stone thanked the City Council for its \$1-million restoration in the CCRB's Fiscal 2004 Adopted Budget, which offset "proposed budget cuts [that] threatened to undermine the CCRB's ability to effectively investigate complaints" and allowed the Board "to maintain a relatively high investigative headcount and...utilize overtime pay...in an effort to keep up with the 21 percent increase in CCRB complaints filed during 2003." But the Commissioner noted that because the restoration was not baselined, the Board's Fiscal 2005 Preliminary Budget "dangerously lowers authorized headcount to a point where...performance will be severely compromised."

Executive Director Finkle reaffirmed the Commissioner's concern and provided compelling data with regard to the effect of complaint activity and investigative headcount on CCRB investigations. The Executive Director testified that the 5,568 complaints against police officers handled by the Board in 2003 were: (1) 21 percent more than the 4,612 lodged in 2002, and (2) "the greatest number of complaints received since in any year other than 1996." The Executive Director also explained that 2003 complaint data was not an anomaly: complaints have risen every year since 2000, "even in 2001, with the agency closed for over six weeks after 9/11," and complaints filed thus far in 2004 exceed complaints filed over the same period in 2003. Without the corresponding increase in investigative staff in 2003 to process these additional complaints, Executive Director Finkle described key performance indicators that have suffered:

The open docket of 2,816 cases at the end of 2003 grew by the most cases (667) and the highest rate (31 percent) in agency history;

The time to complete a full case investigation in 2003, when increased complaint activity resulted in less time to devote to each case, averaged 272 days versus the 2002 average of 243 days; and the proportion of cases closed after full investigation shrank to 42 percent, its lowest level since 1996, "because investigators with more cases do not have time to make extra trips into the field to persuade reluctant complainants or alleged victims to provide sworn statements."

Executive Director Finkle admitted that given the "sustained and dramatic increases in the agency's workload, [the Board] will no longer be able to conduct thorough and timely investigation of complaints" without additional investigative headcount. As such, the Executive Director testified that the Board has petitioned the Mayor's Office of Management and Budget (OMB) for \$1.2 million to increase Fiscal 2005 and annual investigative headcount by 30 positions (from 120 to 150). Commissioner Stone echoed this appeal directly to the Committee Members, perhaps in recognition of the City Council's historical role in restoring funds for the CCRB: "We ask you to enable us to serve you and your constituents as you would wish."

Other Accomplishments. Commissioner Stone detailed other accomplishments that the Board has recently achieved. According to the Commissioner, the Board's Charter-mandated alternative dispute resolution program, also known as mediation, achieved several milestones in 2003: the most cases successfully mediated (91); the highest rates of civilians (58 percent) and officers (67 percent) who were offered and subsequently accepted mediation; and the lowest average time to mediate a case (4.6 months). Commissioner Stone also highlighted the Board's Charter-

mandated public education efforts, including a newly redesigned, “user-friendly” web site and increased outreach meetings with community groups. Finally, the Commissioner detailed three policy recommendations, “more than in any previous year,” that the Board made to - and were or will be implemented by - the Police Department: the establishment of a database “to track a broad range of information on search warrant executions;” a Patrol Guide procedure revision that requires all officers to “courteously and clearly state your name, rank, shield number, and command...to anyone who requests you to do so;” and a Patrol Guide procedure that requires officers to “show no-knock search warrants to occupants upon request after premises are secured.” (According to Commissioner Stone, Police Commissioner Ray Kelly has agreed with the final recommendation, and “the Department is in the process of drafting the applicable procedures.”)

Issues of Concern

The Dramatic Increase in Complaints. Committee Members asked several questions about the cause of the 21-percent increase in complaints filed in 2003 as compared to 2002. In particular, the Committee was interested in statistical trends or patterns, such as increases in certain types of complaints or in certain precincts. The Committee also wanted to know if the increase could be attributable to the fact that the police force is now comprised of younger, less experienced officers who have recently been hired to offset the enormous attrition of veteran officers. Executive Director Finkle responded that her office had analyzed the extensive information that is collected about each CCRB investigation and concluded that increases were “across-the-board” for all categories.

Transfer of Prosecutorial Powers. The Committee questioned the Executive Director about the status of the proposed CCRB Administrative Prosecution Unit. The plan to transfer to CCRB the authority to administratively prosecute substantiated cases against police officers was first announced by former Mayor Rudy Giuliani and former Police Commissioner Bernard Kerik in January 2001. After a Memorandum of Understanding (MOU) between the CCRB and the NYPD was signed in June 2001, the police unions sued to block implementation of the transfer. After a ruling and subsequent appeals, the New York State Appellate Division, First Department ruled in January 2003 that although the transfer can be effected, the cases must be heard before a Police Department employee, rather than before the Office of Administrative Trials and Hearings, as proposed in the MOU. In the meantime, the CCRB has not assumed the prosecutorial responsibility, and according to the Executive Director, the Board is waiting to see if either the City or the police unions request that the New York Court of Appeals hear an appeal.

Recommendations

After many years of being criticized as ineffective, the CCRB, via the receipt of additional funding and the institution of efficiency initiatives, has made great strides in fulfilling its City Charter mandate to investigate complaints concerning misconduct by police officers towards members of the public in a “complete, thorough and impartial” manner. Unfortunately, the Board’s Fiscal 2005 and out-year investigative headcount is insufficient to process an increasing complaint activity level in a comprehensive and timely manner. To ensure that the CCRB can continue to operate in a manner in which the public has confidence, the Committee urges the Administration to add \$1.2 million to the Board’s Fiscal 2005 and annual out-year budgets to hire an additional 30 investigators.

The consistent increase in complaint activity over the last several years raises concerns about how police officers are interacting with the public. The Board has studied the data related to each investigation and claims that the increase cannot be attributed to any discernable pattern or trend. The Committee believes that a rigorous statistical study of the data should be undertaken, either by the Board or an outside entity, to pinpoint the cause of increased complaint activity. The Board, in its mission statement, has pledged “to report to the police commissioner patterns of misconduct uncovered during the course of investigations and review of complaints,” and a thorough and comprehensive analysis of the cause of increased complaint activity will assist the agency’s achievement of this goal.

District Attorneys and Special Narcotics Prosecutor

Hearing Summary and Issues of Concern

Testifying about the City’s proposed Fiscal 2005 budget for prosecution services were Manhattan District Attorney (DA) Robert M. Morgenthau, Bronx DA Robert T. Johnson, Queens DA Richard A. Brown, Staten Island DA Daniel M. Donovan, Jr. and Special Narcotics Prosecutor Bridget G. Brennan. Also testifying was First Assistant District Attorney Dino G. Amoroso, representing Brooklyn DA Charles J. Hynes.

Chair Vallone welcomed all the prosecutors and indicated his support for the important work that they and their staffs do. With the knowledge that all of their offices are experiencing budgetary difficulties, he asked them to report on the challenges they face and the needs they have for Fiscal 2005; the challenges reported were many and the budgetary needs significant.

The testimony made clear that since the beginning of the Bloomberg Administration, the Offices of the five District Attorneys and the Special Narcotics Prosecutor (OSNP) have been subject to round after round of budget cuts. Cumulatively, these cuts have amounted to just over \$40 million. While the DA’s and OSNP are being given the chance to buy back a subset of these cuts through a revenue generation program devised by the Mayor’s Office of Management and Budget (OMB), the agencies are reeling. Testimony revealed that attorney headcounts are down, average caseloads are disturbingly high, and plea bargain deals are being entered into that would never have been negotiated were the prosecutors’ offices not so bereft of resources. Additionally, public safety has been jeopardized because of the prosecutors’ inability to prosecute cases in an expeditious manner, conduct long-term investigations, and provide crime prevention services.

While the Administration’s desire to curtail spending and increase revenues is commendable, each of the prosecutors said, the magnitude of cuts imposed on their offices has been unwise, and OMB’s revenue generation program has been misguided. Resources are scarce, planning has been rendered impossible and morale is extremely low.

The DA’s and OSNP listed the many ways in which they have worked hard to be efficient with their City-funded resources: salaries pale in comparison to many public sector legal offices; new technologies such as videoconferencing and data sharing have been employed; and functions have been reorganized and, in some instances, eliminated. Revenue protection and enhancement

opportunities have been seized upon: crimes involving large-scale tax fraud, identity theft and money laundering have all been the subject of targeted investigations and vigorous prosecution.

The prosecutors were able to report some good news. The terrific financial burden under which they've been operating has not prevented them from continuing some of their critically important non-mandated (and often little-noticed) programs. These include Drug Treatment Alternatives to Prosecution (DTAP), truancy reduction programs, efforts at the City's Child Advocacy Centers, and the coordination of community support systems to facilitate the reintegration of individuals leaving jails and prisons.

Recommendations

All of the mandated and discretionary programs administered by the District Attorneys and the Special Narcotics Prosecutor deserve the City's unequivocal support, just as such support is rightly given to the Police Department. The City should immediately abandon its shortsighted revenue enhancement program and restore the bulk of the budget reductions that have crippled the budgets of the District Attorneys and Special Narcotics Prosecutor since January 2002. This City's investment will more than pay for itself in terms of increased public safety, reduced arrest-to-arraignment overtime costs, and protection of our tax base.

Department of Juvenile Justice

Testifying on behalf of the Department of Juvenile Justice (DJJ) were Commissioner Neil Hernandez, Deputy Commissioner for Operations Crystal Monge and Deputy Commissioner for Administration and Policy Andrew Gonzalez.

Hearing Summary

Chair Gonzalez began the DJJ portion of the hearing with some remembrances of the late James E. Davis, her predecessor as Chair of the Subcommittee. She reminded those in attendance of his commitment and dedication to the City's youth, and his desire to rid the City of senseless violence. Chair Gonzalez pledged to continue his good deeds. A moment of silence was observed in honor of Council Member Davis.

In his prepared remarks, Commissioner Hernandez summarized the agency's accomplishments, discussed juvenile detention trends, and discussed the implications of City and State budget actions on DJJ. According to the Commissioner, there has been a 20 percent decline in DJJ's detention population since the start of the Bloomberg Administration. He attributed that decline to both a decrease in citywide crime and a collective effort by the City's criminal justice agencies to divert juveniles from arrest and, where appropriate, place them in community-based mediation programs. The placement of juveniles in group homes rather than secure detention facilities was another success story, according to Commissioner Hernandez.

The Commissioner provided statistics indicating that DJJ facilities are safe for both the juveniles and staff, despite the fact that "on any given day, 40% of those in detention are charged with serious acts like robbery and assault." He then discussed how the medical needs of juveniles are assessed during a comprehensive screening process, and how special care is given to those with sexually transmitted diseases (STD's) or HIV/AIDS. According to Commissioner Hernandez,

“over 80% of the 1,381 admitted youth also participated in HIV/AIDS prevention educational workshops.”

Regarding drug dependency on the part of DJJ’s youth, Commissioner Hernandez testified that “only 3% of residents needed serious substance abuse treatment.” He also indicated that all juveniles receive mental health screening, with “65% of admitted youth...needing such services.” The Commissioner indicated that individual and group counseling sessions are provided, and that psychiatric social workers are present in DJJ living areas.

Commissioner Hernandez next described DJJ’s efforts to provide discharge planning services to detained youth. Some of the resources utilized for this purpose, he indicated, are provided by the City Council through its Community Based Intervention (CBI) funding. He further reported that juveniles receiving discharge planning services have recidivated at a much lower rate.

The Commissioner discussed the Juvenile Intensive Supervision Program (JISP) that works with the Department of Probation to divert juveniles from stays in State facilities. Since the City bears a great portion of that expense, such diversions are cost effective.

Issues and Concerns

Chair Gonzalez stressed to the Commissioner the importance that the City Council places on the Community Based Intervention initiative, and asked him to lobby for this funding to be included in the Mayor’s Executive Budget. The Commissioner indicated his agreement that the CBI funding is vital, but he did remind the Committee that the City does not receive 50% State reimbursement for CBI as it does with other DJJ expenditures. Whereas the City Council provided \$500,000 for CBI in Fiscal 2004, Chair Gonzalez urged funding to be restored to its former level of \$750,000. When asked if he would push for this level of funding, he offered a “conditional, qualified ‘yes.’”

Concern was raised by the Committee about the potential loss of State reimbursement for DJJ associated with the Governor’s Executive Budget. Commissioner Hernandez indicated that changes in juvenile justice financing, including a switch to a juvenile detention block grant mechanism, could mean less State revenue for DJJ. Chair Gonzalez indicated that this would be terrifically detrimental to the agency.

Recommendations

The Committee recommends a restoration of \$750,000 for the Community Based Intervention (CBI) Program.

The Committee recommends that medical and mental health services be monitored and expanded if necessary.

The Committee recommends that comprehensive discharge planning be done for all juveniles leaving DJJ facilities.

The Committee recommends that DJJ lobby strenuously in Albany to protect the juvenile justice revenue streams that come from the State.

TO: Honorable Gifford Miller
Speaker

Honorable David I. Weprin
Chair, Finance Committee

FROM: Council Member Madeline Provenzano
Chair, Committee on Housing and Buildings

SUBJECT: Fiscal 2005 Preliminary Budget Hearing
Committee on Housing and Buildings

Introduction

On March 9, 2004, the Committee on Housing and Buildings held a hearing on the Fiscal 2005 Preliminary Budget for the Department of Housing Preservation and Development (HPD), the Department of Buildings (DOB), and the New York City Housing Authority (NYCHA). First Deputy Commissioner John Warren testified on behalf of HPD, Commissioner Patricia Lancaster testified on behalf of DOB, and Chairman Tino Hernandez testified on behalf of NYCHA.

Department of Housing Preservation and Development

Hearing Summary

Deputy Commissioner John Warren began his testimony with an overview of Mayor Bloomberg's housing agenda announced in December of 2002 and updated the Council on some of the initiatives included in the plan. In total, the Mayor's plan calls for the creation and preservation of 65,000 units of housing over the next five years. The plan would be financed through \$2 billion of already budgeted capital and expense dollars, \$700 million in Housing Development Corporation Funds and private funding, and \$407 million in funds available as result of the disposition of the City's *in rem* stock.

Commissioner Warren then went on to discuss the Agency's Fiscal 2005 Expense and Capital Budgets. He explained how HPD met its PEG target through savings as a result of the elimination of programs funded by the Council and workload re-estimates. He also explained how HPD met its Capital Plan reduction target primarily through re-forecasts and the use of federal Home funds. He briefly reviewed the agency's code enforcement program and then went on to discuss the steps being taken to implement Local Law 1 of 2004, the lead poisoning prevention legislation.

Following the Deputy Commissioner's testimony, members of the Committee questioned him on a number of issues and asked for clarification and greater detail on the Mayor's housing plan. In particular, Committee members wanted greater detail on the income targets for units assisted under the Mayor's plan. Many Committee members expressed concern that not enough housing is being produced that is affordable to the majority of their constituents. Committee members also raised questions regarding senior housing, housing for victims of domestic violence, and the Administration's downpayment assistance program. In response to questions about Local Law 1

implementation, HPD stated that they estimated that an additional \$15 million above existing resources dedicated to the lead program would be needed.

Many members of the public who testified were representatives of groups who provide services through Council supported programs that the Administration does not propose funding in Fiscal 2005. Their testimony stressed the importance of such programs in housing preservation and in assisting tenants maintain decent affordable living conditions. Some members of the public focused on the need for more affordable housing throughout the City and the need for expansion and enhancement of the Mayor's plan. Several members of the public testified on the need for more housing opportunities for people with disabilities; a number of those testifying were from this community.

Issues and Concerns

In general, the Committee would like greater detail on the Mayor's housing plan including the distribution of units by income group and geographically as well as information on the specific projects in the development pipeline. The Committee is concerned that the housing needs of some residents such as seniors, people with disabilities, and victims of domestic violence are not being adequately addressed by the Mayor's plan.

Recommendations

The Committee recommends that additional funding be invested in housing production to enhance the Mayor's plan. The Committee also recommends restoration of \$1 million for Community Consultant Contracts, \$350,000 for Housing Court Information Services, \$680,000 for the Neighborhood Preservation Consultant Program, and \$200,000 for the Landlord Training Program.

Department of Buildings

Hearing Summary

Commissioner Lancaster provided an overview of the Department's Fiscal 2005 Budget, which includes an additional 36 staff to handle increases in workload pertaining to construction permits, code violation complaints generated through 311, and additional professional certification audits.

Commissioner Lancaster then went on to discuss a number of managerial and technological reforms being undertaken by the Agency. Among these reforms were steps taken to expedite the entire construction application process from pre-filing of plans through Certificate of Occupancy. The Commissioner asserted that the Agency had successfully reduced the need for temporary Certificate of Occupancies in Staten Island. Among the technological reforms cited by the Commissioner were the use of handheld computers for plumbing inspectors, the scanning of CO's into an online database, and updating the Building Information System (BIS). The Commissioner also briefly discussed the legislation pertaining to high-rise safety based on the work of the World Trade Center Building Code Task Force and the work of the NYC Model Code Program Committee to update the City's building code. Following the Commissioner's testimony, members of the Committee questioned the Commissioner on a wide range of issues including staffing and salary levels, particularly of construction inspectors, the status of the

plumbing division following the arrest of 15 plumbing inspectors in June 2002, and the use of technology to improve the Department's performance.

Issues and Concerns

While many members of the Committee praised the work of Commissioner Lancaster and her staff, the Committee remains concerned about the adequacy and efficiency of the Department's programs and services. Of particular concern is the issue of inspector salaries. In Fiscal 2003, additional funding had been added to the Department's budget to increase inspector salaries, however the Department testified that this initiative has not yet been implemented.

Recommendations

The Committee recommends that DOB provide the Council with an update of its plan to increase inspector salaries including the exact steps the Department plans to take on this issue and timeframes for these actions. The Committee would also recommend that performance statistics be included in the Mayor's Management Report, which would better indicate how well DOB is doing at reducing the time it takes for plan examinations to be completed, and permits and Certificates of Occupancy to be issued etc.

New York City Housing Authority**Hearing Summary**

Chairman Hernandez began his testimony by providing an overview of NYCHA's 2004 Adopted Budget – NYCHA operates on a calendar year. The Chairman outlined the steps NYCHA was taking this year to reduce a \$300 million operating budget gap including a headcount reduction of 983 positions. The Chairman also discussed how the Bush Administration's proposed budget would impact on NYCHA. He emphasized that NYCHA strongly opposed any reduction to the Section 8 program and noted that under the proposed budget NYCHA could lose \$45 million in funding resulting in a loss of 5,500 vouchers. However, he stated that some of the proposed administrative reforms might be beneficial. Following the Chairman's testimony Committee Members questioned him about the impact of planned budget reductions, the impact of President Bush's proposal on the Section 8 program, and NYCHA's practices with regards to capital construction and tenant employment opportunities.

Issues and Concerns

The Committee is very concerned regarding NYCHA's overall budget situation and the Bush Administration's proposal for funding reduction and reform of the Section 8 program.

Recommendations

The Committee recommends that the Council advocate for higher levels of Federal capital and operating funding for NYCHA than that proposed by the Bush Administration. The Committee also recommends that opposition to any plan to reduce funding for Section 8 or reform it in a way that would be injurious to low-income families be included in the Council's Federal Agenda.

TO: Honorable Gifford Miller
Speaker

Honorable David Weprin
Chair, Finance Committee

FROM: Honorable Christine Quinn
Chair, Committee on Health

SUBJECT: Fiscal 2005 Preliminary Budget Hearing
Committee on Health

On March 11, 2004, the Committee on Health held a hearing on the Fiscal 2005 Preliminary Budget for the Department of Health and Mental Hygiene (DOHMH), the Office of the Chief Medical Examiner (OCME) and the Health and Hospitals Corporation (HHC). Testifying on behalf of their agencies were Dr. Thomas R. Frieden, Commissioner of DOHMH, Dr. Charles Hirsch, Chief Medical Examiner, and Dr. Benjamin Chu, President of HHC.

Office of the Chief Medical Examiner

Hearing Testimony

In his prepared remarks, Chief Medical Examiner Dr. Hirsch updated the Committee on OCME's continuing efforts to identify remains of victims from the World Trade Center attack and the crash of Flight 587. Identification efforts remain ongoing, with 1,545 of the 2,749 victims (56%) of the World Trade Center having been identified. OCME continues to house 13,000 remains from the attack, which will eventually reside at the World Trade Center memorial. OCME also continues to house 942 remains from Flight 587 and is awaiting a decision by families regarding a final resting place.

Dr. Hirsch also advised that on October 5, 2003, OCME took control of the County Mortuary Operations that had previously been performed by HHC. The reason for this transfer was to centralize responsibility for the management of deceased persons into one agency. As a result of this change, OCME will add an additional 91 individuals to headcount, including 61 transfers from HHC. Dr. Hirsch advised that in the six months since the transfer, the mortuary operations have increased efficiency.

Dr. Hirsch provided the Committee with the following statistics regarding OCME's case turnaround times: in the first quarter of Fiscal 2004, the Forensic Biology Lab's turnaround time was 66 days, which represents a twenty percent increase compared with the same period in Fiscal 2003. Dr. Hirsch expressed concern over this statistic, but stated that in the same time the number of cases with turnaround times of over thirty days has been reduced from 62% to 50%.

Dr. Hirsch offered construction projects which displaced OCME from their evidence processing center at Bellevue, continuing delays in the construction of their new Bellevue facility, as well as

the attrition of experienced lab employees as explanations for the increase turnaround time. As a remedy for the last problem, Dr. Hirsch advised the Committee that OCME would be hiring 46 employees by the end of Fiscal 2004. Dr. Hirsch was also hopeful that completion of HHC's Ambulatory Care Building would allow OCME to return to its former evidence processing unit in May 2004.

Dr. Hirsch also advised that OCME hoped to improve turnaround time for DNA cases by the consolidation of its DNA laboratory facilities. Currently, these facilities are at three different locations and OCME hopes to consolidate them following the expected completion of a new DNA laboratory building at Bellevue in November 2006.

OCME currently has two additional capital projects in progress, the new medical examiner offices located on the campuses of Kings County Hospital and Queens General Hospital. Both of these facilities have expected occupancy dates of July 2004.

Issues and Concerns

The Chair expressed concern on the following issues:

Capital Projects. The Chair sought clarification on the funding commitments for the Kings County Hospital and Queens General Hospital projects. Dr. Hirsch advised that funding has been committed to completing these projects.

Headcount. The Chair sought clarification on the 143.16% increase in OCME's personal service budget from the Adopted Fiscal 2004 Budget to the Preliminary Fiscal 2005 Budget. Thomas Brondolo, OCME's Deputy Commissioner for Administration explained that approximately \$15 million of this \$27 million increase would likely be postponed as it was for hiring personnel for the above-mentioned DNA lab that is not expected to be completed until November 2006. Mr. Brondolo also confirmed that the Preliminary Fiscal 2005 Budget contains the funding required to make the necessary new hires for the County Mortuaries.

Recommendations

The Committee will continue to assist OCME in its efforts to absorb the County Mortuary operation into its existing operations.

The Committee will continue to assist OCME in its efforts to complete its new DNA laboratory at the Bellevue campus.

The Committee will continue to assist OCME in its efforts to complete its identification efforts of victims of the World Trade Center attack.

Department of Health & Mental Hygiene

Hearing Testimony

In his prepared remarks, DOHMH Commissioner Dr. Thomas Frieden began by highlighting what he believed to be the agency's most significant achievements and initiatives of the past

year. These included inspecting more than 20,000 restaurants, 14,000 day care institutions, and providing oral health services to children and adolescents through 60,000 clinic visits.

Anti-smoking efforts remain an important focus of the Department with a 90% compliance with the Smoke Free Air Act of 2002; a reduction in the number of New York City high school students smoking from 17.6% to 14.8% between 2001 and 2003, as well as providing nicotine patches to 35,000 New Yorkers. The Commissioner also detailed the Department's efforts to increase the number of New Yorkers enrolled in public health insurance programs. In this area, the Commissioner advised that there had been a 63% increase in Medicaid managed-care enrollment and a 76% increase in the Family Health Plus Program enrollment in the past two years.

The Commissioner reported that last year the Department administered over \$200 million in services for New Yorkers living with HIV/AIDS, including care services, prevention programs and housing.

The Commissioner reported on two new programs that are being implemented as part of the Department's Maternal Infant and Reproductive Health Program. The first of these, the Nurse Family Partnership (NFP) targets first-time mothers at risk in their pregnancies and schedules public health nurses to conduct home visits during the pregnancy and during the first two years of the child's life. Dr. Frieden reported that this model has been evaluated for more than 20 years and shown solid results, including fewer complications during pregnancy, higher birth weight, and more effective family planning. An NFP pilot program was implemented in Jamaica, Queens in July 2003. This program continues and the Department is currently working to establish a second site at Harlem Hospital. The Commissioner reported that the Department's goal is to implement the NFP in the communities served by the three District Public Health Offices (DPHOs): central Brooklyn, Harlem, and the Bronx.

The second new component in the Department's Maternal Infant and Reproductive Health Program is the Newborn Home Visit Program. The goal of this program is to provide a single visit to first-time mothers in the targeted DPHO communities. The Commissioner stated that these visits will be conducted in the first four weeks after birth and provide information on issues such as nutrition, immunization, health insurance and child safety. The Public Health Advisor making the visit will evaluate the home for lead poisoning risks from peeling paint, as well as check for window guards and smoke detectors.

The Commissioner reported on the Department's decision to develop three District Public Health Offices in the neighborhoods of the City with the greatest health disparities: the South Bronx, central Brooklyn, and Harlem. The Commissioner described the DPHOs as locations where between 15 and 22 staff would work to develop community based strategies to address the public health needs specific to that neighborhood.

In his testimony, the Commissioner addressed reductions in the Preliminary Budget, including the planned closing of tuberculosis clinics in Brownsville, Brooklyn and Far Rockaway, Queens, which the Commissioner described as underutilized, as well as reductions to the subsidy which the Department provides to the Child Health Clinics operated by HHC. Concerning the TB

clinics, the Commissioner advised that the clinics would remain open through Fiscal 2004. Following their closing, the Commissioner added that the Department planned to have arrangements in place where patients can continue to receive treatment at community health clinics within the same neighborhoods. Regarding the reductions to the Child Health Clinics, the Commissioner anticipated that the reduction would be recaptured through increased revenue from the continued enrollment of eligible children into insurance plans such as Child Health Plus.

The Commissioner reported that in Fiscal 2005, the Department expected to achieve \$4.5 million (all funds) in savings through the elimination of 17 administrative and 27 programmatic positions, all of which are currently vacant. The Commissioner acknowledged that the Department would sustain additional reductions based on restorations from Fiscal 2004 that have not been baselined and phased in reductions from earlier financial plans. Among the areas that will be affected by these reductions are HIV prevention activities, infant mortality reduction, and subsidies for school-based clinics.

In terms of additions to the Department's Fiscal 2005 Preliminary Budget, the Commissioner reported on additions to the Lead Poison Prevention Program that would continue funding that was restored for Fiscal 2004 and additional funding for the purchase of rodent resistant garbage containers for distribution to targeted communities.

The Commissioner concluded his remarks by warning that the reductions proposed in the Governor's Fiscal 2004-2005 budget would reduce State reimbursement from 30% to 20% for services which the State deems to be "optional," including day care inspection, school-based portable dental clinics, and prison health. The Commissioner stated that these reductions could cost the City \$12.9 million in services for Fiscal 2005 and each year thereafter.

Issues and Concerns

Committee members expressed concern about a range of items.

School Health. Recent news accounts advise that the Department will not provide nurses for public schools this summer. Chairperson Quinn asked the Commissioner to confirm this reduction and also expressed concern that, given the Council's strong interest in providing nurses in schools, why the Department had not provided the Committee with prior notice of this reduction. The Commissioner advised that the elimination of this service was the result of a reduction that had been taken at an earlier date. The Commissioner further stated that he believed he had advised the Committee of the possibility of this reduction at an earlier date. Chairperson Quinn stated that a review of prior transcripts and correspondence did not reveal any prior notice of this reduction. Chairperson Quinn and members of the Committee expressed grave concern over this reduction and the Chair requested a follow-up meeting to examine the Department's school health budget in greater detail. Chairperson Quinn also requested clarification on what effect that Programmatic efficiencies occurring in Fiscal 2005 would have on possible reductions to the services provided by per diem doctors to the school health program.

Council Cancer Initiatives. The Committee expressed concern over the failure of the Fiscal 2005 Preliminary Budget to include funding for the cancer screening and education initiatives

that had been funded in prior years. The Commissioner responded that he supported the merits of the program, but since the funding had not been baselined, there is, at present, no funding available to continue it in Fiscal 2005. Related to the issue of the lack of funding for the Council's Cancer Initiative were questions from Committee members regarding the Department's funding priorities, in particular questions regarding the merits of funding Community Health Profiles and not funding a cancer study focusing on Staten Island.

District Public Health Offices. Committee members questioned the Commissioner on the soundness of proposing property tax rebates at the same time that funding for public health programs such as HIV/AIDS, infant mortality, and asthma prevention are being reduced or eliminated and new funding is not being allocated to address new threats to public health such as crystal methamphetamine. The Commissioner stated that the Department did not have the resources to fund all of the programs that it would like to fund, and continued that the tax rebates may provide economic benefits that, in the long run, will also prove beneficial to the public health of the City and its residents.

Several committee members requested additional resources for the DPHOs. The Commissioner explained that the DPHOs were being staffed and funded by a redirection of the Department's resources and that the focus of the DPHOs was on disease prevention rather than on individual case management.

Crystal Methamphetamine. In response to Committee members inquiries on what steps the Department was taking to address the new threat posed by the use of crystal meth, Dr. Mary Bassett, Deputy Commissioner for Health Promotion and Disease Prevention stated that the Department is currently working with the federal Substance Abuse and Mental Health Services Administration (SAMHSA) to obtain federal funding to address this issue. At present, the Department has not provided any new funding to address crystal meth. However, the Department advised that it is attempting to incorporate crystal meth awareness into its existing programs. As an example, Dr. Bassett mentioned the Department's Healthy Night Out initiative, which promotes awareness on HIV/AIDS prevention at gay venues, is now advising individuals on the dangers of crystal meth.

Single Room Occupancy Funding for HIV/AIDS Patients. During the hearing, advocates brought attention to the Department's plan to reduce funding to a program which provides single room occupancy (SRO) housing to individuals with HIV/AIDS. Chairperson Quinn asked why this action had been taken and the Commissioner answered that it had been taken without his knowledge. Dr. Marjorie Hill, who supervises the Department's HIV/AIDS initiatives explained that \$300,000 was being redirected from the SRO program to provide housing assistance for gay and lesbian youth. Dr. Hill stated that, following this redirection, \$1.2 million would remain in the budget for SRO assistance.

While Chairperson Quinn expressed concern for homeless gay and lesbian youth, she had several questions regarding the Department's decision to transfer this \$300,000. These questions were whether the Department made this decision with the expectation that there would be a decrease in the number of individuals seeking to access the SROs and what efforts the Department had

made to secure additional funding to bring the SRO program back to its original funding level of \$1.5 million? The Department stated that they would follow-up with answers to these questions.

Tuberculosis Clinics. Chairperson Quinn asked the Commissioner to clarify the status of the proposed closing of two TB clinics, including whether the Department needed to obtain State approval before closure. The Commissioner answered that State approval was needed to close the Brownsville clinic, but that he did not believe it was required to close the Rockaway clinic. In any event, the Commissioner stated that the clinics would remain open through Fiscal 2004.

The Commissioner continued that before any clinics are closed, the Department will have an alternative arrangement in place to serve the residents of the affected community. The Commissioner indicated that the Department was close to finalizing arrangements with clinics in both neighborhoods. The Commissioner noted that it was not yet certain if these replacement clinics would provide identical services to those provided by the Department's clinics. The Commissioner also stated that there were outstanding issues with the possible replacement clinics on whether patients would continue to receive these services for free as they have at the Department's clinics.

Recommendations

The Committee recommends that the Department expand its Minority Health Program to include a presence in Queens and the north shore of Staten Island. The Minority Health Program has recently been restructured to focus its efforts in the communities served by the three District Public Health Offices. At this time, neither Queens nor Staten Island have a DPHO.

The Committee recommends that the Department fund nurses in public schools for the coming summer session. With the recent decision to end social promotion, our public schools can expect as many as 16,000 more students, in addition to the 255,000 who were enrolled last summer.

The Committee recommends that the Department fund the HIV/AIDS Communities of Color Initiative at the Fiscal 2004 amount of \$5 million in Fiscal 2005 and the outyears.

The Committee recommends that the Department fund the Infant Mortality Reduction Initiative at the Fiscal 2004 amount of \$5 million in Fiscal 2005 and the outyears.

The Committee recommends that the Department provide \$5.3 million in funding to maintain the Department's subsidy for eleven Child Health Clinics.

The Committee recommends that the Council restore funding to the following programs for which the Administration proposed cuts in the Fiscal 2005 Preliminary Budget: Outpatient Medication Program (\$1.25 million); Cancer Initiative (\$781,000); School-based clinics (\$536,000); Community Healthcare Network (\$690,000); Asthma Control (\$445,000); HPD Lead Paint Abatement Reduction contract (\$32,000); HHC HIV/AIDS counseling and education contract (\$207,000) and a DEP Environmental/Biohazard prevention contract (\$36,000).

The Committee recommends that the Governor fully restore funding to the State Article VI funds, and offers its assistance to both the Department and the Mayor's Office to ensure that this restoration takes place.

Health and Hospitals Corporation

Summary of Testimony

On March 11, 2004 the President of the Health and Hospitals Corporation (HHC), Dr. Benjamin Chu, testified before the Committee on Health regarding the Fiscal 2005 Preliminary Budget. Dr. Chu's prepared testimony highlighted the Corporation's achievements during the last two years and noted that the Corporation, like the health care industry in general, has faced serious fiscal challenges in recent years.

Dr. Chu explained that despite fiscal challenges, the Corporation has been able to make modest improvements in the delivery of health care services citywide. Achievements include narrowing the gap in health care disparities; increasing cancer screenings and treatment, particularly mammographies and colonoscopies; improving information technology systems for improved access to patient information; increasing enrollment of uninsured patients into health care plans; and improving handling of malpractice claims.

For Fiscal 2005 HHC anticipates \$4.38 billion in baselined spending compared to \$3.94 billion in baseline revenues. Dr. Chu mentioned a number of initiatives that HHC plans to implement in order to reduce the Corporation's baseline expenditures. One strategy will be to eliminate 500 full-time equivalent positions through attrition this year and an additional 500 staff in Fiscal 2005, and reduce Other Than Personal Services (OTPS) expenses through efficiencies. These initiatives should reduce baseline expenditures by \$70 million. In addition, the Corporation has restructured the way in which it handles malpractice claims, for projected Fiscal 2005 savings of \$20 million. Lastly, the Corporation has also made improvements in its billing practices for third party payors and continues to enroll uninsured patients into health plans, for anticipated Fiscal 2005 savings of \$50 million.

While Dr. Chu's prepared testimony did not directly address specific reductions in funding to HHC for Fiscal 2005, during the questions and answers period he addressed the potential service impact of the cuts to HHC that are reflected in the Department of Health and Mental Health's (DOHMH) budget. The Fiscal 2005 Preliminary Plan reduces City funding for the HHC-operated child health clinics by \$5.3 million and cuts the administrative-fee waivers for outpatient medication by \$1.25 million. Dr. Chu testified that if enacted, HHC would make every effort to keep all the child health clinics open; nevertheless Dr. Chu testified that to the extent that new revenues do not materialize, the Corporation might need to cut inpatient care by reducing the medical workforce.

Issues and Concerns

Child Health Clinics. The Committee is concerned about the potential impact of the proposed \$5.3 million in City funds to the child health clinics. These clinics provide essential primary and specialty health care to children in high need areas, particularly in low-income neighborhoods throughout the City. While the Corporation testified that it intends to keep the clinics open, HHC

would need to shift resources from inpatient care in order to offset the cuts. The Committee is concerned about the potential impact of the proposed cuts on HHC's ability to maintain access to quality health care for all New Yorkers.

Outpatient Prescription Medication. Prescription medication represents an essential, cost-effective component of health care delivery. Given the large number of uninsured individuals being cared for at HHC and the rising costs of medication, the proposed \$1.25 million cut in funding allocated by the Council to expand the number of administrative fee waivers is unacceptable.

Recommendations

Restorations. The Committee recommends the restoration of \$6.55 million to DOHMH for the child health clinics (\$5.3 million) and for the outpatient medication fee waivers (\$1.25 million). As stated by Dr. Chu at the budget hearing, failing to restore these funds would have a detrimental effect on the Corporation's ability to provide quality health care as it would need to reduce its medical personnel from inpatient services. This reduction would be on top of the 500 positions that HHC plans to attrit this year and another 500 next year.

Prescription Medication. The Committee continues to recommend that HHC should seek to better inform patients about the availability of fee waivers and how to access them. Also, the Committee continues to recommend that HHC should formulate and implement a system to track the number of prescription medications dispensed to the uninsured and underinsured, as well as administrative fee waivers requested, granted and denied. This information is essential to monitor whether HHC patients have access to required medication prescribed by their physicians.

TO: Honorable Gifford Miller
Speaker

Honorable David I. Weprin
Chair, Committee on Finance

FROM: Honorable Helen Sears
Chair, Committee on Standards and Ethics

SUBJECT: Fiscal 2005 Preliminary Budget Hearing
Committee on Standards and Ethics

Introduction

The Committee on Standards and Ethics conducted its Fiscal 2005 Preliminary Budget Hearing on Thursday, March 11, 2004. Executive Director Mark Davies testified on behalf of the Conflicts of Interest Board regarding its Fiscal 2005 Preliminary Budget. This memorandum summarizes the testimony presented by Mr. Davies and the issues, concerns and recommendations expressed by the Committee.

Conflicts of Interest Board

Hearing Summary

Mr. Davies provided the Committee with three handouts relating to his opening testimony as well as the Conflicts of Interest Board's 2003 Annual Report. The handouts included: the Board's major initiatives for 2004, its Preliminary Budget issues, and a list of proposed adjustments to the Fiscal Year 2005 Preliminary Budget.

Mr. Davies discussed the Board's three major initiatives for 2004. The first initiative relates to Mr. Davies' efforts to secure a guaranteed budget for the Board. According to Mr. Davies' proposal, "The appropriations available to pay for the expenses of the board during each fiscal year shall not be less than seven thousandths of one percent (0.007%) of the net total expense budget of the city. Not later than three months after the close of each fiscal year, the board shall submit to the mayor and the council a public detailed accounting of all of its expenditures during such fiscal year." This quote was taken from the Conflicts of Interest Board's 2003 Annual Report. The second initiative referred to the investigative authority of the Board. The Department of Investigation (DOI) investigates all of the Board's cases. Since DOI is a separate agency that has its own agenda, it investigates its own cases before the Board's cases. The Board has requested the authority and funding to hire its own investigators, which would provide a more efficient way of investigating cases. The Board would still use DOI to conduct larger investigations. The third initiative was for authorization to reduce the scope of the Financial Disclosure (FD) form. The Board cannot reduce the scope of the FD form without State legislation. Mr. Davies referred the Committee to pages 39-42 of the Annual Report that contains a possible FD form with the scope reduced to only six questions.

Mr. Davies also discussed the Board's proposed adjustments to Fiscal 2005 Preliminary Budget that would make possible the preservation of minimal ethics training and education, and the implementation of electronic filing. Regarding the first issue, the Board requested funding of \$142,288 (\$125,970 in PS and \$16,318 in OTPS) for the training and education unit, which was eliminated in the previous fiscal year and restored by the Council for Fiscal 2004. However, this restoration was not base lined and unless it is restored in the FY 2005 Executive Budget, the Council will again have to restore these funds so the Board can carry out its Charter-mandated duties. Regarding the second issue, funding for the electronic filing of FD forms, the Board is requesting \$130,000 to restore and baseline a Director of Financial Disclosure and a senior manager/attorney, as well as for adjustments to the salaries of the Financial Disclosure staff and MIS Director. The Board contends that these funds are necessary to carry out the duties associated with the electronic filing of financial disclosure forms.

Mr. Davies discussed the increase in the Board's enforcement and legal advice workload. Due to an increased workload in the enforcement and legal advice units, the Board has requested the addition of two attorney lines, but not until Fiscal 2006.

Issues and Concerns

The Committee members inquired about the rationale for needing additional funds since the number of FD form filers has recently been reduced by 45 percent. Mr. Davies responded by stating that of the 13,000 FD forms that were filed last year, the Board has only examined 350 (which includes all elected officials, agency heads, and candidates for elected office), which places the Board in violation of the City Charter. He went on to say that in order to review all of these forms, the Board would need additional funding and staff.

The Committee asked Mr. Davies to explain his request for the hiring of investigators, and how retaining investigators on staff would assist the Board. Mr. Davies responded by stating that if the Board had control over its own investigative staff, it would speed up the investigation progress. DOI provides the Board with very thorough reports, which sometimes are unnecessary in the investigation process. He went on to say that even if the Board had the ability to conduct its own investigations, DOI would still handle a significant amount of the Board's investigations.

Recommendations

The Committee and its Chair feel very strongly that the City of New York should have a proactive and well-funded Conflicts of Interest Board. As cited above, the Board has been increasingly productive in recent years despite having been the subject of minimal funding. The Committee recommends that the Executive Budget restore and baseline the Board's \$142,288 and three positions that provide charter mandated ethics training. The Committee also recommends that the Executive Budget not propose any further cuts to the agency because any such cuts would prevent the agency from fulfilling its Charter-mandated duties, including training and education.

**TO: Honorable Gifford Miller
 Speaker**

**Honorable David Weprin
Chair, Finance Committee**

**FROM: Honorable Margarita Lopez
 Chair, Committee on Mental Health, Mental Retardation, Alcoholism &
 Drug Abuse, and Disability Services**

**SUBJECT: Fiscal 2005 Preliminary Budget Hearing
 Committee on Mental Health, Mental Retardation, Alcoholism & Drug
 Abuse, and Disability Services**

On March 11, 2004, the Committee on Mental Health, Mental Retardation, Alcoholism & Drug Abuse, and Disability Services held a hearing on the Fiscal 2005 Preliminary Budget for the Department of Health & Mental Hygiene (DOHMH)'s Division of Mental Hygiene (DMH). Testifying on behalf of the agency was Executive Deputy Commissioner for Mental Hygiene, Dr. Lloyd Sederer.

Division of Mental Hygiene

Hearing Testimony

In his prepared remarks, Executive Deputy Commissioner Sederer outlined the activities of, and the proposed budget reductions to, the Department's Division of Mental Hygiene.

The Commissioner began his remarks by stating that the Preliminary Fiscal 2005 Budget includes reductions of \$2.4 million for the Division. The Commissioner optimistically offered that the Division would be able to achieve \$1.8 million of this amount through replacing City tax levy dollars with alternate funding sources, including \$1.6 million in Medicaid – structured Comprehensive Outpatient Program Services (COPS) dollars administered by the State and \$200,000 in federal Medicaid Salary Sharing. The Commissioner explained that the remaining \$547,000 would be taken through service cuts to a variety of programs across the three areas of the Division's jurisdiction: mental health, mental retardation and developmental disability, and substance abuse and chemical dependency.

The Commissioner also advised the Committee that the Preliminary Budget for Fiscal 2005 included further reductions to the Division's budget that could be attributed to restorations that have not been baselined and to reductions that were included in prior financial plans, but are occurring in the coming fiscal year.

The Commissioner turned his attention to the State budget proposal for Fiscal Year 2004-2005, which includes the following reductions to the State's General Fund's aid for localities: a \$2.6 million reduction to the Office of Alcoholism and Substance Abuse Services, a \$31.5 million reduction to the Office of Mental Retardation and Developmental Disabilities, and a \$7.7 million

reduction to the Office of Mental Health. The Commissioner estimated that half of these statewide cuts, or approximately \$20 million would be borne by New York City.

The Commissioner advised on the Governor's proposal to create a Bipartisan Commission for the Closure of State Psychiatric Centers. This commission will develop criteria to govern future closures of state mental health facilities by April 2005. The Commissioner warned that as these criteria are developed, the Division and the City Council must remain vigilant that the State continues to fulfill its mandate to provide services to the mentally ill. The Commissioner also stated the importance of having any savings realized from the closure of State facilities reinvested in the community-based system of mental health care and the need to maintain the outpatient services operated by hospitals that lose funding for their inpatient components.

Turning to the subject of Early Intervention, the Commissioner supported the Governor's proposal to make third party insurance carriers responsible for covering Early Intervention services. Regarding the Governor's other Early Intervention proposals, including the requirement of parental fees and capping service coordination reimbursement, the Commissioner stated that he wanted to see more details on how these proposals would be implemented.

The Commissioner reviewed several initiatives the Division had undertaken over the past year in the Early Intervention program. First was to coordinate with HRA to insure that children who are eligible for Medicaid were in fact enrolled in Medicaid. The Commissioner advised that, because of this initiative, the Division had been able to enroll over 1,300 children into the Medicaid program resulting in City tax levy savings of \$2.4 million.

To improve the delivery of Early Intervention services, the Commissioner explained that the Division had implemented more stringent evaluation standards to insure that children are receiving the appropriate level of service; a new procedure to obtain supervisory consultation when more than seven units of service per week are recommended, and tighter standards for the annual reauthorization for providers. The Commissioner explained that, in a further effort to deliver more effective Early Intervention services, last October - when all provider contracts came up for renewal - the Division chose not to renew the contracts for those providers that it believed were not providing an appropriate level of service. The Commissioner explained that despite this reduction in providers, all affected children have been placed with a replacement provider.

The Commissioner described the continuing implementation of Quality IMPACT: Improving Mental Hygiene Programs and Communities Together. This program, introduced in the autumn of 2003 aims to provide all stakeholders in the mental hygiene community the opportunity to assess how a new data collection system would work to identify problem areas in the City's mental health system and correct them. The Commissioner stated that if Quality IMPACT is ultimately successful, it will enhance the ability of the Division to provide the best possible services in a tight budget climate.

The Commissioner described the focus for Quality IMPACT as improving the identification and treatment of concurring disorders and on cultural competence.

In addition to the goal of improving the quality of the services delivered, the Commissioner stressed that a key aspect of Quality IMPACT is to keep all stakeholders informed on the services provided by their providers and in promoting transparency.

Issues and Concerns

Federal Funding for Post-September 11 Mental Health Services. Chairperson Lopez asked the Commissioner if he was aware of any federal funding that is currently in place to provide mental health services for those who continue to need mental health treatment following the 2001 attack on the World Trade Center. The Commissioner advised that the Fire Department had funding through September 2004 and was currently working on obtaining an extension for this funding. The Commissioner also advised that the Department of Education had received two extensions in funding to provide counseling and mental health services and that they would be receiving funding through the end of the current school year. The Commissioner stated that the Division would support the Department of Education's efforts to have this funding extended for the following school year.

Chairperson Lopez stated that she was greatly upset by Governor Pataki's apparent failure to request an extension for federal funds to provide mental health services to New Yorkers who continue to suffer from the effects of the September 11 attack. The Chair contrasted the lack of current funding with the fact that Oklahoma requested and received federal funding for mental health services for seven years following the 1995 attack on the Oklahoma City federal building. In response to the Chair's question on total Project Liberty funding received by the City, the Commissioner stated that the City received between \$110-\$112 million, with approximately \$40 million going to the Department of Education. The Commissioner continued that all the non-Department of Education funding had been spent.

Reductions to the Budget of the Division of Mental Hygiene. Chairperson Lopez stated that in Fiscal 2003, the budget of the Division of Mental Hygiene had included \$96.5 million in City Tax Levy (CTL) dollars, but that at adoption of the Fiscal 2004 budget, the Division's budget had been reduced to \$77 million in CTL dollars. Deputy Commissioner Peter Koehler explained that within this almost \$20 million reduction to the Division's budget, only \$186,000 were reductions that had a service impact. The remainder involved converting various mental retardation and substance abuse programs to Medicaid as well converting \$3.9 million in personal service costs under the Medicaid salary sharing plan. Deputy Commissioner Koehler continued that a significant amount of this reduction represented funding that had been transferred to other agencies, including \$3.4 million in substance abuse funding that was transferred to HHC; \$6.5 million in substance abuse funding that was transferred to HRA and would then be administered by HHC; and \$2.1 million in funding for discharge planners for New York City inmates, as mandated under the "Brad H." settlement that was transferred to the Department of Health & Mental Hygiene's (DOHMH) Health Care Access and Improvement Division. Chairperson Lopez responded that she was opposed to the transfer of programs that provide mental health services to agencies other than the Division of Mental Hygiene.

Chairperson Lopez asked the Commissioner about the Division's current headcount. The Commissioner answered that the Division was currently budgeted for 586 positions and had 503

of these positions filled. Chairperson Lopez asked what the Division's plans were to fill these 83 vacancies and the Commissioner answered that the Division was presently working on filling them. Chairperson Lopez inquired on the degree that the Commissioner made diversity a criteria in the attempt to fill these vacancies. The Commissioner answered that diversity was an important criteria.

To illustrate the Committee's concern that, following the merger with the Department of Health, the Division may not be receiving its proper share of resources, Chairperson Lopez asked if Division of Mental Hygiene personnel are ever designated to perform assignments within the Department beyond the jurisdiction of the Division of Mental Hygiene. The Commissioner answered that there was some limited cross-over and offered an example of a survey the Department had undertaken as one example of Division personnel acting beyond the strict bounds of the Division's jurisdiction. Chairperson Lopez stated the Committee's position that Department of Health functions should not be performed by Division of Mental Hygiene personnel.

Crystal Methamphetamine. Chairperson Lopez asked the Commissioner what programs or initiatives the Division had in place to handle the growing danger posed by the use of crystal methamphetamine? The Commissioner answered that DOHMH was addressing this issue under its HIV/AIDS initiatives and that the Division did not currently have a specific program in place to address crystal meth. Chairperson Lopez countered that it was her position that crystal meth is first and foremost a drug abuse issue and should be treated as such.

Mental Health Services for Children Age 0-3. In follow-up to the Commissioner's discussion of Early Intervention in his prepared remarks, Committee members noted that while Early Intervention addresses issues of developmental disabilities for children under the 0-3 age group, there is a lack of mental health services for children in this age group. The Commissioner acknowledged this and attributed this to three factors. The first of these is the mistaken belief among clinics that they are forbidden from providing services to this age group. The Commissioner stated that to correct this misperception, the Division would shortly be sending a letter to licensed outpatient clinics explaining that their licenses permit them to treat young children. The Commissioner stated that a second factor limiting services for children under the age of three was the State policy of Medicaid neutrality, which prohibits the issuance of any license or expansion of existing clinic that will increase the State's Medicaid expenditures on mental health. The final factor cited by the Commissioner was the lack of clinicians who are specifically trained to treat mental illness in this age group.

"Brad H." Discharge Planners. Chairperson Lopez requested an update on the implementation of the settlement of the "Brad H" lawsuit, under which the City will provide discharge planners to work with incarcerated mentally ill individuals to prepare them for their imminent release from the City's jails and to insure that they receive the services they need following their release. The Commissioner explained that the administration of the "Brad H." program is under the jurisdiction of the DOHMH's Health Care Access and Improvement Division, headed by James Capozziello and that Patricia Brown is the administrator of the program.

Chairperson Lopez asked how many discharge planners the program had hired. Ms. Brown stated that there were currently 39 discharge planners. The program was budgeted for 51 discharge planners and these remaining planners were in the process of being hired. Chairperson Lopez stated her strong interest in this program and requested the opportunity to arrange a visit. Ms. Brown stated that she would be happy to arrange such a visit.

Samaritans NYC. Chairperson Lopez asked the Commissioner about the decision to include a reduction of \$176,000 in the Preliminary Fiscal 2005 Budget for Samaritans NYC, a 24 hour/7 day a week suicide prevention hotline. The Commissioner stated that Samaritans provide an excellent service and that the City needs this program. The Commissioner continued that Lifenet is available to provide 24/7 suicide prevention referrals. Chairperson Lopez countered that for persons calling Lifenet, one of the referrals offered is Samaritans NYC, and that it makes no sense to propose cuts to a service that is being offered as a service for people in need. The Commissioner repeated that, while he admired the good work of Samaritans NYC, it was his belief that Lifenet could absorb the work performed by Samaritans.

In testimony given at the public session, representatives of Samaritans NYC stated that, in contrast to Lifenet, which is primarily a referral service, they are a counseling service and rather than providing referrals to further mental health services, they provide direct counseling to those contemplating suicide.

Recommendations

The Committee recommends that \$3.3 million in funding to operate substance abuse clinics at HHC facilities be restored to the budget of the Division of Mental Hygiene. Funding for these programs was restored for the Fiscal 2004, but was transferred to the budget of HHC. This funding had not been restored for HHC's budget for Fiscal 2005. The Committee recommends that an additional \$2.6 million in reductions to mental hygiene programs at HHC facilities be restored and included in the Division's budget.

The Committee recommends that the \$176,000 reduction scheduled for Fiscal 2005 for the Division's contract with Samaritans NYC – the City's only 24/7 suicide prevention counseling hotline - be restored.

The Committee recommends the restoration of \$1.3 million in proposed Fiscal 2005 reductions to 13 programs that provide services for the mentally retarded.

The Committee recommends the restoration of \$1.3 million in proposed Fiscal 2005 reductions to six voluntary sector programs providing mental health services.

The Committee recommends the restoration of \$1.1 million in proposed Fiscal 2005 reductions to 14 voluntary sector programs providing alcohol and substance services.

The Committee recommends the restoration of \$1.3 million in proposed Fiscal 2005 reductions to 10 programs providing mental health services.

The Committee is strongly opposed to the continuing State policy of Medicaid neutrality regarding mental health services. Under this discriminatory policy, the State refuses to license new mental health outpatient clinics or the expansion of existing clinics unless they demonstrate that this expansion will not increase the State's Medicaid budget. In other words, the effect of this new service on the State's Medicaid budget must be neutral. This policy does not apply to any other service covered under the State's Medicaid program and prevents the expansion of services in developing areas of mental health, including mental health treatment for children under the age of five. The Committee and the Council look forward to working with the Division and the Mayor's office to repeal this discriminatory policy.

The Committee recommends that the State revise its Comprehensive Outpatient Program Service (COPS) funding structure to allow more mental health providers to apply for and receive this supplemental funding.

The Committee recommends that the State make every effort to apply for all available federal assistance to assist New Yorkers who continue to demonstrate mental health needs in the aftermath of the World Trade Center attacks.

The Committee recommends that funding be provided to the Division to provide substance abuse treatment and prevention services to address the growing threat of crystal methamphetamine.

The Committee is strongly opposed to the assignment of Division of Mental Hygiene personnel to perform assignments that are not under the mandate of the Division of Mental Hygiene.

TO: Honorable Gifford A. Miller
Speaker

Honorable David I. Weprin
Chair, Finance Committee

FROM: Council Member Helen D. Foster
Chair, Committee on Parks and Recreation

SUBJECT: Fiscal 2005 Preliminary Budget Hearing
Committee on Parks and Recreation

On The Committee on Parks and Recreation held its Fiscal 2005 Preliminary Budget Hearing on Friday, March 12, 2004. Testifying before the Committee was Department of Parks and Recreation (DPR) Commissioner Adrian Benepe. The following is a summary of the testimony presented by the Commissioner, issues and concerns raised by the Committee and recommendations.

Department of Parks and Recreation

Hearing Summary

In his testimony, the Commissioner highlighted the improvements to the overall condition and the cleanliness of parks and playgrounds and the agency's priorities for the next two years. DPR will continue to maintain core services while strengthening the parks system with three initiatives: Putting Children First, Connecting People and the Waterfront, and Greening New York City.

PACT/JAC/WEP: In his testimony, the Commissioner provided an update on the Parks Career Training Program (PACT) - now under the Parks Opportunity Program (POP), and Job Assistance Centers (JAC). DPR has placed nearly 4,000 PACT participants in full-time jobs since 1994 with 75 percent of the placements in the private sector. In early March of 2001, through Human Resources Administration's transitional employment program, DPR began hiring Work Experience Program (WEP) participants who were approaching their five-year limit on public assistance through POP. In this program, participants receive health benefits, job training, and vacation and sick leave. This program is funded with a fifty percent match from Albany. The POP program, at its peak, which is usually the spring and summer months, has about 3,000 participants. In Fiscal 2004, the Department of Parks, in an effort to increase its placement ratio, hired about 500 participants who have completed the POP program as seasonal workers with a \$6.2 million allocation in the Fiscal 2004 Adopted Budget. In 1997, the Department had 6,400 WEP participants compared to 436 in the current fiscal year.

Initiatives: The Commissioner reported that the threat of reduced recreational programs is particularly troubling because providing safe, clean, and places with programs for children is one of the Department's goals. Obesity among the City's youth is a worrisome, health-threatening trend. The Commissioner stated that the growing epidemic of obesity and associated illnesses

such as Type II diabetes and cardiovascular disease shortens the life expectancies of our youth. In response to this crisis, the Department is developing an exciting new Healthy Living initiative that will offer a family-based approach to addressing issues of diet and fitness. Using data supplied by the Departments of Health and Mental Hygiene and Education, the Department has been able to identify at-risk communities that include West Bronx and Brownsville, Brooklyn where organized fitness programs are most needed. Shape Up New York, DPR's newest fitness program, is currently offered in nine neighborhoods that are significantly affected by health problems such as diabetes and obesity, and the Department hopes to expand this program to reach even more communities with the Council's support.

The Commissioner also reported that the Department is creating additional recreational opportunities along the waterfront through the development of shoreline parks and greenways. The Department's Urban Park Rangers are drawing City residents to these areas with exciting and interesting programming that include canoe trips along the ponds, creeks and rivers of the City and fishing trips to our coastal waters. The Agency also has eight permitted kayak and canoe launch sites citywide and continues to explore other sites to accommodate the expanding interest in this sport.

Furthermore, to help in its tree planting efforts, DPR will use GIS technology to measure the "canopy cover" or amount of foliage in specific neighborhoods across the City to determine how much space is available for additional tree planting. On average, most metropolitan areas have a 33 percent canopy cover compared to New York City with only a 17 percent canopy cover or half the national average. Consequently, in Fiscal 2005, DPR, with the Council and Borough Presidents' help, hopes to plant over 10,000 trees, similar to Fiscal 2002 and 2003 levels.

Public-Private Partnerships: In Fiscal 2003, individuals performed countless hours of community service in the City's parks. In addition, support for capital projects and programs were received from not-for-profit partners such as the Central Park Conservancy, the City Parks Foundation, the Prospect Park Alliance, and the Friends of Van Cortlandt and Pelham Bay Park. Additionally, the Department is taking an aggressive approach to forming new partnerships with corporations and local businesses that could sponsor events, endow the maintenance of a facility, and/or fund the operation of a recreation center. According to the Commissioner, although some are concerned that private money has created a "two-tier" park system in which more affluent neighborhoods receive more funding, private investment in certain parks means that public money can be spent in other neighborhoods with fewer sponsorship dollars. For example, DPR spends the least City funds per acre in all of Manhattan's Central Park, but spends the most per acre in communities in the South Bronx, Bedford-Stuyvesant, Brownsville, and East Harlem.

Recreation: The Commissioner's testimony highlighted an array of spring recreation programs such as handball, basketball, indoor soccer, swimming, and volleyball in all five boroughs. To help ensure adequate staffing of city swimming pools and beaches for the summer season, the Department offers lifeguard training courses in addition to intense local recruiting and targeted international outreach. The Department is also partnering with the Department of Education to encourage and bring back swimming to our local schools. This effort will help prepare potential future lifeguards that could be hired by the Department. According to DPR, the proposed seasonal staff reduction should have minimal or no impact on lifeguard and pool staffing, but

would impact maintenance and recreational services. Last summer, Parks welcomed over 10 million visitors to its 53 outdoor swimming pools and seven public beaches.

Committee Issues and Concerns

Members of the Committee commented on the perennial nature of the reductions proposed for the Agency. The Committee inquired as to what would happen if the Council didn't restore the proposed cuts, particularly for seasonal staff and tree pruning. The Commissioner answered that reductions would seriously impact DPRs' ability to provide recreational services and maintain cleanliness in parks. The proposed \$6.3 million reduction to the seasonal budget will displace about 600 seasonal workers. In Fiscal 2002, the Department's budget allowed for the pruning of 50,000 trees. The Fiscal 2004 budget will allow DPR to prune about 24,000 trees, while the proposed Fiscal 2005 budget will allow DPR to prune only about 12,000 trees, a 75 percent reduction from Fiscal 2002. In Fiscal 2004, the Department expects to plant about 5,000 trees, down 50 percent from Fiscal 2002 and 2003 levels.

Public Testimony

Allison Farina, Director of Government and Community Affairs for New Yorkers for Parks (NY4P) testified before the Committee. In her testimony, she urged the Council to provide funding in the Fiscal 2005 Expense Budget to hire additional full-time staff in the Parks Department. She also called for the infusion of \$20 million in additional funding beyond the Fiscal 2004 level to provide for additional maintenance and recreational staffing and tree pruning services at City parks. Also testifying before the Committee were David Rivel of City Parks Foundation, Irene Shen of NYC Environmental Alliance Justice, Albert K. Butzel, President of Friends of Hudson River Park and Richard Lottis of the Wildlife Conservation Society who called on the Council to restore the proposed funding cut to the zoos.

Recommendations

In Fiscal 2005 and the out-years, the Committee recommends that the Administration fully restore six-month seasonal City Park Worker positions costing \$6.3 million. In addition, trees not only improve the aesthetics of neighborhoods, they also dramatically improve the air quality, reducing respiratory and other health hazards. As a result, the Committee recommends that the Administration fully restore the tree and stump removal services reduction of \$1.9 million. Lastly, the Committee recommends that the Administration fully restore the Queens and Brooklyn zoos funding reduction of \$4.8 million.

**TO: Honorable Gifford Miller
 Speaker**

**Honorable David I. Weprin
 Chair, Finance Committee**

**FROM: Council Member Michael E. McMahon
 Chair, Committee on Sanitation and Solid Waste Management**

**SUBJECT: Fiscal 2005 Preliminary Budget Hearing
 Committee on Sanitation and Solid Waste Management**

On March 16, 2004, the Committee on Sanitation and Solid Waste Management held a hearing on the Fiscal 2005 Preliminary Budget for the Department of Sanitation. Commissioner John Doherty testified on behalf of the Department.

Department of Sanitation

Hearing Summary

The Commissioner testified about several topics, including the proposed expense and capital budgets for Fiscal 2005 and the out-years, the street cleaning program, the solid waste management plan, the reinstatement of weekly recycling and environmental and enforcement efforts. He stated that in preparing this budget, the Department sought to achieve a balance between the importance of protecting the public health and environment, with the cost-effective provision of essential sanitation services.

The Commissioner began his testimony by stating that as proposed, the Fiscal 2005 Preliminary Budget allocates \$1 billion in operating funds that will allow the Department to continue its interim waste export program, reinstate weekly recycling and the collection of glass recyclables on April 1, 2004, and hire 410 new sanitation workers.

The Commissioner goes on to say that the Department's capital budget for Fiscal 2004 is approximately \$156 million, \$88 million for construction costs and \$68 million for equipment. The Department's total capital commitments-to-date are \$121.7 million, emphasizing that the Department has been ranked as the number one agency for achieving its capital commitment plan for seven out of the past eight years.

With regard to the Department's street cleaning program, the Commissioner noted that at the end February of 2004, the City's overall scorecard rating was 89.6 percent, compared with 85.1 percent during the same month in Fiscal 2003. In addition, of the 230 sections rated to date, only one section scored below 67 percent of the streets acceptably clean, which is a major improvement from last year's rating of 17 sections below 67 percent.

When evaluating the Department's short and long-term waste management needs, the Commissioner informed the Committee that the Department continues to make planning one of

its top priorities and its interim export operations are ongoing. In fact, in Fiscal 2003 the Department collected and disposed of 3.8 million tons of refuse at a cost of \$248.9 million. The Department spent \$131.3 million between July and December 2003, and plans to spend \$256.8 million in export tipping fees and \$16.2 million for recycling processing costs in Fiscal 2005.

Speaking about recycling, the Commissioner said that \$4 million has been designated for outreach to inform residents of the reinstatement of weekly recycling service that includes glass pick-up beginning April 1st. The Commissioner noted that the Department has recently seen an encouraging upward trend in the diversion rate. In February 2004, the Department collected 14 percent of the residential waste stream as recyclables compared with the 10.8 percent diversion rate in July 2003.

While recycling is one of the Department's services that affect the environment, its CFC program has been successful and resident participation has increased. As of February 2004, the Department made appointments to service 92,987 appliances that were being placed out for collection and Chlorofluorocarbon gas was removed from 83,945 appliances. During the same period in the previous year, CFC gas was removed from 64,537 appliances.

Lastly, with regard to addressing the public's concerns, the Commissioner stated that the 311 system continues to be a useful tool and all requests for sanitation services and enforcement are referred to the Department. The Department continues to handle all email queries (more than 22,000 in Fiscal 2003), all literature requests and specialized community affairs queries from elected officials, community boards and civic associations.

Committee Issues and Concerns

The Committee's questions focused on the following: the snow budget, the hiring of additional uniform workers, the increasing overtime budget, the recycling education budget, the supplemental basket program, the Marine Transfer Stations, the methane gas contract and the Adopt-a-Basket program.

The Committee wanted an update on the snow budget for the current fiscal year. The Commissioner stated that the Fiscal 2004 Adopted Budget was \$21 million, which is based on a 5-year snow budget average. To date, the Department has spent \$32 million, specifically \$18 million for personal services costs (PS) and \$14 million for other than personal services costs (OTPS).

The Committee wanted to know why the Department is proposing to increase the overtime budget as well as increase the uniform headcount. The Commissioner stated that the proposed Fiscal 2005 uniform overtime increase of \$17 million and the hiring of 410 uniform workers are needed to provide adequate services. The increase in refuse tonnage and the return of weekly Metal, Glass, and Plastic (MGP) recycling, creates the need for additional workers to do a sufficient job. The Commissioner explained that although the Department is proposing to hire additional uniform workers, there is still a need for overtime during peak seasons when refuse tonnage increases and when other services are provided such as Christmas tree removal and leaf collection. To hire additional workers and pay fringe benefits and pension costs is not cost effective for the small periods of time when additional workers are needed.

The Committee inquired about the recycling education budget for Fiscal 2004 and Fiscal 2005. According to the Commissioner, the Department has budgeted \$4 million for each fiscal year for mailing campaigns, telephone solicitation, and newspaper and radio advertising.

The Committee questioned why the Department would not add the Supplemental Basket Program to its litter basket program. The Commissioner stated that in Fiscal 2004, the Department would spend approximately \$1.9 million for the Supplemental Basket Program. However, he did not provide the Committee with an explanation as to why the Supplemental Basket Program could not be added to the baseline budget for a City savings.

In response to the Committee's questions regarding Marine Transfer Stations (MTSs), the Commissioner stated that all eight MTSs should be up and running by 2007 and the construction of the land transfer station in Staten Island that began in the fall of 2003, is ongoing. The Committee also wanted to know if all eight MTSs would open at the same time, and once built, if there was any plan to reduce the number of privately owned waste transfer stations in neighborhoods that presently have a significantly high number of them.

The Commissioner stated that the Request for Proposals (RFP) had been released for MTSs in the Bronx, Brooklyn and Queens. There is no RFP for the Manhattan sites because the Department plans to build the MTSs designated for Manhattan. Although the RFPs for the outer boroughs are the only requests released, the Commissioner reiterated the Department's plan to have all eight MTSs functioning by 2007.

In response to the question of reducing the number of privately owned waste transfer stations in neighborhoods that are designated for MTSs, the Commissioner said that the Department has no control over the private waste transfer stations. However, the Committee stressed to the Commissioner that the Department has some discretion, along with other agencies, when reviewing permits for private waste transfer stations when they expire.

Another Committee issue of concern is that the MTSs would be disproportionately built in the outer boroughs and not in Manhattan because of public and private pressure. The Committee wanted a commitment from the Commissioner that the MTSs in the outer boroughs would not open until the sites in Manhattan were ready to open. The Commissioner would not commit to this request.

The Committee wanted more details on why the Methane Gas Contract was re-negotiated. The Commissioner stated that under the 1998 contract, GFS Energy, L.L.C. could withdraw if not enough gas was being generated from the Fresh Kills Landfill. Since the landfill did not reach the gas generation levels, the contract was re-negotiated to reflect those changes, thus reducing the revenue generated for the City.

The Committee wanted to know the status of the Adopt-A-Basket program. The Commissioner said the program is still in operation and the funds to provide trash bags to participants of the program come from the other than personal services (OTPS) cleaning and collection budget. He could not specifically state how much is spent on the program.

Public Testimony

Public testimony was heard from Christine Datz Romero, Chairperson of the Manhattan Solid Waste Advisory Board; Stephanie Feldman and Nicole Tai, representing Reuse Alliance; Andrea Faves, representing St. Benedict the Moor Neighborhood Centers; Joseph G. Garber, representing various constituents. The public testimony addressed the need to fund the Waste Prevention Coordinator Program, and recycling education and outreach.

Recommendations

The Committee recommends that DOS and the Mayor never support the re-opening of the Fresh Kills landfill under any circumstances. The Department should continue exploring alternatives to the current waste export contracts such as the acquisition of an upstate landfill.

The Committee recommends that DOS explore new technologies that can turn waste into energy rather than continuing to export trash.

The Committee recommends that DOS re-evaluate its overtime and headcount needs for the upcoming fiscal year. The Department should reduce its overtime costs by hiring additional workers on a base pay scale, to perform tasks that are now only performed on overtime.

The Committee recommends that the Department increase its recycling education budget.

The Committee recommends that the Department allocate funds for the waste prevention and waste reuse programs.

**TO: Honorable Gifford Miller
 Speaker**

**Honorable David I. Weprin
 Chair, Finance Committee**

**FROM: Honorable Jose Serrano
 Chair, Committee on Cultural Affairs, Libraries
 and International Intergroup Relations**

**SUBJECT: Fiscal 2005 Preliminary Budget Hearing
 Committee on Cultural Affairs, Libraries and International Intergroup
 Relations**

The Committee on Cultural Affairs, Libraries and International Intergroup Relations held its Fiscal 2005 Preliminary Budget Hearing on March 18, 2004. Representatives from the Department of Cultural Affairs (DCA), the New York, Queens Borough and Brooklyn Public Libraries testified at the hearing, as well as advocates for the libraries and the arts and cultural institutions in the City. The following is a summary of that hearing.

Department of Cultural Affairs

Hearing Summary

DCA's Commissioner, Kate Levin, testified at the hearing. Her senior staff also attended the hearing and testified as needed. They include, among others, Susan Rothschild, Deputy Commissioner; Tim Thayer, Assistant Commissioner for Cultural Institutions; Kathy Hughes, Assistant Commissioner for Cultural Programs; and Susan Chin, Assistant Commissioner for Capital.

Commissioner Levin explained that the Fiscal 2004 budget has remained stable at \$118.4 million since adoption. In the Fiscal 2005 January Plan, the Mayor increased DCA's baseline budget from \$93.6 million to \$98.5 million. Commissioner Levin explained that DCA is committed to increasing the base to at least \$100 million in the Fiscal 2005 Executive Budget. She characterized the baseline increase, and its timing, as a significant move that demonstrates the Administration's recognition of non-profit culture as a vital component of the City's economy and general vitality.

In relation to DCA's capital budget, Commissioner Levin explained that the Administration imposed a seven percent reduction to the agency's six-year capital program. However, no projects currently under construction were cut. She also mentioned a concern with recent bids for capital projects, which have come in well over budget. The high bids may be due to the very high price of steel. Commissioner Levin explained that she is working with the Department of Design and Construction to ensure that DCA's projects are competitively bid.

Commissioner Levin updated the Committee on the Cultural Development Fund. She said that CDF funding has been awarded and distributed much more quickly than before the fund's creation. She expects that the "CDF will further streamline and speed up program funding, as well as expand access to more organizations," as participants, including elected officials, become more familiar with the process.

Commissioner Levin then reviewed some of the Department's initiatives. She described the Cool New York promotion and told of its great success in increasing attendance and revenue at cultural organizations. Commissioner Levin described the agency's new website and mentioned that the Materials for the Arts will soon launch a new website. She discussed the Cultural Affairs Advisory Committee, which she explained has guided DCA on issues related to marketing, arts education, capital financing, management and board development. She also summarized DCA's efforts to work with other City agencies to catalyze cultural development. For example, DCA is working with the Economic Development Corporation on the BAM Local Development Corporation projects and with the Department of Housing Preservation and Development to stimulate cultural activity on East Fourth Street.

Committee Issues and Concerns

Committee Members discussed a wide variety of issues with Commissioner Levin and the members of the public who testified. The Committee heard calls for better data collection and dissemination. There seems to be a paucity of information regarding the attendance patterns, economic impact, and needs of cultural programs supported by DCA. DCA should undertake an effort to collect statistics relevant to cultural programs so that the City and programs can market the City's cultural assets, and develop a strategic plan for the arts.

The Committee questioned Commissioner Levin about class trips to cultural institutions. Recent changes in the Department of Education's policies and curriculum have severely curtailed field trips to cultural institutions. DCA should work with the DOE and the cultural institutions to increase class trips to cultural attractions and integrate visits with the arts and music curriculum.

The impact of funding cuts on cultural organizations has been exacerbated by coincident cost increases for insurance and security, among other things. DCA should recognize this increase in expenses and adjust the City's support to cultural organizations accordingly. Funding cuts have also lead to a drop in arts employment. The drop in City funding for cultural organizations has reduced headcount at institutions and programs considerably. Commissioner Levin testified that she was unable to track arts jobs, but DCA may have employment data in it contracts reports from cultural organizations. DCA should track employment at organizations funded with City dollars to better understand the economic impacts of DCA spending.

Public Testimony

Representatives of arts advocacy groups, museums, zoos, theaters and other cultural organizations testified before the Council. They offered ample evidence of the service reductions that have been imposed since the City's cultural support has been cut. There was universal support for an increase in DCA's budget and calls for an increase in the baseline budget in particular.

Recommendations

The Committee recommends that the Administration increase the DCA's budget to at least \$118 million in Fiscal 2005 and the out-years. Arts funding has dropped considerably since Fiscal 2002. Cultural organizations have reduced their hours, increased admission prices, reduced headcount, and staged fewer exhibits and performances to deal with budget cuts. Given the positive economic outlook for the City's economy and the City's revenues, it is no longer necessary to impose such drastic budget reductions on the City's cultural organizations. Furthermore, investments in cultural organizations have a demonstrated, positive impact on the City's economy.

**The New York Public Library (NYPL)
Brooklyn Public Library (BPL)
Queens Borough Public Library (QBPL)**

Hearing Summary

The Executive Director of BPL, Ginnie Cooper, the Interim Director of QBPL, Tom Galante, and Paul LeClerc, President of NYPL testified regarding the Fiscal 2005 Preliminary Budget for the City's libraries.

The Preliminary Budget for Fiscal 2005 leaves the baseline level of support for the library systems below the level of operating aid received by the libraries from the City for the current fiscal year. The Preliminary Budget includes a modest baseline increase for each library, but most of the \$15.6 million restoration made by the Council and the Administration for Fiscal 2004 has not been baselined. The result is that each library system will receive far less aid next year than this if the budget as proposed is adopted. The total planned reductions impacting the libraries are as follows: \$862,000 million for NYPL – Research; \$4.4 million for NYPL; \$3.3 million for BPL; and \$3.2 million for QBPL. The restorations made to the Fiscal 2004 budgets of the libraries ensured 5-day service.

Each of the heads of the library systems discussed the potential impact of the proposed budget reduction on the libraries. Each explained that if the Fiscal 2005 Preliminary Budget were adopted, additional staffing reductions would be made and days of service would again be cut. Mr. LeClerc said the proposed level of operating aid would force NYPL to move 14 libraries from six to five days of service and move 22 libraries to four days a week of service. Mr. Galante explained that past funding reductions have forced QBPL to close 44 libraries on all weekends and that QBPL's current five day per week schedule is really a five-half days per week schedule. The picture is similar in Brooklyn. With the proposed Fiscal 2005 operating subsidy, BPL would reduce its staff by an additional 75 positions and provide only five and four day service.

The proposed budget would also further reduce materials purchases, which have been scaled back since Fiscal 2002. The cutbacks in materials purchases have lead to massive waiting lists for books. Mr. LeClerc said that there are now more than 2,500 people on the waitlist for *The Da Vinci Code*. Ms. Cooper estimated that BPL has made 500,000 fewer materials purchase in the last two years. And Mr. Galante explained that the cuts to the materials budget will be felt for years to come as the libraries will never be able to purchase texts that go out of print. The

proposed budget was examined in the context of the funding reduction made since Fiscal 2002. Cumulatively, the libraries have lost \$50 million a year in City support since the Fiscal 2002 budget.

All of the heads of the libraries also offered testimony regarding special programs and initiatives of the libraries. BPL will issue debit cards to customers, which they can use to pay fines, make copies, and make purchases in the café. Ms. Cooper described BPL's innovative on-line homework help program that allows students to connect to a live tutor for 20 minutes for assistance with math, science, social studies, or English. BPL also won a Learning in Libraries grant to support out-of-school programming and activities for children and teens.

QBPL will offer after-school and summer reading programs this year thanks to a one-time private grant. Mr. Galante described how QBPL has used technological solutions, such as on-line book requests and reference services to lower costs. Mr. LeClerc presented information on NYPL's free English classes, the Teen Central space at the Donnell Library Center, and the availability of free wireless computing at the libraries, among other initiatives.

All of the libraries requested that the Council fully restore their budgets to the Fiscal 2004 level so that they can maintain their current level of service. They further requested a funding increase to bring their budgets <http://www.najer-realty.com/rental-tripp.htm> back to the Fiscal 2002 level at adoption. This was the peak year of library funding, in which City residents enjoyed six and seven day per week service throughout the City.

Public Testimony

Eileen Muller, President of Local 1482, the Brooklyn Library Guild, and John Socha, President of Local 1321, the Queens library Guild also appeared before the Committee to ask that the libraries budget be restored. Both also complained of the non-competitive salary levels of librarians and the failure of the Administration to ratify new contracts with the unions. The heads of the libraries concurred that salary levels are too low.

Recommendations

The Administration should baseline the entire Fiscal 2004 restoration in the Executive Budget for Fiscal 2005. The Council and the Mayor collectively restored approximately \$15.6 million to the libraries budget for Fiscal 2004. Only \$3.9 million of this funding was baselined in the January Plan. Baselining the \$11.8 million remainder of the restoration would secure a minimally acceptable level of library service for Fiscal 2005 and the out-years of the plan. Branch libraries throughout the City would remain open for a least some part of five days each week.

In addition to baselining the restorations made to the Fiscal 2004 Budget at adoption last year, the Administration should restore library funding to the Fiscal 2002 Level. Increasing the Fiscal 2005 library budget by approximately \$50 million would support six and seven days of library service. If funding were restored, the libraries could begin to rehire the several hundred employees that have been lost due to budget cuts, although it might take up to a year to fill all positions. The Libraries would also be able to expand the CLASP and other programs that have been reduced or eliminated. Material purchases would also be increased. Overall the quantity

and quality of library services would be greatly improved if the Council were to increase library funding in Fiscal 2005 to the level originally scheduled for Fiscal 2002.

TO: Honorable Gifford A. Miller
Speaker

Honorable David I. Weprin
Chair, Finance Committee

FROM: Council Member John Liu
Chair, Committee on Transportation

SUBJECT: Fiscal 2005 Preliminary Budget Hearing
Committee on Transportation

On March 18, 2004, the Transportation Committee held its hearing on the Fiscal 2005 Preliminary Budget. The Committee heard testimony from the Metropolitan Transportation Authority/New York City Transit (MTA/NYCT), the Department of Transportation (DOT), and the Taxi and Limousine Commission (TLC). The following is a brief summary of testimonies presented by the agencies, issues and concerns raised by the Committee and recommendations.

Metropolitan Transportation Authority

Hearing Summary

Gary Lanigan, MTA's Deputy Director for Budget, and Harvey Poris, NYCT Budget Director, testified before the Committee on the MTA's 2004 operating plan and the current 2000-2004 capital plan.

In his testimony, Mr. Lanigan provided an update on the MTA's new budgetary framework. His testimony also covered the financial savings to customers through Metrocard programs. These programs include the new "CityTicket" program that allows travel on the commuter railroads within the City limits for \$2.50 each way on the weekends and the "Balance Protection" program that provide riders with a refund for the unused value on their monthly pass. Last month, the Transit reinstated four-track subway service over the Manhattan Bridge after nearly two decades of capital improvement work on the bridge. This service change could benefit over 600,000 subway riders in Brooklyn and Manhattan. Speaking on the issue of ridership, the Budget Director, indicated that ridership level is at its highest since 1996 as riders continue to ride the system in near record numbers to jobs, homes and recreation, defying dire predictions of a significant drop-off in ridership from a soft economy coupled with a fare increase. However, revenue is up only slightly and will remain flat due to fare discounts.

Discussing the current \$20.1 billion capital plan, Mr. Lanigan told the Committee that MTA is aggressively moving forward with expansion projects in an effort to modernize and improve the system. The Second Avenue Subway's Environmental Impact Statement (EIS) has been completed and submitted to the Federal Transit Administration this past fall, where it awaits approval. Once approved work is expected to commence by the end of this year. The Authority is also working closely with the Manhattan Development Corporation and the City to advance two

critical projects for post 9/11 Lower Manhattan. These projects, the Fulton Transit Center and the South Ferry Terminal are federally funded and are scheduled for completion in 2007.

Committee Issues and Concerns

With concern about a possible future fare increase, the Committee asked the MTA of its plan for customer service improvements in 2004 and whether there is any truth to a statement that the Authority is considering a possible fare increase in 2005 to help balance its projected Calendar Year 2005 budget deficit of \$539.4 million. The MTA Budget Director responded that the agency's roadmap for the next year is to maximize cost containment while its overriding goal is to maintain a \$2.00 fare and implement other actions that will increase revenue and ridership. However, he failed to confirm or deny whether the current discount on the MetroCards would be adjusted to achieve fare increase within the current \$2.00 platform. As to the MTA's efforts for service improvements, he stated that the Authority is working on two major projects to help meet customer demands and mitigate congestion. Both the Second Avenue subway and the LIRR East Side Access projects have made significant headway in 2003. The East Side Access project, he said, has received favorable treatment in the Federal Budget.

When asked about security measures that the agency is taking to ensure safety within its systems, Mr. Lanigan said that he could not discuss detail security plans. However, the Authority is in the process of spending the \$600 million, of which \$143 million is federal funds, earmarked for major capital projects that include monitoring/surveillance, intrusion detection, and "hardening" certain elements of the system. In the short term, over the last two years, the MTA has spent over \$50 million to secure our bridges and over \$64 million on other security measures including fencing and camera installations.

The Committee was also concerned about the possible transfer of the franchise bus routes to the MTA. The Committee was particularly interested to know if this transfer would take place and whether proper analysis has been done to determine the actual cost savings to the City. Responding, Mr. Lanigan told the Committee that he is not part of the negotiating team. He said, given the proper resources, the Authority will operate the system, however, the Agency will not do it without the necessary capital and expense funding to support the system. With regard to the MTA's debt service costs, the Budget Director stated that the Authority's debt service costs have continued to grow due to reduced public funding. For Calendar Year 2004 the debt service costs are \$942 million, but will grow to \$1.6 billion by 2007. Of the current \$20.1 billion capital plan, a total of \$12 billion or 60 percent is private funding.

Lastly, the Committee expressed concern about the need to move expeditiously on the bus transfer negotiations to protect the interest of the riding public. The Committee noted that the "Mean Distance Between Failure" (MDBF) on the franchise bus has decreased dramatically due to aging and fewer buses, resulting in less desirable bus conditions. Members of the Committee also expressed concern about accessibility for the disabled at MTA facilities and urged the Authority to improve the quality of service on its Access-A-Ride program and ensure the its "City Ticket" program is accessible to all City residents, particularly those in the Rockaways. Furthermore, the Committee urges the Authority to investigate possibly using the Amtrak rail track for the Number 7 subway line extension instead of building a new line.

Recommendations

Given that the franchise bus program provides transportation services to over 400,000 daily riders, the Committee recommends that the Administration and the MTA move quickly to resolve, once and for all, the fate of the franchise bus program. Failing to do so will create a \$150 million risk in the Administration's Fiscal 2005 Preliminary Budget for the franchise bus program.

Also, the Committee recommends that the MTA seek alternative costs saving measures to prevent any fare increase in 2005 and to ensure that the current level of fare discounts are not altered.

Department of Transportation**Hearing Summary**

Commissioner Iris Weinshall testified and answered the Committee's questions on DOT's Preliminary Fiscal 2005 Budget.

Her testimony included an outline of the Department's Capital Budget of \$5.8 billion for its major programs over the next five years. For Fiscal 2005, some of the highlights include: \$323 million for City bridges, including \$173 million for the lower roadway of the Manhattan Bridge reconstruction and \$50 million for reconstruction of the Hamilton Avenue Bridge over the Gowanus Canal; and \$65 million for highway reconstruction and resurfacing. The Department plans to resurface 694 lane miles of streets and arterials in Fiscal 2005.

The Commissioner further told the Committee that some of the reductions to DOT's expense budget this fiscal year include funding switches with the State funded Consolidated Highway Improvement Program (CHIPs) for bridge repair and meter maintenance. Also, the Commissioner stated that the Department is implementing initiatives to generate additional revenues. These initiatives include increasing the revenue collection for Con Edison transformer revocable consents, expanding the sale of muni-meter parking cards, expanding DOT's commercial parking initiative to avenues in Manhattan and opening the Leonard Street parking lot in Manhattan for public use.

With regard to traffic safety, particularly along Queens Boulevard and other locations that have repeatedly been sites of traffic or pedestrian-related accidents, the Commissioner said that through its Traffic Calming Program, DOT has continued to develop new strategies to making the roadways safer and more conducive to pedestrian movement. Accordingly, accidents, injuries and fatalities on City roadways are at their lowest levels in nearly a century. From 1993 to 2000, Queens Boulevard was the site of 72 pedestrian fatalities. In 2001, there were four fatalities, two in 2002 and five in 2003. Also, in the last year, additional safety improvements initiated by the Department at other high accident intersections and corridors include: the Henry Hudson Parkway interchange at 95th/96th Streets in Manhattan; the intersection of Jerome Avenue and Burnside Avenue in the Bronx, where two concrete refuge islands were installed; and Hicks and Smith Streets in Brooklyn, where several early action recommendations contained in the Downtown Brooklyn Traffic Calming Study were successfully implemented. Also, the

Department will accelerate the implementation of the capital elements identified by the Downtown Brooklyn Traffic Calming Study from Fiscal 2009 to 2006.

Moreover, in Fiscal 2004, the Department launched a new program called “Safe Routes to School” that will help children more safely cross the streets around 135 school locations citywide, at an approximate cost of \$2 million. DOT hopes to expand this program to other school locations with help from the Council.

To further improve safety, following the October 15th tragedy on the Staten Island Ferry, many changes have been implemented. Some of these changes include: expanding of the Global Positioning System (GPS) to all boats; improving the public address system; providing all crew members with radios and issuing new uniforms for all deck hands. The Commissioner also stated that capital funding of \$9 million has been provided to repair and improve the boat in addition to \$6 million to rehabilitate the damaged pier.

On the Red Light Camera Program reauthorization, Commissioner Weinshall said that while the Red Light Camera Program has been proven to be very effective in reducing unsafe driving on the City’s streets, State law currently limits the number to 50 cameras. DOT has continued to advocate in Albany for the authority to expand the program from 50 to 100 cameras. Furthermore, she said that this authorization has taken on greater urgency this year, as the State authorizing legislation is set to expire on December 1, 2004. Therefore, the Commissioner is seeking the Council’s assistance in helping to persuade the State Legislature, particularly the Assembly, to pass this much needed legislation.

Committee Issues and Concerns

Not having its concerns about the possible bus transfer adequately addressed by the MTA, the Committee asked the Commissioner about the status of the proposed transfer of the franchise bus routes to the MTA, noting that Fiscal 2005 Preliminary Budget contains no funding for the franchise bus program. She responded by stating that negotiations are ongoing. Also, that in the event that the transfer does not take place, budget adjustments would be made to accommodate the bus subsidy. According to the Commissioner, the Administration will not turn its back on City residents who ride these buses. She emphasized that the Department has about \$160 million to purchase buses and is now prepared to move forward, using the MTA’s specifications, to purchase new buses for the franchise bus program. She said that the Department will spend 50 percent of the available funding for the purchase of buses for local buses routes and the remainder for the express bus routes, at an average cost of \$350,000 per bus. However, in the interim, DOT is looking to purchase about 25 pre-owned buses from the MTA and refurbish some of the buses within the franchise fleet while it awaits the delivery of new buses.

Recommendations

The Committee recommends that the Administration continue to urge the State to reauthorize the Red Light Camera Program and expand the number of authorized cameras for the City from 50 to 100 cameras.

The Committee also recommends that the Administration expand the “Safe Routes to School” program that will help children more safely cross the streets around 135 school locations, to all schools citywide.

Taxi and Limousine Commission

Hearing Summary

The TLC’s Commissioner, Matthew W. Daus, testified and answered the Committee’s questions on the TLC’s Preliminary Fiscal 2005 Budget.

In his testimony, the Commissioner highlighted the Commission’s planned and ongoing initiatives. These include the proposed sale of additional taxicab medallions, the proposed taxicab fare increase and its Management Accountability and Productivity Program (MAPP), which is modeled after the NYPD CompStat program. Through the critical and analytical eye of MAPP, the Agency has been able to proactively streamline processes while ensuring that essential operations are efficiently conducted.

Testifying about the proposed sale of 900 additional taxicab medallions over the next three years, the Commissioner said that to gauge the effectiveness of the sale of additional taxicab medallions, the TLC was required to conduct an environmental review. This review conducted by an environmental and transportation consultant, Urbitran Associates was issued on December 26, 2003. The report found no significant adverse traffic, noise, air or other environmental impact that would occur from the issuance of up to 900 additional medallions. To generate public interest in the medallion sale, the Commission has developed a comprehensive outreach and marketing plan. This plan targets both insiders as well as prospective newcomers to the industry. The TLC hopes to receive bids in the month of April 2004. Corporate bids will be received from April 12 through April 15 and opened April 16. For the individual or independent investor, bids will be received from April 19 through April 22 and opened April 23, 2004. In Fiscal 2004, the Commission plans to sale 126 individual medallions and 174 corporate medallions, with 11 set aside in each area for wheelchair accessible taxicabs and alternative clean fuel respectively.

According to the Commissioner, the fare charged by medallion taxicabs was last raised by the Commission in the spring of 1996. Last year, the TLC received two rulemaking petitions proposing a fare increase. After extensive review and analysis of these proposals, the TLC issued a release announcing a proposed fare increase of approximately 26 percent on January 26, 2004. The proposed new fare structure includes a change in the initial cost of a trip from \$2 to \$2.50, and an increase from 30 cents to 40 cents per one-fifth mile, an increase from \$35 to \$45 for the JFK-Manhattan flat fare and an increase in the Newark Airport surcharge from \$10 to \$15. Also, the plan would mandate service improvements that include equipping each taxicab with a taximeter that accepts credit and debit card payments, replacing the Lexan in taxicab partitions with a clear, scratch-resistant material and equipping all taxicabs with a vehicle locator and tracking devices.

The testimony also addressed TLC’s commitment to its customers. Since Fiscal 2003, the Commission has initiated a series of service enhancements to reduce waiting time and to streamline operations at its Tribunal, formerly characterized by long lines and crowded waiting

rooms. The TLC, in an effort to improve efficiencies and integrity control, recently completed the integration phase of the LAN/WAN capital improvements project, which links the agency's driver license photographs with both the CAMIS data base and electronic fingerprints of the licensee.

Additionally, the TLC is now able, through the purchase and installation of a state-of-the-art taxicab inspection/diagnostic system, to conduct "On Board Diagnostic" emissions testing, the first in New York State. This system functions by uploading data from the vehicle's computer into the TLC's computer and lists emissions and related engine component failures.

Lastly, the Commissioner expressed the TLC's commitment to streamlining its operations through the application of advanced technology. The Commission's website has continued to be invaluable to both the public and the agency's regulated industries. In Fiscal 2003, the TLC received 1.3 million website "hits" (visits to the site) compared to 76,000 in Fiscal 1999. In Fiscal 2004, the Commission has received 597,870 hits to date.

Recommendations

To ensure that the medallions set aside for wheelchair accessible and alternative clean fuel taxicabs does not become unrestricted, the Committee recommends that the TLC ensures that suitable vehicles are available for purchase by individuals bidding on these medallions.

Public Testimony

The Committee heard testimonies from Joseph Garber a civic leader from Brooklyn, Jean Ryan of the Office of Disabled in Action, and Leon Sessin from Local 375.

In his testimony, Mr. Garber urged the Council to review the 1995 merger of the Transit police with the NYPD to ensure that the entire mandate has been met. In his written testimony, Mr. Sossin of DC 37, Local 375, contends that the MTA could save over \$308 million on preliminary design costs for the Second Avenue subway line if the work is done by the MTA and not contracted out. He requested that the Council hold an oversight hearing to determine why the MTA would want to contract out design project, when it could save substantially by doing the work with MTA staff. Lastly, Ms. Ryan called upon the Committee to help find solutions to the problems of poor service delivery with the NYCT's Access-A-Ride program and for the Council to support proposed local law No. 84 that calls for improved access to ferries, trains and buses for the physically challenged.

**TO: Honorable Gifford Miller,
 Speaker**

**Honorable David Weprin
 Chairperson, Committee on Finance**

**FROM: Honorable Lewis A. Fidler
 Chairperson, Committee on Youth Services**

**SUBJECT: Fiscal 2005 Preliminary Budget Hearing
 Committee on Youth Services**

On March 19, 2004, the Committee on Youth Services held a hearing on the Fiscal 2005 Preliminary Budget for the Department of Youth and Community Development (DYCD). Testifying on behalf of the agency was Commissioner Jeanne Mullgrav.

Division of Youth and Community Development

Hearing Testimony

In her prepared remarks, Commissioner Mullgrav outlined the initiatives and programs included in the Department of Youth and Community Development's (DYCD) Fiscal 2005 Preliminary Budget. The Commissioner stated that the Department's Preliminary Budget for Fiscal 2005 is \$188 million, of which \$100 million is City Tax Levy (CTL) funding. The Commissioner advised that DYCD expects to receive an additional \$15 million in federal and state funding, increasing the total Fiscal 2005 budget to over \$200 million.

The Commissioner outlined the changes that are expected for Fiscal 2005 with respect to the structure of DYCD's youth services portfolio. Such restructuring will include DYCD's assumption of the out-of-school time (OST) program that will provide day care for school aged children during out-of-school hours. The Commissioner stated that planning for OST began in October 2003 and has included outreach to agency providers, funders, Community Boards and parents. The next step in the planning process is a summit for community leaders and parents that will take place at Baruch College on March 30, 2004, to which the Chairperson has been invited. The Commissioner stated that DYCD anticipates the new contracts providing OST services to begin in January 2005. The Commissioner also stated that Fiscal 2005 funding for OST will be \$72 million and will be comprised of funding from the Department's Youth Development and Delinquency Prevention (YDDP) and The After School Corporation (TASC) funding, with additional funding being transferred from Administration for Children's Services (ACS).

The Commissioner noted that in Fiscal 2005, DYCD plans to allocate \$27 million to the Beacon program, which provides school-based after-school activities to young people. This represents an \$8.1 million cut that, according to the Commissioner, will be distributed equally among 66 (out of 80 total) Beacon programs. The 14 Beacon sites funded by federal Community Development Block Grants (CDBG) are not slated for budget reductions.

The Commissioner described DYCD's recent assumption of youth employment programs that were previously administered by the Department of Employment. Included among these programs are the federal Workforce Investment Act (WIA) funded In-School Youth (ISY) and Out-of School Youth (OSY) employment programs. The Commissioner advised that WIA reauthorization legislation is currently in conference between the House of Representatives and the Senate. The ISY program provides education and employment-related services to youth between the ages of 14 to 18 who are currently attending school. The 16 OSY programs provide vocational training and educational programs to young people aged 16-21 no longer enrolled in school. The program aims to provide vocational and literacy skills they will need to succeed in the workplace.

The Summer Youth Employment Program (SYEP) was also transferred to DYCD last year. The Commissioner stated that the SYEP is funded through a combination of State and local funding and that funding levels for the program are often finalized late in the budget season. The Commissioner described the Request For Proposals (RFP), which DYCD released earlier this year and for which awards will be made within the next few weeks. Among the changes to the current RFP are a modification from a 4-day, 24-hour week to a 5-day, 30-hour week and a provision for educational services such as financial literacy and workplace readiness. The Fiscal 2005 Preliminary Budget includes \$6.17 million CTL funding, approximately \$9 million in state funding and \$8 million in federal WIA funding for the SYEP, for a total of current available funding of \$23 million. The Commissioner noted that in summer 2003, the SYEP provided employment to approximately 36,000 youth. If funding remains at \$23 million, the Commissioner anticipates providing jobs for 17,000 young people in Summer 2004.

The Commissioner also advised the Committee on two programs that were slated for reductions in the Fiscal 2005 Preliminary Budget, including the Youthlink program, which provides substance abuse and truancy prevention for youth between the ages of 10 and 21, and The Runaway and Homeless Youth Program, which contracts with community based organizations to operate runaway and homeless service programs for youth under 21. The Commissioner explained that the reason these programs were selected for reductions was historic underspending in both programs.

The Commissioner also advised that reductions within the Preliminary Budget primarily target tax levy dollars that do not leverage funding from other sources. The Commissioner mentioned the fact that in Fiscal 2004, only 10.4% of DYCD's total budget was spent on administrative costs, as evidence of DYCD's efficiency.

Issues and Concerns

Councilmember Discretionary Funds. Chairperson Fidler noted that DYCD proposes to eliminate \$3.2 million in funding that is allocated to councilmembers to fund programs sponsored by community based organizations within their districts. Chairperson Fidler noted that these programs provide valuable services to their communities and requested clarification from the Commissioner on why this funding had been eliminated. The Commissioner answered that the elimination was not a reflection on the merits of the programs, but a reflection of the fact that DYCD has to make reductions in many program areas.

Summer Youth Employment Program. Chairperson Fidler asked the Commissioner for an update on expected State funding of the SYEP for the coming summer. The specific concern is whether the \$10 million in additional State funding that was restored for last summer was expected for this summer. The Commissioner stated that the Mayor had recently met with members of the State Assembly to discuss additional State funding for the SYEP program. The Commissioner was optimistic that additional State funding would be secured, but did not offer any further specifics.

Chairperson Fidler sought clarification on the number of slots that were funded in last year's program. The Commissioner explained that the number was approximately 36,000 and that this did not include 3,000 slots that were funded through a prior year rollover in federal CSBG funding that would not be available for the coming summer.

A key concern of Chairperson Fidler is the fact that because of the increase in the number of hours mandated under the new RFP, even if the SYEP receives the same level of restorations that it received last year, the increase in the number of hours will mean that it will provide jobs for fewer individuals than it did last year. Chairperson Fidler asked if DYCD had a figure for how much additional funding would be required to offer a five day/week program to 39,000 young people this summer. The Commissioner stated that the Department did not have a figure available, but would provide one.

Chairperson Fidler continued that given the demand for SYEP slots, he would like to see the program expand to at least 39,000 and asked what efforts DYCD had made to secure additional summer employment opportunities for young people. The Commissioner offered collaboration with the WIA Board and the Brooklyn Borough President's Office as examples of their continuing efforts to provide youth employment opportunities.

Chairperson Fidler asked for clarification on the educational component of the current RFP. The Commissioner explained that it was expected that SYEP participants would spend approximately 10% of their program time involved in educational activities. The Commissioner continued that providers would offer an educational component that they would have selected from a list of choices provided in the RFP. Among the possible offerings are career development, workplace readiness and financial literacy.

Youthlink. Chairperson Fidler requested clarification on the Commissioner's assertion that the Youthlink program was being reduced by \$102,000, or 10% of its current budget, because the program had historically not spent its allocations. Chairperson Fidler questioned why a program charged with addressing truancy prevention, drug use prevention and services for runaway youth could have unspent funding when these remain serious problems. The Commissioner stated that she would provide specifics to clarify this underspending.

Headcount. Chairperson Fidler requested clarification on the current number of vacancies in DYCD's personnel. The Commissioner advised that among the 342 budgeted positions, there are currently 64 vacancies. The Commissioner explained that the majority of these vacancies were per diem positions that DYCD was prevented from filling. The Commissioner did not have

an exact number of how many non per-diem vacancies DYCD has, but stated that there were very few and that they were in the process of being filled.

Out of School Time. Chairperson Fidler requested a breakdown of the funding sources and amounts for the OST program. The Commissioner advised that \$44 million would be transferred from ACS; \$8 million would be provided from TASC through the Department of Education; \$8 million would come directly from TASC; and \$12 million would come from YDDP funding, for a total of \$72 million. Chairperson Fidler asked if there was any federal funding for OST and the Commissioner replied that there was not.

The Commissioner stated that a concept paper describing the OST program would be released by the end of the month. Chairperson Fidler requested assurances that DYCD would consult with the Council in the development of the RFP and the Commissioner stated that DYCD would consult with the Council in the development of the RFP, which is to be released in May. Chairperson Fidler asked why DYCD had selected January 2005 – the middle of the school year – as the date to start the program. The Commissioner answered that DYCD wanted to start the program at the earliest possible date.

Committee members requested clarification on the Fiscal 2004 budget for OST and if the planned funding for Fiscal 2005 represented a reduction. The Commissioner advised that Fiscal 2004 funding for OST was \$81.5 million and that planned Fiscal 2005 funding is \$72 million. The Committee requested a breakdown of what the present funding was and where the planned reductions for Fiscal 2005 are being taken.

Runaway Youth Programs. Committee members questioned the Commissioner on her assertion that programs serving runaway and homeless youth were targeted for reductions in the Fiscal 2005 Preliminary Budget because they had historically underspent their funding. The Commissioner responded that she would provide specific information on which providers had not spent their budgeted amounts and by how much. Committee members stated that the need for emergency shelter beds for runaway youth remained acute and asked for an estimate on how much funding would be required to increase the number of beds from the current number of 60 to 120. The Commissioner replied that if this were to be implemented, it would be done with a combination of City and State matching funds and that this information would have to be provided at a later date.

Immigrant Initiative. Council members requested an update on DYCD programs designed to assist immigrants. The Commissioner advised that a new RFP was being developed to provide enhanced English for Speakers of Other Languages (ESOL) classes. The Commissioner stated that this enhancement would include \$200,000 in additional funding for ESL classes. The Commissioner also advised that DYCD expected to receive \$5 million in additional WIA funding that did not yet appear in DYCD's budget. The final component in DYCD's budget for immigrant services is the \$1.8 million in Council funding that has been slated for a reduction in Fiscal 2005.

Domestic Violence Initiative. Council members requested an update on DYCD's programs to address the issues of domestic violence. Deputy Commissioner Janice Molnar answered that the

Youth Violence Intervention and Prevention program and the Domestic Violence Awareness & Intervention program both work at the community level with the Neighborhood Development Areas. The funding for the former (\$1.5 million in Fiscal 2004) and the latter (\$900,000 in Fiscal 2004) remains unchanged for Fiscal 2005. There is also a Violence Intervention program that has a city-wide focus to assist families dealing with issues of domestic violence. This program is funded at \$750,000 for Fiscal 2004 and remains unchanged for Fiscal 2005.

Diversity Within DYCD. Committee members expressed clarification on diversity among the staff and supervisors within DYCD. The Commissioner cited statistics to support the increasing diversity among the staff within the last several years. The Commissioner did not mention that she herself is African American. Committee members stated that they were encouraged by these statistics but also encouraged DYCD to remain vigilant to the importance of insuring diversity among both staff and supervisors within the Department.

Recommendations

The Committee recommends that sufficient funding be provided to SYEP to fund at least 39,000 positions for the coming summer.

The Committee recommends that DYCD use every available resource to increase the number of summer jobs that can be offered to young people.

The Committee recommends that \$10 million in funding be restored to the Youth Development and Delinquency Prevention (YDDP) program for Fiscal 2005.

The Committee recommends that the \$1.8 million be restored to the Council's Immigrant Initiative that provides ESOL classes.

The Committee recommends that \$863,000 be restored to fund programs that fund Youthlink and other programs that provide drug prevention and runaway services for City youth.

The Committee recommends that funding be provided to double the number of emergency shelter beds for runaway youth from 60 to 120. The Committee also recommends that these beds be targeted to serve Gay/Lesbian/Bi-sexual and Transgender youth, as these youth continue to demonstrate the need for access to the shelter system. It is estimated that to fund these beds would cost approximately \$3.3 million per year.

The Committee recommends that \$2.8 million be restored to DYCD's budget in Fiscal 2005 to fund Miscellaneous Programs operated by community based organizations that provide young people with the opportunity to develop skills in athletics, the arts and community service.

The Committee recommends that \$3.2 million be restored to DYCD's budget in Fiscal 2005 to fund Discretionary Programs selected by each Councilmember to provide youth services within the community.

The Committee recommends that \$8.1 million be restored to DYCD's budget in Fiscal 2005 to fund 66 Beacon programs throughout the City.

The Committee recommends that \$450,000 be added to the Beacon budget for the express purpose of opening a new Beacon program in the only community in the City which did not get one. As the community had initially rejected this funding, but now wishes to correct this mistake and provide services to its neighborhood youth. This funding, which was removed from the baseline budget last year, should be restored.

The Committee recommends that \$2.5 million be restored to DYCD's budget to fund the After-Three Initiative, which currently serves 35,000 students at locations throughout the City.

TO: Honorable Gifford Miller
Speaker

Honorable David I. Weprin
Chair, Finance Committee

FROM: Council Member Philip Reed
Chair, Committee on Consumer Affairs

SUBJECT: Fiscal 2005 Preliminary Budget Hearing
Committee on Consumer Affairs

On March 19, 2004, the Department of Consumer Affairs (DCA) appeared before the Committee regarding the Fiscal 2005 Preliminary Budget. Representing the Department of Consumer Affairs were Commissioner Gretchen Dykstra and other senior officials. Representing the Business Integrity Commission was Acting Chairman Robert Schulman.

Department of Consumer Affairs

Hearing Summary

The Commissioner testified about several topics, including improving the inspection process, decreasing the administrative tribunal backlog and obtaining hearing authority for non-licensed businesses.

The Commissioner testified that the Department has completed its first full year of borough-based inspections conducted by cross-trained inspectors. DCA conducted 62,466 inspections in Fiscal 2003 and in the first four months of Fiscal 2004, 30,058 inspections have been completed. Twenty-five percent of the inspections were comprehensive and performed by one inspector, verifying with both license and consumer protection laws. There are two specialized inspection units (Gas Pump Inspection Unit and Fuel Truck Inspection Unit) that are not cross-trained and only perform one type of inspection.

The Commissioner stated that the Department decreased its backlog of administrative tribunal cases by 30 percent from 1,600 to 1,100 cases. In addition, the number of days between the hearing of a consumer case and a decision has decreased from 197 days in 2002 to 62 days in 2003 and down to 24 days in 2004. Fine revenue has increased due to the decrease in the backlog. In 2002, the Department collected 81 percent or \$5.4 million of its outstanding fines and 84 percent or \$5.8 million in 2003.

However, DCA still has no ability to record a judgment and issue liens to non-licensed businesses. The Commissioner stated that DCA would be submitting to the Council a proposal for extending hearing authority over all laws DCA enforces, including the City's stringent Consumer Protection Law.

DCA's projected headcount is 257, which reflects an additional 12 positions needed to implement the new cabaret regulations. The Commissioner said the 12 positions would not be eliminated due to the delay in the implementation of the regulations.

Committee Issues and Concerns

The Committee's questions focused on the inspection process, sufficient staffing, cabaret regulations, the most reported complaints and hearing authority.

The Committee inquired about the number of inspectors, the average number of inspections performed on a daily basis and if there was a sufficient number of inspectors within the Department. The Commissioner stated there are 81 inspectors and due to the cross-training of inspectors, more comprehensive inspections are performed. On average, each inspector performs 14 inspections. Inspectors are borough-based and conduct more than one inspection at a location.

The Committee also asked if the Department has a sufficient number of inspectors, and if the Department would consider using the 12 positions that were allocated for the restructuring of cabaret license regulations to increase the number of inspectors. The Commissioner believes that the Department has a sufficient number of inspectors. However, if additional personnel are added to the Department, it should be added to the collection unit and adjudication to meet the increased workload of the new inspectors.

The Committee wanted to know how much revenue was generated since the sidewalk café regulations have changed. The Commissioner stated that in Fiscal 2003, the Department collected \$591,000 in revenue and in Fiscal 2004, it has collected \$1million more than projected, for a total of \$2.8 million.

The Committee wanted to know what are the top five complaints reported to the Department. The Commissioner stated the top five complaints are the same as last year. The most complaints were about home improvement contractors followed by debt collectors, electronic stores, furniture stores and second hand auto dealers.

Recommendations

The Committee recommends DCA eliminate or re-allocate the 12 positions intended for cabarets to areas where additional staff could further improve the services offered at DCA.

The Committee also recommends DCA collaborate with the Consumer Affairs Committee on a comprehensive plan for hearing and docketing to avoid repeated disjointed efforts and improve collection rates.

The Committee recommends DCA report on the results of sidewalk café licensing restructuring to better assess its progress.

The Committee recommends DCA upgrade the CAMIS swiftly and efficiently to improve the efficiency of the staff and to better serve consumers.

The Committee recommends DCA conduct more outreach education to both business and consumers.

The Business Integrity Commission

Hearing Summary

The Chairman testified about several topics, including headcount, revenue targets, agency performance indicators, judgments and collections of violations, and the enforcement units.

The Chairman stated that the headcount for BIC is 64 and will remain essentially unchanged in Fiscal 2005. The Commission hopes they will be able to fill 10 vacancies currently in the Agency with additional investigators to improve the effectiveness of the market investigation team. Currently, there are 24 market inspectors, three full-time staffers in the licensing unit and a part-time clerical associate.

The Chairman goes on to say, the Commission has exceeded its revenue targets every year since its inception and anticipates it will surpass its revenue target of \$2.2 million in Fiscal 2004.

The Commission is in consultation with the Mayor's Office of Operations to develop appropriate indicators for BIC. The Chairman stated that BIC's mission is distinct from other agencies and devising meaningful indicators has not been easy. The indicators will probably cover the following: the average number of days it takes to make a decision on a license application; the number of application pending in licensing category; the percentage of violations settled; and the percentage of violations pending an administrative hearing decision.

Currently, when the Commission is unable to negotiate a settlement on a trade waste violation, the matter must be handle at the Consumer Affairs' tribunal. If the administrative law judge levies a fine, it is officially DCA' s responsibility to collect on the judgment. The Chairman stated that the Commission is working with DCA to formally assume the responsibility for collection of all trade waste-related fines.

The Chairman stated that all summonses issued in the City's public wholesale market are issued and processed by the Environmental Control Board, which is entirely responsible for collecting the fines levied by its administrative law judges. Market inspectors are also empowered to write parking tickets that are processed by the Parking Violations Bureau.

Committee Issues and Concerns

The Committee wanted to know when the Commission would be included in the Mayor's Management Report and when the next Chairman of the Commission would be appointed. The Chairman responded that BIC would be included in the September edition of the Mayor's Management Report and the search for a new Chairman is still ongoing.

The Committee also questioned the Chairman about the presence of organized crime in the market place. The Chairman could not provide much information about the presence of organized crime in the market place.

Recommendations

The Committee recommends the implementation of interagency initiatives to better coordinated between agencies such as the Department of Consumer Affairs Department, the Department of Finance, Environmental Control Board, and the Business Integrity Commission to improve the tracking of violators as well as, collected and uncollected fines.

The Committee recommends the Business Integrity Commission produce an updated report on organized crime activity and the market place.

TO: Honorable Gifford Miller
Speaker

Honorable David I. Weprin
Chair, Finance Committee

FROM: Council Member Charles Barron
Chair, Committee on Higher Education

SUBJECT: Fiscal 2005 Preliminary Budget Hearing
Committee on Higher Education

On March 19, 2004, the Higher Education Committee held a hearing on the Fiscal 2005 Preliminary Budget for the City University of New York (CUNY). Chancellor Goldstein testified on behalf of CUNY.

City University of New York

Hearing Summary

Chancellor Goldstein highlighted several of CUNY's achievements and discussed CUNY's proposed expense and capital budgets, the elimination of the Peter F. Vallone Scholarship and other Council-funded programs, proposed State cuts, and the restructuring of the Tuition Assistance Program (TAP).

The Chancellor began his testimony by announcing that the Master Plan that reflects CUNY's readiness to join the community of national universities will be completed shortly. CUNY has created a flagship environment with highly selective colleges and a University-wide Honors College. More than 400 new faculty in a wide range of fields will join the system in full-time professorial titles at the senior and community colleges.

The Chancellor also noted that last year the Teacher Education students achieved the highest pass rates ever on the state license exams. Ninety-three percent passed the Liberal Arts and Science Test, up from 62 percent in 1996 and a percentage point higher than 2002. Moreover, 95 percent passed the Assessment of Teaching Skills Test, up from 71 percent in 1996 and a point increase from the prior year.

The Chancellor went on to say that a new \$7 million grant from the Gates Foundation will enable CUNY to open ten new "early college" high schools over the next several years. CUNY now has the largest, most successful and comprehensive network of campus high schools in the nation.

The main concern of Chancellor was the budgetary cuts to the community colleges. Enrollment at CUNY community colleges reached over 72,000 this spring, the highest level in history, with the addition of more than 10,000 degree-seeking students over the last three years. The Mayor's Preliminary Budget proposes reductions that if implemented would adversely affect the quality of instruction available at those schools.

The November Financial Plan proposes a cut of \$5.4 million to the community colleges in Fiscal 2005 and the out-years. The Chancellor anticipates that this cut would diminish the appreciable gains achieved in increasing the percentage of full-time faculty and in improved student support services at the community colleges. The budget reduction would cut 41 instructional positions and 10 support staff positions. This staff reduction would impact the number of classes offered and class size. Another likely outcome would be a decline in enrollment as students are unable to enroll in required courses. Other areas potentially impacted by this reduction are library staff and hours and student support services.

The Chancellor is very concerned with proposed cuts to the Peter F. Vallone Academic Scholarship and the elimination of the community colleges' Safety Net Program. Since the inception of the Peter F. Vallone Academic Scholarship, 57,000 students have benefited from this program. In this academic year there are over 8,000 scholarship recipients and 12,000 Safety Net Program recipients.

The Chancellor stated that when you add these proposed cuts with the State's proposed cuts in TAP, which over 59,000 CUNY students relied on in 2003 alone, there would be an enormous impact on student enrollment and retention at CUNY schools.

With regard to the capital budget, the Chancellor testified that for the last six years virtually no capital budget appropriations have been provided to CUNY's community colleges by the City. In order for community colleges to utilize the appropriations in the State budget, the City must include new capital appropriations in the Fiscal 2005 Adopted Capital Budget. If the City does not appropriate the necessary matching funds in the upcoming fiscal year, CUNY will be unable to use any State funds for capital projects at community colleges and Medgar Evers College.
Committee Issues and Concerns

The Committee's questions focused on the following topics: the impact of the cuts on CUNY's faculty and students and CUNY's capital plan.

The Committee wanted the Chancellor to elaborate further about the impact of the November Plan reduction of \$5.4 million to the Community Colleges at CUNY. The Chancellor stated the Community College Investment Program's purpose was to increase the number of full-time faculty and support staff. To cut funding at the community colleges would undermined the gains made in recruiting and retaining full-time faculty at the community colleges.

The Committee stressed the need for capital funding and the City's underutilization of the State's capital matching program for CUNY. The Chancellor agreed that it is essential that the City increase capital funding in order to get the matching funds or the State will reduce the amount available.

The New York State Fiscal 2004 - 2005 Executive Budget recommends the re-appropriation of \$114.3 million for the community colleges and Medgar Evers, consisting of \$64.3 million from the State's previous five-year capital plan and \$50 million from the 2003-04/2007-08 five year capital plan. CUNY has requested an additional \$108.3 million from the State Legislature for the Fiscal 2004-2008 five-year period. If the State budget is adopted with the additional funds

requested by CUNY, there will be State appropriations totaling \$222.6 million. One of the primary reasons the Governor requested only \$50 million for CUNY's capital program for the upcoming budget is that the City has shown very little interest in the past to appropriate the matching funds needed to utilize the State's appropriations.

This is why the Chancellor proposes that the City approve a Five-Year Capital Plan for the community colleges in the amount of \$163.8 million. These funds, to be appropriated in amounts of \$33 million per year, would match New York State's support for the community college's five-year building program. These actions will increase the total available funds to \$445.2 million for additional capital projects for CUNY. This would be a departure from previous years when the City left State funding for capital projects unused.

Council Member Lopez asked the Committee to work toward the goal of implementing the Chancellor's plan in the upcoming Fiscal 2005 Capital budget. The Committee noted that as a result of the City not fully utilizing all available CUNY funding in the past, the State lowered the allocation available this year and might not be amenable to additional appropriations in the future.

Public Testimony

Public testimony was heard from Barbara Bowen, President of the Professional Staff Congress; Agnes M. Abraham, Chair, University Student Senate; Grace O'Toole and Miriam Kramer, NY Public Research Interest Group; Melay Araya and Gregory Beaton, Students at Hunter Campus High School; Lisa Zucker, Vice President, Hunter College Elementary School PTA; Jolie Schwab, President, Hunter Campus College High School PTA.

Barbara Bowen, President of the Professional Staff Congress, emphasized that the restructuring of the TAP program should focus on developing a program that better fits the CUNY student profile. Most students are not eligible for TAP because they do not meet the criteria. For example, most students who stay on campus meet TAP criteria, but CUNY students who live off campus do not. She also noted that CUNY is not required to hire union labor for construction contracts. Therefore, CUNY should consider hiring more minority-owned construction companies in the future.

The students and parents who testified on behalf of the Hunter Campus Schools informed the Committee of the Schools' accomplishments and the need for additional funds to upgrade equipment and to continue providing its student body with a quality education.

Recommendations

The Committee recommends that the Administration restore the \$17.2 million reduction to CUNY's budget in Fiscal 2005 and the out-years. This recommendation will fully restore all proposed cuts to the community colleges and the Hunter Campus Schools. It will specifically restore the \$5.5 million to the Peter F. Vallone Scholarship, \$227,000 to the Adult Literacy Program and \$259,000 to City Council-funded programs. They include \$75,000 for the Minority and Women-Owned Business Enterprise Study, \$22,500 for the Center for Employment Opportunities, \$18,750 for the Kingsborough Drug Program and \$67,750 to the Bridge to Medicine Program, the Community Advocacy Center and the LaGuardia Archives.

The Committee recommends that the rebuilding of Fiterman Hall be given priority and that an entirely new structure is built.

The Committee recommends that the State reverse its proposal to restructure the TAP program and fully restore the financial aid component of the SEEK and College Discovery Programs.

The Committee recommends that the City approve a Five-Year Capital plan for the community colleges in order to receive matching funds from State.

**TO: Honorable Gifford Miller
 Speaker**

**Honorable David I. Weprin
 Chair, Committee on Finance**

**FROM: Council Member Eva Moskowitz
 Chair, Committee on Education**

**SUBJECT: Fiscal 2005 Preliminary Budget Hearing
 Committee on Education**

The Committee on Education held its Fiscal 2005 Preliminary Budget Hearing on Monday, March 22, 2004. Chancellor Joel I. Klein, Kathleen Grimm, Deputy Chancellor for Finance and Administration, and Bruce Feig, Chief Financial Officer, represented the Department of Education. Representatives of the City's principle education employees' unions and members of the public also addressed the Committee.

Department of Education

Hearing Summary

One year after the announcement and eight months into the implementation of the Children First initiative, Chancellor Klein addressed the Committee with some of the accomplishments the Department has achieved. The Chancellor claimed that the Department saved \$250 million by streamlining administrative functions and has redirected that money to support school-based reforms including the hiring of math and literacy coaches, implementation of new core curricula in reading, writing and math, and the delivery of eight million new books to classroom libraries. In addition, the Chancellor said the Department is changing the way it delivers services to special education students and English Language Learners. The Department is also planning to revamp the secondary schools because according to the Chancellor, the current system serves the middle and high school students poorly.

The Chancellor highlighted the need for providing additional support services to address safety problems, such as conflict resolution, peer mediation and negotiation training for both students and staff. However, the Chancellor did not have an estimate of how much the Department is spending right now and how much more the Department will spend to address safety problems. The Chancellor also stressed the issue of inequity in the State aid formula to New York City and the need to get the State to provide the fair share New York City deserves so the Department can provide a sound basic education to its 1.1 million students.

Committee Issues and Concerns

The Committee asked the Chancellor questions on a variety of issues, such as resource allocation, professional development services for teachers, efficiency of contracting out services, the impact of special education reforms and the cost of ending social promotion for third graders.

The Committee began its questions by asking the Chancellor how the 30 percent increase in the operating budget between Fiscal 1999 and the proposed Fiscal 2005 budget improved education for students. The Chancellor said that the majority of the increase was consumed by mandated and contractual cost increases. However, the budget for critical programs also increased, such as early grade class size reduction, universal pre-kindergarten, summer school expansion, the Teaching Fellows Program, Project Read, Project Arts and eight Plus schools.

In an effort to determine how the reorganization of the Department affects principals in allocating resources to targeted needs, the Committee asked the Chancellor how much flexibility principals have in allocating resources in their schools. The Chancellor said principals have discretion over how to spend resources in addressing students' pedagogical needs. He emphasized that the school-based budget allocation is based on the number of students registered and that principals allocate resources based on the comprehensive educational plan crafted by them, along with parents and staff at the schools.

To determine if higher performing schools receive funding for professional development to maintain the quality of teaching, the Committee questioned the Chancellor about how much the Department invests in professional development. The Chancellor said the Department spends \$60 million for professional development activities in all schools in Fiscal 2004 and the same funding is proposed for Fiscal 2005. However, the Chancellor did not have a specific amount spent on professional development for higher performing schools, noting that there is a small portion of funding in each school that's dedicated for that purpose.

Over the years, there have been numerous reports concerning how the Department contracts out services. To get some insight into the process, the Committee wanted to know whether the Department works with OMB to conduct cost-benefit analyses to determine the efficiency of contracting out services. Kathleen Grimm, Deputy Chancellor for Finance and Administration, said that the Department does conduct cost-benefit analyses, but when Council Member Jackson asked for a copy of the analysis performed for a specific contract, she said the Department in fact had not done a cost-benefit analysis for that particular contract. When the Committee asked why there are huge discrepancies between the adopted budgets and actual expenditures for general contractual services, computer consulting services and maintenance and operation infrastructure services, Deputy Chancellor Grimm said she doesn't have an answer and had to get back to the Committee.

To get a better perspective about special education reforms under Children First, the Committee questioned the Chancellor about the impact of the reforms. The Chancellor said there are more evaluations taking place now and the reforms limited the number of special education reviews, redirecting resources to train staff who was doing paper work to return to schools to teach. The Chancellor said \$9.5 million out of the \$20 million savings resulting from reforms have been redirected to professional development services for special education staff. The \$9.5 million was used to contract with two programs (the Orton-Gillingham-based Wilson Language Training Program and Schools Attuned) to train coaches who would later train staff.

In addition, the Committee questioned the Chancellor about the final cost of retaining the estimated 15,000 third graders who are at risk of repeating the grade. The Chancellor said the

Department does not have a final cost yet, but currently, an additional \$8 million has been committed to this initiative and \$25 million is planned for the next school year. The \$8 million has been allocated to schools where there are students in danger of failing the test. Later, the Chancellor added that the Mayor is proposing \$41 million in the Fiscal 2005 Executive Budget for this initiative.

Finally, the Committee asked the Chancellor to give it an update on the savings generated by the Children First Initiative. The Chancellor said the implementation of Children First saved the Department \$250 million by streamlining administrative functions and has allowed it to redirect that money into classroom instruction support services; \$169 million has been spent on hiring coaches, \$55 million for staffing parent coordinators and \$35 million for curriculum materials.

Public Testimony

Witnesses scheduled to testify before the Committee were: Randi Weingarten of the United Federation of Teachers (UFT); Jill Levy of Council of Supervisors and Administrators (CSA); Candice Anderson of Citizens' Committee for Children of New York (CCC); Patrick Halprin of the Institute for Student Achievement (ISA); and Alvarez Symette of Teaching Matters. Only representatives from the UFT, and Teaching Matters, and Institute for Students Achievement presented testimony for the record. CCC submitted written testimony.

Randi Weingarten, the president of the UFT, addressed the Committee by highlighting issues she believes the Mayor's Fiscal 2005 Preliminary Budget should focus on. These include alleviating overcrowding, class size reduction, school safety and teacher support services. Ms. Weingarten suggested that the Council should establish a Class-Size Commission and put an amendment on the November ballot for the voters to decide. Ms. Weingarten also emphasized that the Council's initiative, Teacher's Choice, is important for UFT's members because very often its members spend up to \$400 or \$500 out of their own pockets on classroom supplies. She said the Mayor eliminating Teacher's Choice is merely shifting even more of the cost of educating children onto their teachers.

CCC calls upon the Council to continue to supplement the \$2,700 per child in State funds with \$400 per child to increase per pupil spending for the Universal Pre-Kindergarten program. CCC also urges the Mayor to come up with an alternative plan to fund the \$13 billion capital plan if State funding does not materialize. Lastly, CCC asks the Council to urge the Mayor to continue review the third grade retention initiative and delay its implementation until the fall of 2004.

Recommendations

The City Council will continue to provide oversight of the Mayor and the Department of Education to ensure that education dollars are well spent. This year, unlike last year, the City is not scrambling to close a \$750 million budget deficit in education. Therefore, instead, the Department can focus on controlling costs, improving the resources spent in the classroom, or maximizing value for taxpayers. It must assure the public and the City Council that it is managing costs and obtaining ever-increasing value for the dollars it spends. The Committee's experience shows that the Department's budgeting and its cost-controls are lacking.

In addition, the Committee recommends that the Department of Education evaluate all of its Children First reforms by mid-summer to determine whether they should be continued. For example, the Department's shift from Community School District Offices to Regional Operating Centers was designed, in part, to increase efficiency. It is unclear whether the latter goal was met. The Department lacks a methodology for determining whether such goals were met, or how to improve its operations towards meeting them. This is true of many of the Department's operations.

Finally, the Committee reminds the Mayor and the Department of Education that they must forcefully lobby in the State capitol to obtain the education funding that the New York State Court of Appeals has ruled is owed the City under the Campaign For Fiscal Equity litigation.

TO: Honorable Gifford Miller
Speaker

Honorable David I. Weprin
Chair, Finance Committee

FROM: Council Member Bill DeBlasio
Chair, Committee on General Welfare

Council Member Tracey Boyland
Chair, Committee on Women's Issues

SUBJECT: Fiscal 2005 Preliminary Budget Hearings
Committee on General Welfare;
Committee on General Welfare and Women's Issues

On March 23, 2004 the Committees on General Welfare, and Women=s Issues conducted Fiscal 2005 Preliminary Budget Hearings. Testifying before the Committees were the Department of Social Services/Human Resources Administration, represented by Commissioner Verna Eggleston; the Administration for Children Services, represented by Commissioner William Bell; the Commission on Human Rights, represented by Commissioner Patricia Gatling; and the Department of Homeless Services, represented by Commissioner Linda Gibbs.

Department of Social Services/Human Resources Administration

Summary of Testimony

Commissioner Eggleston's prepared testimony provided a brief discussion regarding changes in the public assistance rolls, statistics on job placement, retention and transitional services, as well as Medicaid and food stamps enrollment. In addition, in a letter to the Chair of the Committee, the Commissioner described the Preliminary Plan actions that impact the Department.

With respect to the public assistance rolls, the Commissioner testified that the caseload has declined by 5.8 percent over the past two years. However, the Commissioner failed to note that the caseload has increased in recent months. Since June 2003, the caseload has steadily increased, particularly when compared to previous year statistics. As a result, the City now projects a .5 percent monthly caseload increase, and is expected to reach 447,902 public assistance cases by June 2004.

With respect to job placement and retention, the Commissioner testified that HRA achieved over 186,000 job placements for public assistance clients during the last two fiscal years (Fiscal 2002 and 2003 together). The Commissioner failed to indicate that over 50 percent of those placements were made in Fiscal 2002. In fact, the number of job placements in Fiscal 2003 dropped by 35 percent, from 143,200 placements in Fiscal 2002, to 93,000 placements in Fiscal 2003. During the questions and answer period, Council Member López requested more

demographic information regarding job placement and retention, which the Department agreed to provide.

With respect to job retention, the Commissioner testified that the job retention rate is 78 percent after three months and 70 percent after six months. Commissioner Eggleston did not mention that these rates are lower than those of the previous year when the rates were 82 percent after three months and 74 percent after six months. In addition, no information is available with respect to how the Department gathers this information. For this reason, it is difficult to ascertain whether the figures are based on a representative sample. As has been indicated in previous occasions, phone-based surveys are skewed towards those who are better off and undercount those who are worse off. In addition, Commissioner Eggleston did not mention other details that may have been of interest to the Committee, such as the types of jobs former recipients get, the average salaries, and whether the jobs provide health benefits.

With respect to food stamps, the Commissioner reported a 22.5 percent increase in the number of food stamp cases since January 2002. However, she did not mention that the caseload has risen at a much slower pace than the unemployment rate. Today's caseload totals 978,406 individuals. Nevertheless, this number pales when compared to the caseload back in 1995, when the City had had a lower unemployment rate.

However, the Commissioner did share with the Committee some of the plans the Department has formulated to increase food stamps enrollment. More specifically, the Department is working with the State and non-profit organizations to improve outreach. One initiative that is pending approval from the State would have the State Office of Temporary and Disability Assistance do a mass mailing to individuals with inactive benefits cards. Despite questions from the Chair of the Committee, the Commissioner did not provide an estimate of the potential number of New Yorkers who are eligible to receive food stamps benefits.

With respect to Medicaid, the Commissioner reported a significant increase in the in the number of Medicaid enrollees. From January 2002 through January 2004, the number of enrollees increased by 39.1 percent. The Commissioner explained that the growth is primarily in the number of Medicaid-only cases (SSI beneficiaries and others who do not receive public assistance), where enrollment grew by 81 percent. Much of this increase is due to efforts made by the Health and Hospitals Corporation ("HHC"). HHC has stepped up its efforts to enroll uninsured patients who are Medicaid-eligible, as the Corporation provides over \$900 million in annual health care services to the uninsured but receives reimbursement for only a fraction of these costs.

In addition to her prepared testimony, the Commissioner provided the Committee with a letter addressing specific raised by the Chair before to the hearing. Reactions to some of her responses are included in the issues and concerns discussed below.

Issues and Concerns

AIDS Case Management: Committee members raised concerns regarding the proposed \$2.2 million cut to HASA case management staff. The Commissioner responded that the Executive Budget, to be released in April, will restore these funds. The Commissioner also explained that

the Department will be in compliance with Local Law 49 staffing requirements. The Commissioner also testified that the Department no longer plans to contract out HASA case management. Instead, she plans to transfer HASA to the newly reorganized Medical Assistance Program, which now goes under the name of Medical Insurance and Community Services Administration (MICSA). She testified that The Committee will continue to monitor the reorganization of HASA into MICSA, and looks forward to seeing the \$2.2 million restored in the Executive Budget.

Emergency Housing for People with HIV/AIDS: There are two main issues of concern regarding emergency housing for people with HIV/AIDS. One is the proposed reduction of rates paid to SROs and hotels and how this would affect the availability of emergency housing for homeless individuals with HIV/AIDS given that HASA and the Department of Homeless Services may be competing with each other for the same available units. To this, the Commissioner responded that the Agency currently has a surplus of emergency units, with an excess of 300 units available. However, the Committee is puzzled as to the reasons why, if there are 300 surplus units and is planning to reduce the rates to \$60 per night, the Department is shifting \$10.5 million in funds from supportive housing into emergency housing (SROs and hotels). This shift is being done internally, without consultation from the Council. The Commissioner did not provide a satisfactory answer to this question.

The Committee will follow up with a letter to the Department requesting a detailed explanation of HASA emergency and congregate housing, including demand for housing, number of units available and filled, a list of providers and their rates. The Committee is also concerned about the Department's use of Memoranda of Understanding (MOUs), as MOUs are not legally enforceable and do not provide as much accountability as contracts provide.

Food Stamps: The Committee is concerned that current enrollment levels do not reflect actual need. The Committee welcomes the Commissioner's plans to increase outreach through the State, but is concerned about the lack of a clear enrollment goal that may serve as a benchmark against which to assess the Department's outreach efforts.

Job Placement and Retention: Committee members expressed concerns regarding the displacement of union workers with public assistance recipients who receive lower salaries and no union benefits. The Committee looks forward to receiving the Department's plan for a viable job development strategy for public assistance recipients.

Recommendations

Emergency Housing for People with HIV/AIDS: While the Committee supports making emergency housing more affordable, the Committee recommends effective coordination with other City agencies in order to insure that an adequate supply of emergency housing is available for New York City's homeless population, particularly those who are most vulnerable. In addition, the Committee recommends that the Department enter into contracts with providers to enhance enforcement, accountability, and service standards.

Food Stamps: The Committee supports increased food stamps outreach and education efforts, longer center hours, as well as the simplified application form that was introduced last year.

Furthermore, the Committee recommends that the extended office hours be extended to more locations citywide.

Security: The Committee recommends the careful review of the Department's funding needs regarding security services at DSS/HRA service facilities.

Administration for Children's Services

William Bell, Commissioner of the Administration for Children's Services (ACS), presented prepared testimony that provided an overview of the Agency's continuing reform efforts, existing programs, and major budgetary highlights.

Summary of Testimony

Commissioner Bell reported that ACS's total Fiscal 2005 Preliminary Budget is \$2.08 billion, comprised of \$1.07 billion in Federal funds, \$492 million in State funds, and \$515 million in City tax levy funds. The Preliminary Budget proposes a \$58 million reduction in City tax levy funds since the Fiscal 2004 Preliminary Budget.

Preventive Services: The Commissioner testified that ACS plans to reduce its preventive services budget by 18.5 percent (\$7.9 million in City funds). This reduction would include cuts to general preventive and homemaking contracts and elimination of the Beacon prevention program. The Commissioner said ACS plans to implement the reduction in a way that will minimize its impact on providers and families who most need preventive services.

Foster Care: The Commissioner testified that the continuing decline in the foster care population would result in savings of \$11.1 million in City tax levy funds. The Commissioner also stated that the implementation of a new performance-based rate system for foster boarding home payments would cost an additional \$9.2 million in City funds.

The Commissioner described the proposed cuts to foster care rates. There would be a 4 percent reduction in the Maximum State Aid Rate (MSAR) paid to foster boarding home agencies, for a savings of \$8.5 million in City funds. In addition, there would be a 2 percent reduction to the MSAR for congregate care providers, for a savings of \$3.1 million in City funds. There would also be a 4 percent reduction to adoption subsidy rates, for a savings of \$200,000 in City funds.

ACS is also proposing to eliminate its foster care substance abuse program, which serves approximately 4,000 children in congregate foster care (a reduction of \$7.6 million in City funds). The Commissioner said ACS would make every effort to continue to prevent drug and alcohol use at its facilities even after the elimination of this program.

The Commissioner also pointed to two other budget actions related to foster care: the allocation of additional City tax levy funds to address a reduction in the City's Foster Care Block Grant allocation from the State (\$6.6 million) and the elimination of an independent living program for 460 children in the custody of the State Office of Children and Family Services (OCFS) (\$500,000 in City funds).

Child Care: The Commissioner testified that ACS will eliminate 1,600 currently filled child care slots for families referred by social service agencies other than ACS, resulting in savings of \$9 million in City funds. (*Note:* The actual number of slots that would be eliminated is 2,300, but according to ACS only 1,600 are currently filled.) While not mentioned in the Commissioner's testimony, ACS plans to begin imposing a 33 percent child care fee surcharge for parents with two or more children in subsidized child care. This surcharge would begin in Fiscal 2005.

Issues and Concerns

Preventive Services: The Committee expressed concern regarding the proposed reduction in preventive services. For financial reasons alone, this cut, which would likely increase the number of children in foster care and/or lengthen the time children spend in foster care, seems counter-productive. The average cost of a preventive slot is \$6,960 per year, compared with \$17,000 for a foster boarding home slot and \$58,000 for a congregate foster care slot. The Committee urges the Administration to reconsider this proposed cut.

Child Care: The Committee made clear that child care is a high priority for both the Committee and the Council. The Council demonstrated its commitment to child care by funding an expansion of 3,000 new slots in the Fiscal 2003 Budget. The elimination of 2,300 existing child care slots is simply unacceptable. When questioned about the proposed parent fee surcharge, the Commissioner said ACS has not analyzed how many parents would no longer be able to afford child care if the surcharge were imposed. He also said it was not ACS's intent to push anyone out of the child care program through the implementation of the surcharge.

The Committee inquired about the status of the out-of-school time (OST) plan, which would restructure City-funded programs for out-of-school time care (including ACS school-age child care). The Commissioner responded that the Administration would be setting up a briefing on the plan for the Council in the near future. He also said the target date for implementation of the new OST system had been delayed until at least January 2005.

State Budget: In response to questions concerning the Governor's Executive Budget proposals relating to TANF and Title XX funding, the Commissioner said he estimates that the proposals would reduce ACS's child welfare budget by \$45 million. He also said the Administration is actively engaged in trying to convince the State to reverse these cuts.

Recommendations

The Committee recommends that funding be restored for the 2,300 existing child care slots proposed to be eliminated (\$9 million). In addition, the Committee recommends an expansion of child care slots if at all possible.

The Committee recommends that funding be restored to prevent implementation of the child care fee surcharge (\$1.9 million).

The Committee recommends that funding be restored for preventive services (\$7.9 million).

The Committee recommends that funding be restored for foster care and adoption rates (MSAR) (\$11.9 million).

The Committee recommends that funding be restored for the foster care substance abuse program (\$7.6 million).

The Committee recommends that funding be restored for the independent living program for OCFS placements (\$500,000).

The Committee recommends that funding be restored for the CONNECT domestic violence program (\$1 million).

Commission on Human Rights

Summary of Testimony

Patricia L. Gatling, Commissioner of the Commission on Human Rights, testified before the Committee on March 23, 2003. The Commissioner's prepared testimony emphasized the Commission's law enforcement and community relations functions, provided an update on the Commission's caseload and backlog, and noted some of the activities the Commission has been involved with during the past year.

Issues and Concerns

Law Enforcement Bureau's Backlog: The Commissioner explained that the backlog has now been reduced to approximately 600 cases and over half of them (322 cases) are less than one year old. In contrast, last year the Commissioner had testified that there were about 4,500 complaints on record, many of which were over five years old. The Commissioner testified that one policy being implemented to reduce backlog is "early case assessments."

While the Committee supports the Commission's efforts to reduce the backlog, the Committee is concerned about how the backlog is being handled and the possibility that cases are being closed without prosecution. The Commissioner did acknowledge that there were some cases that were closed without prosecution given that there were some logistical difficulties, e.g. finding witnesses for the oldest cases.

Settlements: Committee members raised concerns regarding settlement awards. The perception is that awards settled with the Commission's assistance may be too low compared to court settlements and this may discourage people from going through the Commission.

Department of Homeless Services

Linda Gibbs, Commissioner of the Department of Homeless Services (DHS), presented prepared testimony that focused on several key initiatives, summarized the Preliminary Budget for 2005 and offered current and historical data on DHS operations.

Fiscal 2005 Preliminary Budget and Capital Plan

Commissioner Gibbs reported that DHS' Fiscal 2005 budget as proposed in the Preliminary Budget will total \$659 million. City funds will total \$282 million with the balance coming from state, federal and intra-city funds. The expense budget allocates \$248 million to single adults, \$363 million to families and \$48 million to support services. DHS five-year capital plan covering 2004-2008 totals \$119 million.

Placements into Permanent Housing

Commissioner Gibbs reported that compared to last year, 68 percent more families were moved from shelter into permanent housing for the period of July 1 to January 31. As of January 31, 2004, DHS has placed 3,832 families into permanent housing.

Community Based Placements

DHS has recently implemented a new community based placement protocol for homeless families. Of the 2,553 families with school-age children placed in DHS facilities, DHS was able to place 39 percent in a shelter in their school district and 88 percent were placed in their home borough from September 2003 to January 2004.

Reduction in Facility Transfers

DHS has reduced the number of transfers that families undergo while within the shelter system by 44 percent from December 2002 to December 2003. The reduction of family transfers coupled with the community based placement initiative demonstrates DHS' efforts to minimize disruptions to homeless children's education and respond to concerns raised by the Committee on this issue.

Increasing the Number of Families on Public Assistance

Commissioner Gibbs reported that DHS continues to demonstrate success at enrolling eligible families in public assistance. This effort assists families in accessing benefits such as rental subsidies and increases federal and state reimbursement to the City for shelter costs.

Reduction of the Scatter Site Program

Commissioner Gibbs reported that DHS will have managed to reduce scatter-site capacity by 363 units by the end of March 2004. In addition, 500 scatter site units are targeted for conversion to new cluster model Tier II contracts. Commissioner Gibbs reaffirmed DHS' commitment to ultimately ending the scatter-site program at some unspecified point.

Conversion of Hotels to Contracted Tier II's

DHS is actively responding to recommendations made by the Comptroller's office to convert family hotels into contracted Tier II facilities. The Department has adopted a policy to no longer rely on hotels for new family capacity and since August 2003 has not brought new hotels into its network. The conversion of three hotels to Tier II contracted status is underway and DHS expects more to follow.

Housing Stability Initiative

Commissioner Gibbs reported that DHS' \$12 million new targeted preventive services RFP was picked up by 250 potential service providers. This effort, which is anticipated to begin in

September 2004, will focus on the six communities that account for one in every four families entering shelter. Community based organizations will be expected to provide a variety of services including case management and financial assistance, as well as to provide access to existing job training and anti-eviction programs and other resources.

Commissioner Gibbs concluded her testimony by discussing what she referred to as a multi-sector strategy to end chronic homelessness. This program will be called *Uniting for Solutions Beyond Shelter* and will be presented at a future date. The plan's goals will be overcoming street homelessness, a "prevention first" agenda, a rapid rehousing strategy where homelessness cannot be prevented and resource reinvestment. Presumably this strategy includes either a closure or reshaping of the City's Emergency Assistance Unit, the current physical entry point for families entering the shelter system, which was reported in the press the morning of the hearing.

Issues and Concerns

Elimination of Critical Homelessness Prevention Programs

Legal Services

Last year (Fiscal 2004) the Council made it a priority to provide funding for legal services to prevent homelessness and specifically placed anti-eviction funds in DHS. The reasoning behind consolidating homelessness prevention funds in a single agency was to bring resources to the "front lines" of the homeless crisis, so to speak, where they could have maximum effect. The Council further anticipated that these funds would be held harmless from budget cuts given that they provide services consistent with DHS's primary goal of prevention. Contrary to its own stated policy and inconsistent with commitments made in the budget adoption process, legal services funds were not included in the Preliminary 2005 budget.

Adult Rental Assistance

As the homeless crisis continues to grow, the City cannot afford to eliminate any of its options that might significantly address the problem. The proposed elimination of Council funding for the adult Rental Assistance Program (RAP) is a serious concern for the Committee. Continuing to support RAP at its current funding level would only cost the City \$900,000 annually. Restoring this funding could mean providing rent subsidies and support services for many working homeless individuals, thus enabling them to leave the shelter system and obtain private-market apartments. The proposal to eliminate this funding also runs counter to DHS's stated objectives of pursuing a prevention-first service model.

Continued Reliance on the Scatter Site Program: The scatter-site program has been an unhealthy intervention in the housing market. When landlords know they can reap profits by working with DHS for emergency placements, they react by taking affordable units off the regular rental market. In the end, the clients get housed in neighborhood apartments, but they don't get a lease, and are later made to move somewhere else. While the Committee approves of DHS' efforts to begin a phase out of the scatter sites, it is troubling that the Department has backed away from a previously planned target date (18 months) for terminating this program. A further concern is that the Commissioner declined to give a timetable for the phase out even under an ideal scenario. The Commissioner contended that the success of DHS' attempted

conversion of scatter site units into cluster model Tier II contracts would determine when a phase out goal could be developed. The Committee expressed skepticism regarding the reluctance of providers to enter into formal contracts with the City. It was agreed that this issue would be revisited at the time of the Executive Budget.

Emergency Assistance Unit

The Committee engaged the Commissioner in a discussion on the future of the Emergency Assistance Unit. The Commissioner was given an opportunity to clarify her position on the continued existence of an EAU facility. She confessed that the City's new vision was not yet "crystal clear" but that a new plan with an emphasis on a community based service application model was forthcoming. Whether or not this plan would result in the actual closure of the EAU or in some major reconfiguration of the Bronx facility's use remained an open question. This response contrasted sharply with various reports in the press that seemed to leave little doubt that the EAU would close. The Committee expressed concern regarding a decentralized approach to both intake and service provision. Specifically, the Committee is concerned that the level and quality of services provided to clients could suffer and that accountability would be diminished in a decentralized setting.

Inter-Agency Coordination

Despite comments by the Commissioner reporting on a collective approach between multiple agencies in regards to agreements with housing providers, the Committee is concerned about several aspects of inter-agency coordination. The Committee raised the possibility of competition for housing units between HRA's HASA clients and DHS clients. The Committee also informed Commissioner Gibbs that HRA testified to a surplus of 300 HASA units at present. On both issues, the Committee urges that the agencies work more closely to ensure the availability of units for the most needy individuals. Finally, the Committee urged greater coordination between DHS and HRA in the provision of employment programs.

Section 8 Proposals

The Bush Administration's proposals to block grant and reduce funding for Section 8 were discussed at length by the Committee and DHS. The Commissioner remarked that funding would not be sufficient to continue current program levels and cited the projected loss of 7,500 vouchers in New York City as a serious barrier to permanent housing. She further indicated that the City was joining with other municipalities to advocate against the Administration's proposals. The Committee is concerned that the City's advocacy efforts have not been sufficiently "vibrant" and urged the Mayor to move beyond diplomacy towards a more pronounced opposition to the Section 8 plan.

Recommendation

The Committee recommends that \$5.2 million in funding be provided to fully restore anti-eviction and SRO legal services and other preventive legal services programs.

The Committee recommends that \$900,000 be restored to the adult Rental Assistance Program.

The Committee recommends that \$12 million in new needs funding be added in the Executive Budget to fund DHS's new community based initiative.

The Committee continues to recommend a rapid phase out of the scatter-site program while ensuring that appropriate contractual oversight is established that maximize tax-levy resources and meet the City's needs for appropriate placement of needy families and adults.

The Committee recommends a thorough review and careful monitoring of forthcoming proposals to alter the function of the Emergency Assistance Unit.

The Committee recommends an improved level of inter-agency coordination on issues of housing, homelessness and essential support services for people in need.

The Committee recommends an increased level of advocacy by the Mayor against the federal proposals to block grant and reduce the Section 8 Housing program.

TO: Honorable Gifford Miller
Speaker

Honorable David I. Weprin
Chair, Committee on Finance

FROM: Honorable Melinda R. Katz
Chair, Committee on Land Use

Honorable Gale A. Brewer
Chair, Committee on Technology in Government

SUBJECT: Fiscal 2005 Preliminary Budget Hearing
Committee on Land Use, joint with Committee on Technology in
Government

Introduction

The Committee on Land Use conducted its Fiscal 2005 Preliminary Budget hearing on Tuesday, March 23, 2004. Agencies appearing at the hearing were the Landmarks Preservation Commission (LPC), the Department of Information Technology and Telecommunications and the Department of City Planning. This memorandum summarizes the testimony presented by the agency heads, and the issues, concerns and recommendations expressed by the Committee.

Landmarks Preservation Commission

Robert B. Tierney, Chair of the Landmarks Preservation Commission and Ronda Wist, Executive Director for the LPC, testified on behalf of the Landmarks Preservation Commission concerning its Fiscal 2005 Preliminary Budget. Mr. Tierney addressed landmark designations, work on previously designated buildings and landmark application fees.

Hearing Summary

With regard to landmark designations, Chair Tierney stated that the Commission has currently designated 1,102 individual landmarks and 81 historic districts, with 10 district extensions, throughout all five boroughs. The total number of buildings under the Commission's jurisdiction, including those in historic districts, is approximately 23,000.

Chair Tierney stated that the Commission is also responsible for regulating work on buildings that are already designated. In the current fiscal year, the Commission has received 4,875 applications for work on designated properties and taken 5,111 actions. The Commission continues to enact new and amended rules to make its regulatory process more efficient and easier for homeowners.

Chair Tierney stated that the Commission received approximately 470 complaints in the first six months of the fiscal year in its enforcement area. In the same time period, the Commission has

issued 352 warning letters and 122 notices of violation. Approximately two-thirds of the warning letters result in owners expeditiously requesting the Commission to address their violations.

With regard to the Fiscal 2005 Preliminary Budget, Chair Tierney stated that the Commission's Fiscal 2005 Expense Budget is approximately \$3.19 million, with \$2.64 million in City funds and \$547,000 in non-City funds. He also stated that the Commission is exploring ways to raise revenue through a schedule of Landmark Permit fees. The Commission held a public hearing last July on a fee proposal. At a public hearing in December, the fee proposal was further reviewed and revised. Chair Tierney also stated that, "I believe the fee schedule currently being reviewed is a reasonable proposal that would not discourage landmark property owners from following the Landmarks Law, nor would it discourage owners of potential landmarks from requesting designation. Specifically, only proposed work that is filed at the Department of Buildings would be assessed a Landmarks Preservation Commission fee. There would be no Landmarks fee for minor work such as painting, or for restoration work such as repainting or replacing windows or a roof. For alteration work subject to a fee, the proposed fee would be \$50 for work \$25,000 or less and \$3 per \$1,000 above \$25,000. (This was changed from our original proposal, which was \$50 for work \$5,000 or less and \$3 per \$1,000 above \$5,000). Under this revised fee schedule, approximately 60 percent of the projects subject to a fee would have a fee of \$50 and approximately 75 percent of projects subject to a fee have a fee of \$100 or less. After careful consideration and much discussion, we are ready to take a vote on the proposal in the very near future and implement Landmark fees."

Issues and Concerns

The Committee expressed curiosity as to why the imposition of Landmark Permit Fees has taken so long. Chair Tierney indicated that a hearing was held in January to solicit feedback about the proposal and that it has taken months to refine it. Chair Tierney also stated that they had to make adjustments for smaller Landmarks projects, which has held up this process. He also stated that this issue is reaching a good point in its history and that this issue should finally be resolved. Also, some Council Members expressed their opposition to the imposition of Landmark Permit Fees.

The Committee expressed concern as to the additional \$318,660 in Federal funds that the LPC received after budget adoption. Chair Tierney indicated that this amount, which is used for facade improvements, had been rolled over from the previous fiscal year. The funds have been rolled over because some of the projects were not completed in the previous fiscal year. The money had been utilized, it just hadn't been drawn upon yet for this year.

Although the LPC did not request any additional funding, several advocates indicated that the agency is under-funded and its budget and staffing levels need to be increased.

Department of City Planning

Chair Amanda Burden testified for the Department of City Planning (DCP) and the City Planning Commission (CPC) concerning the Fiscal 2005 Preliminary Budget. Her testimony covered the following topics: agency headcount levels, agency revenue, and Citywide planning initiatives.

Hearing Summary

Regarding the agency's budget and headcount, Chair Burden stated that the Department's authorized Fiscal 2004 Adopted Budget was \$17.2 million, which consisted of \$5.8 million in City funds and \$11.4 million in Federal funds. At the time of adoption, the Department's headcount was 244 full-time staff positions, of which 69 were tax levy-funded and 175 were federally funded. The Fiscal 2005 Preliminary Budget for the Department is \$17.2 million for 247 full-time staff. Of this amount \$5.6 million will consist of City funds for 69 employees and \$11.6 million in Federal funds for 178 employees.

On the issue of agency revenue, Chair Burden stated that the Department has budgeted funds of \$1.4 million to be realized in Fiscal Year 2004. These funds consist of Uniform Land Use Review Procedure (ULURP) and City Environmental Quality Review (CEQR) application fees, as well as publication and subscription sales. Chair Burden indicated that the agency was projecting the same level of revenue for Fiscal Year 2005.

Chair Burden stated that the DCP and the CPC are vigorously working in collaboration with other agencies to strengthen the City's central and regional business districts. The Chair believes that in this time of fiscal constraint, it is the best time to set the blueprint for the future and make capital investments needed for the City to grow and thrive. In her opinion, these efforts should cover such areas as Lower Manhattan, the Far West Side of Manhattan, Long Island City, Downtown Jamaica, Downtown Brooklyn, and the Hub in the Bronx.

Issues and Concerns

The Committee inquired as to the agency's proposed budget increase for consultant services. Chair Burden indicated that the additional funding for consultant services will be used to update zoning and street maps, including the configuration of zoning maps and the incorporation into the geographic database of the Street Sectional Maps. Also, DCP plans to hire two full-time employees. The Technical Review Division (TRD) will hire a Senior Mapping/Computer Assisted Design (CAD) Developer and a Junior Mapping/CAD Analyst skilled in the use of AutoCAD/Land Development, CAD overlay and Geographical Information Systems (GIS) relational databases. Chair Burden said that with the hiring of these individuals all updates could now be done in as little as two weeks.

The Committee asked Chair Burden if the posting of the zoning resolution on the Internet has hampered the sales in paper form. Chair Burden indicated that subscriptions have been about the same and that it has not affected sales in any way. Also, the Chair indicated that most people prefer the paper form of the zoning resolution.

Although the DPC did not request any additional funding, several Council Members indicated that the agency is under-funded and its budget and staffing levels need to be increased.

The Committee inquired of Chair Burden if the Department of City Planning's funding was sufficient. Chair Burden indicated to the Committee that she was amazed with the great job her agency does with its current budget and did not indicate to the Committee that additional funding is needed.

Recommendation

Although there were many praiseworthy things said about the work of the agency, a number of Committee members indicated that the Department of City Planning could benefit from additional funding and personnel. As such, the Committee recommends that the agency review its workload and resources and, if appropriate, consider asking for increased funding and headcount beginning in Fiscal 2005.

Department of Information Technology and Telecommunications

Testifying on behalf of the agency were Commissioner Gino Menchini, Larry Knafo, First Deputy Commissioner, Agostino Cangemi, Deputy Commissioner and General Counsel, and Margery Brown, Deputy Commissioner for Finance.

Hearing Summary

Commissioner Menchini started his testimony by discussing DoITT's accomplishments of the past year. The Commissioner discussed how the agency is leveraging its resources, where possible, to consolidate the City's information technology infrastructure. By consolidating many agencies into one of DoITT's data centers, the City spends less and the technology is more efficiently managed and supported. The Commissioner discussed how DoITT houses computer systems for the Department of Finance, the New York City Housing Authority (NYCHA), Law Department and the Department of Citywide Administrative Services (DCAS), with the Department of Transportation (DOT) as the next agency consolidation.

The Department was successful in migrating and updating the City's Internet portal, NYC.gov, from a private site in New Jersey to the City's state of the art facility at 11 Metrotech. This move saves the City approximately \$2 million a year in capital funds. DoITT has also established a secondary NYC.gov site at FISA that allows site maintenance without service interruption.

DoITT has built a WINTEL infrastructure to offer email services to City agencies, for a cost savings of \$350,000 per year for each agency application. The goal is to complete host applications for the Department of Youth and Community Development (DYCD), the Department of Education (DOE) and the New York Police Department (NYPD). Another cost savings has been high-speed networking and Internet connectivity. DoITT is bringing fiber networks throughout the City and in the last year, high speed fiber networks have been connected to many City-owned buildings, saving the City over \$20,000 per month.

The Department envisions a variety of centrally managed tools and services in order to provide uniform implementation of technical, security and financial applications. For example, DoITT provides email, calendaring and task management for various agencies. Commissioner Menchini discussed the coordinated Citywide prevention and response to computer virus and worm attacks through emergency response procedures and critical information dissemination through an information portal. DoITT is providing Virtual Private Networks so that individual agencies do not have to establish their own expensive security systems, and in turn save each agency, twenty-nine so far, approximately \$100,000 in set-up costs.

DoITT continues to develop improved disaster preparedness and recovery plans. By using FISA's data center to restore and recover mainframe applications, the City will save approximately \$250,000 per year in disaster recovery contracts. In addition, DoITT has been working with Verizon and other telecom carriers to ensure the best pricing and services possible. Based on a new pricing model with Verizon, the City will save over \$8 million annually, and \$1.7 million coordinating a Citywide phone-line cancellation project. DoITT resolicited long distance services for an annual savings of \$500,000, and an on-going audit of long distance service netted a savings of \$3.1 million in this fiscal year.

The Commissioner discussed the 311 system with the Committee. On March 9, 2004 the 311 Citizen Service Center celebrated its first anniversary. The phone center received approximately 30,000 calls per day, in over 170 languages, with live operators 24 hours a day, seven days a week. DoITT will be expanding 311 functionality with information specific to the caller's home area or any location requested. Also, 311 will provide a City calendar on the web so that New Yorkers can find out what City-sponsored events are planned and how to participate. Third, 311 operators will be able to email documents immediately instead of mailing them.

In addition to 311, DoITT has been working to improve NYC TV (formerly CrossWalks). According to Commissioner Menchini, NYC TV has improved coverage and programming by including shows that support the City's economic interests, community traditions, and City-supported cultural and arts events. Last year NYC TV won two Emmy's and this year NYC TV has been nominated again.

The Commissioner briefly discussed the Department's Fiscal 2005 Preliminary Budget of \$210 million. Of this amount, \$51 million is for Personal Services to support 762 full-time positions and \$159 million is for Other Than Personal Services. Of the \$150 million, \$101 million represents Intra-City services that DoITT provides to other City agencies.

Issues and Concerns

Chair Katz opened the session with welcoming words to the Commissioner and all the DoITT staff.

The Committee members inquired about 311 and the \$23 million increase in its budget. The Commissioner responded that the agency had been overly dependant on outside consultants funded by Capital IFA funding, and the extra cost reflected those consultant positions being converted to full-time City employee positions funded with City tax levy dollars.

The Committee members inquired about pay telephone franchise revenues. The Commissioner provided the following revenue numbers: Fiscal Year 2003 revenue excluding long distance was \$5 million; long distance revenue was \$287,000; advertising revenue was \$7.5 million; and permit fees were \$227,000. The Committee also requested the status of Council Members receiving information from 311 regarding their constituencies' complaints. The Commissioner responded that DoITT is working to provide interoperability similar to the Community Boards for Council Members.

The Committee inquired about broadband and Cable TV revenue, and the telecom fund. The Commissioner responded that the Cable TV franchises paid \$68 million in Fiscal Year 2004, an increase from last fiscal year. Broadband providers paid \$15 million to the City and that number is down from last fiscal year. With regard to the telecom fund, the Commissioner stated that Time Warner has paid \$10 million into the fund with an additional \$2.5 million expected by the end of Fiscal Year 2004. Cablevision has paid \$6.25 million into the fund, for a total amount available to the City of \$18.75 million. The Department has been building out the fiber network with this money and will continue this build out indefinitely.

The Committee members inquired about I-Net and the process of selecting which groups and agencies receive I-Net connections. The Commissioner responded that since it costs \$42,000 to connect a building to the main I-Net backbone, buildings with large concentrations of government agencies would receive connections. Those groups and businesses that can afford the \$100 a month connection fee with a private broadband provider will not receive a connection to I-Net.

Another concern expressed by the Committee was where monies saved by DoITT's technology consolidation were going. The Commissioner responded that monies saved usually remain in the individual agency's budget, and often the cost savings associated with DoITT's technology consolidation prevents spending on costly services and that money can be allocated to other projects.

The Committee asked the Commissioner about pay phone advertising revenues and whether the City has attempted to encourage more advertising. Commissioner Menchini responded that the City has 30,000 pay telephones and the City receives twenty-six percent of all advertising revenue from its advertising on pay telephones. The City wants to encourage more advertising but also recognizes that more panels for advertising will not increase the lack of demand in this current fiscal period.

Concern was expressed about NYC TV's budget and editorial control of the station. The Commissioner explained that the Mayor has no involvement with the General Manager of the television station, and that the television station is a small fraction (\$1.9 million) of the agency's total budget.

Recommendations

The Committee recommends that NYC TV expand its coverage of City Council hearings, press conferences and special events. In general, the station should endeavor to improve the quality of its programming.

The Committee recommends that data generated via the 311 Call Center be aggregated by City Council district and disseminated to Council Members on a regular basis. Additionally, for those 311 calls made by Council Members on behalf of constituents, DoITT should create a mechanism to inform the Council Members in a timely fashion as to the disposition of the matters in question.