



# THIS WEEK IN NEW YORK

## COVERING NEW YORK & CITY GOVERNMENT

FEBRUARY 16, 2024 EDITION

*“Obstacles don’t define us. Rather, it is the unparalleled courage and character of us that defines us as a people. So my confidence in the future is steeped in our glorious past - in the face of adversity, we always persist. We persevere, we prevail.” Governor Kathy Hochul*

## *In the News-New York State*



### **Governor Finalizes NYS FY2025 Executive Budget**

Governor Kathy Hochul’s Administration updated on her proposed \$233 billion state budget this week, removing a \$100 million sweep of funds designated for legal representation of low-income New Yorkers.

Following pushback from the state’s legal service providers, the \$100 million transfer from the Interest on Lawyers Account (IOLA) to the State’s General Fund was removed from the Public Protection Article VII bill.

The IOLA fund account was established in 1983 and specifically earmarked to promote legal representation for low-income New Yorkers facing civil court cases. Under the provision, interest from required New York attorney client accounts are collected in the IOLA fund and then distributed to legal service providers across New York.

“IOLA funds are not taxpayer dollars; they are earmarked for the sole purpose of funding civil legal services,” the Empire Justice Center, a nonprofit civil legal aid provider, said in a statement.

The 30-day amendments also bolstered Governor Kathy Hochul’s artificial intelligence (AI) protections. Governor Hochul’s FY2025 Executive Budget would add a misdemeanor for unauthorized uses of a person’s voice; allow for a private right of action to combat digitally manipulated false images; update the Penal Law to account for unauthorized uses of artificial intelligence; and require disclosures on digitized political communications published within 60 days of an election.

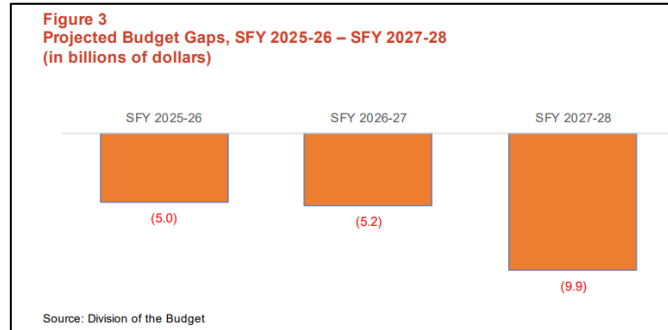
In addition, the Governor added language to permanently legalize “to-go” alcoholic drinks in New York.

Meanwhile, speaking at the Citizens Budget Commission event, State Budget Director Blake Washington indicated he is maintaining limits on spending and raising taxes.

“The Governor wants our state to remain competitive,” Washington said, according to published reports. “We think it’s time to rationalize our state spending to the resources we have. For the last couple of years, for a variety of years, we have well exceeded.”

State Comptroller Thomas DiNapoli released his analysis of the budget Thursday, acknowledging the strides the Administration has made to stabilize its finances, but warning spending gaps are projected to worsen over the next few years with continued spending increases on healthcare and education.

“New York state has taken positive steps to stabilize its finances with higher reserves and lower projected budget gaps,” Comptroller DiNapoli said. “Still, the Executive and the Legislature face the difficult challenge of ensuring adequate funding for our schools, health care programs, and other critical needs while improving the state’s affordability.



## *In the News-New York City*



### **Mayor Adams Announces Lawsuit Against Social Media Companies**

The Adams Administration this week announced the filing of a [lawsuit](#) to hold five social media platforms – TikTok, Instagram, Facebook, Snapchat, and YouTube – accountable for fueling the nationwide youth mental health crisis.

The lawsuit was filed in California Superior Court in the County of Los Angeles, by the City of New York, the New York City Department of Education, and NYC Health and Hospitals Corporation. It alleges that the companies operating TikTok, Instagram, Facebook, Snapchat, and YouTube intentionally designed their platforms to purposefully manipulate and addict children and teens to social media applications with features that include:

- Using algorithms to generate feeds that keep users on the platforms longer and encourage compulsive use.
- Using mechanics akin to gambling in the design of apps, which allow for anticipation and craving for "likes" and "hearts," and also provides continuous, personalized streams of content and advertisements.

The complaint asserts the companies' intentional conduct and negligence has been a substantial factor in fueling a youth mental health crisis, which constitutes a public nuisance affecting schools, public hospitals, and communities citywide, and, as a result, that the city has had to expend significant resources to address.

In 2021, 77 percent of New York City high school students reported spending an average of three or more hours per school day in front of screens – not including time spent on schoolwork. Also, New York City, over 38 percent of high school students reported feeling so sad or hopeless during the past year that they stopped engaging in their usual activities. The rate of hopelessness among New York City high schoolers in 2021 was almost 50 percent higher for Latino and Black students than for white students, and almost 70 percent higher for female students than for male students.

According to the Mayor, the city spends more than \$100 million on youth mental health programs and services each year.



## NYC Comptroller's Annual M/WBE Report Shows City Agencies Continuing to Fall Short

NYC Comptroller Brad Lander released the office's [Annual Report on M/WBE Procurement](#), exposing "critical shortcomings" in the City's efforts to ensure equitable distribution of contracts among Minority- and Women-owned Business Enterprises (M/WBEs). Within the city's program to encourage higher M/WBE utilization, agencies registered only 9.8% of eligible contracts to M/WBE prime vendors in FY23. Black, Hispanic, and women-of-color owned business each hover at just 1% of contract value.

"The Adams Administration has taken steps to improve equity in City contracting – but the data tells a story of how far there is to go," said Comptroller Brad Lander.

The Comptroller's Annual Report on M/WBE Procurement provides a comprehensive review of contract registration data to analyze City agencies' performance in awarding M/WBE prime contracts based on procurement method, dollar value, and industry. Key findings include:

- M/WBEs secured only 5.3% of the roughly \$40 billion of new City contracts and Purchase Orders (POs) registered in FY 2023, compared to 5.2% in FY 2022.
- In relation to City contracts and POs subject to M/WBE participation goals under Local Law (LL) 174 (about one quarter of the City's total procurement), M/WBEs represented just 9.8% in FY23, down from 16% in FY22.
- M/WBEs accounted for 60.3% of the total number of new contract registrations subject to LL 174 goals (up from 58.5% in FY 22). But the average value of a new contract registered in FY23 to M/WBE was just \$511,000, less than one-ninth the \$4.6 million average of contracts with non-certified firms.
- About 20% of all City-certified M/WBEs secured a contract, PO, or approved subcontract registered by the City in FY 2023.

According to the Comptroller, the top performers in their categories were Department of Environmental Protection, Department of Homeless Services, the City Law Department, while the lowest were the Department of Transportation, Department of Citywide Administrative Services, Department of Finance. Most improved from FY2022 were the Office of Technology and Innovation, Department of Homeless Services, and the Law Department.

## *Briefs*

### **IRC Releases New Congressional Maps**

The Independent Redistricting Commission this week voted, 9-1, to approve [new congressional lines](#), complying with a Court of Appeals decision that charged the Commission with submitting new House maps to the State Legislature for consideration by February 28th. The lines are now subject to legislative approval.

“The Senate Majority is eager to review the proposed map submitted by the IRC,” Senate Majority Leader Stewart-Cousins said in a statement. “We plan to discuss and decide our subsequent actions soon, taking into account the election cycle calendar.”

If lawmakers reject the plan, they must draw and vote on a new map. The Legislature returns to Albany on February 26<sup>th</sup>. Petitioning in the state begins February 27<sup>th</sup>.

### **Comptroller DiNapoli: State Pension Fund Valued at \$259.9 Billion at End of Third Quarter**

New York State Comptroller Thomas DiNapoli this week announced that the estimated value of the New York State Common Retirement Fund (Fund) was \$259.9 billion at the end of the third quarter of state fiscal year 2023-24. For the three-month period ending Dec. 31, 2023, Fund investments returned an estimated 6.18%. The Fund’s long-term expected rate of return is 5.9%.

“The markets have seen an improvement over the past quarter, but some volatility remains,” DiNapoli said. “Economic opinions are mixed about the year ahead and uncertainty persists. Still, thanks to our prudent management and long-term strategy, our pensioners and members can remain confident that their pension benefits are safe.”

The Fund's value reflects retirement and death benefits of \$4.2 billion paid out during the quarter. Its audited value was \$248.5 billion as of March 31, 2023, the end of last state fiscal year.

As of Dec. 31, the Fund had 41.84% of its assets invested in publicly traded equities. The remaining Fund assets by allocation are invested in cash, bonds, and mortgages (22.62%), private equity (14.75%), real estate and real assets (13.30%) and credit, absolute return strategies, and opportunistic alternatives (7.49%).

## **Tom Suozzi Wins NY Special Election to Replace George Santos**

Democratic former US Representative Tom Suozzi will return to Congress after he won the special election in New York's 3rd District, beating Republican Nassau County legislator Mazi Pilip. Souzzi received 53.9% of the vote to Pilip's 46.1%.

Meanwhile, in a special election in the Bronx 77th Assembly District, Landon Dais won with 74% of the vote, defeating Republican Norman McGill. The seat was formerly held by Latoya Joyner, the former chair of the chamber's Labor Committee, who resigned from office last month.

## **NY Secures \$514,000 Settlement Against Manhattan Landlord Who Overcharged Tenants and Violated Rent Laws**

New York State Homes and Community Renewal's Tenant Protection Unit (TPU) secured a \$514,000 settlement against Manhattan landlord Steven Croman of Centennial Properties for unlawfully defrauding renters amid a statewide housing crisis.

The State asserts Croman engaged in a scheme to lease regulated units for a term of less than one or two years, making the apartments unavailable for New Yorkers seeking safe, stable housing.

"With New Yorkers facing the most dire housing shortage in six decades, any attempt to take regulated units off the market is not just unlawful – it's contributing to our housing crisis," Governor Hochul said. "This settlement starts the process of making these Manhattan tenants whole..."

TPU launched a comprehensive investigation into Croman's patterns and practices after receiving complaints in the summer of 2023 alleging units owned by Croman were advertised on the BlueGround rental platform, listing furnished apartments for stays of 30 days or longer that were presumed to be market rate units by prospective renters. TPU found that listed rents and fees improperly exceeded the legal regulated rent registered with HCR. The investigation also uncovered violations of lease agreements, and rent laws governing areas such as security deposits, subletting and rent registrations.

## **NYC Truck Safety**

New York City Mayor Eric Adams this week issued [Executive Order 39](#), outlining a comprehensive approach to addressing truck and bus safety for the city's fleet and contracted units.

Under the new executive order, city contractors will have new safety requirements, including preparing fleet safety plans, increasing driver training, adopting telematics, and adding 360-degree cameras to mitigate the impacts of visual impairments for operators. Mayor Adams also ordered that all new trucks procured by the City of New York for use by city employees must have 360-degree cameras or high-visibility designs. Additionally, the New York City Police Department (NYPD) has begun including traffic violence statistics in its regular CompStat reporting.

## **NYC Budget Surplus Exceeds Mayor's Estimate by Almost \$3 Billion**

*Lower Spending Expected for City Workforce, Asylum Seeker Costs, and Charter School Enrollment*

*More Funding Needed for Housing Vouchers, Personnel Costs at Uniformed Agencies, and Department of Education Costs for Housing and Overtime*

New York City's budget surplus in the current fiscal year is \$2.8 billion higher than Mayor Eric Adams' forecast, according to the City's Independent Budget Office (IBO).

This higher surplus results from IBO's forecast of approximately \$900 million more in anticipated tax revenues in 2024 than the Administration's estimates, coupled with IBO's estimate that City-funded spending will total about \$1.9 billion less than presented in the Preliminary Budget financial plan.

IBO expects spending to come in notably lower than Preliminary Budget levels in two areas. IBO anticipates the City will spend \$1.6 billion less on salary and fringe resulting from civilian, non-pedagogical vacancies in 2024. Current active full-time headcount is approximately 285,000 positions, which is 5% lower than the peak of 300,000 positions in 2020. Also, IBO estimates \$2.4 billion less in spending on asylum seekers than what is reflected in the Administration's estimates across 2024 and 2025. In addition, IBO forecasts lower charter school enrollment than the Administration, estimating \$91 million in savings from 2026 through 2027 for charter school tuition costs.

IBO anticipates substantially more funding will be needed, more than \$700 million annually starting in 2025, to match planned 2024 spending levels for the City Fighting Homeless and Eviction Prevention Supplement (CityFHEPS) housing rental voucher program. IBO also expects additional funds will be needed for personnel costs in the City's four uniformed agencies: Correction, Fire, Police and Sanitation Departments—\$143 million in 2024 and \$765 million in 2025—largely to cover overtime costs for both uniformed and civilian staff. IBO estimates an additional \$490 million for 2025 and \$655 million each year for 2026 through 2028 to fund DOE programs previously funded by federal Covid-19 aid.

# *Coming Up*

## *New York State*

*No meetings scheduled.*

# New York City

**Friday, February 23<sup>rd</sup>**

**Committee on Children & Youth**, Council Chambers - City Hall, 1:30 p.m.  
**Oversight - DYCD's Family Support Services**

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