



This Week in New York

Covering New York State and City Government

A Publication of Pitta Bishop & Del Giorno LLC

August 5, 2022 Edition



“Every record has been destroyed or falsified, every book rewritten, every picture has been repainted, every statue and street building has been renamed, every date has been altered. And the process is continuing day by day and minute by minute. History has stopped. Nothing exists except an endless present in which the Party is always right.”
-George Orwell, 1984-

In the News – New York State



Bear Stock Market Drops State & City Pension Funds Returns



*Following 2021 Double Digit Returns,
the State & City See Significant Decreases in 2022*

The bear market which saw the S&P 500 fall 13.8% in the first half of 2022, has dragged down the State and City pension fund returns, resulting in year to year declines of over 20% in the State and over 30% in the City for Fiscal Year 2022.

State Comptroller Thomas DiNapoli this week announced that the New York State Common Retirement Fund’s (Fund) investment return was 9.51% for the state fiscal year that ended March 31, 2022, compared to the FY21 return of 33.55%

“There has been tremendous volatility in the markets in recent months, but thanks to the state pension fund’s diverse investments, it finished the year above our assumed rate of return,” Comptroller DiNapoli said. “Still, the turmoil in the markets since Russia’s invasion of Ukraine has sent shockwaves through the financial world with repercussions that are ongoing. With inflation and supply chain issues continuing to impact the economy, we expect a challenging investment environment for the foreseeable future.”

The return on investments increased the Fund’s value to \$272.1 billion, as of March 31, 2022. The Fund had 49.70% of its assets invested in publicly traded equities. The remaining Fund assets by allocation are invested in cash, bonds, and mortgages (21.18%), private equity (13.64%), real estate and real assets (10.00%) and credit, absolute return strategies and opportunistic alternatives (5.48%).

New York City’s pension fund experienced an even greater decline, with its June 30th valuation showing the full impact of the first half market activity.

According to New York City Comptroller Brad Lander, during a volatile period for global financial markets, the New York City Retirement System faced losses across public markets, resulting in a preliminary net investment return of -8.65% across all five pension funds for the Fiscal Year ending June 30, 2022. In FY 2021 a bull market led to returns topping 25%.

Despite the drop, City Comptroller Lander noted that overall, the City's five pension funds performed better than their benchmarks, and each remains well-funded. While all major public asset classes, except commodities, incurred significant losses, "historic losses" in public equities and fixed incomes were offset partially by better performance of private market assets.

"The ongoing COVID pandemic, continued supply chain disruptions, rising inflation and Federal Reserve rate increases have resulted in extreme volatility and declines in the public market. After a year of record highs, the US markets show mixed signals with public equity and bond markets experiencing historic losses, while private markets fared better. The unique economic moment underscores the importance of a diversified portfolio, both across asset classes and geographies..." said Michael Haddad, Interim Chief Investment Officer.

Detailed data on the City's audited pension returns, including asset class returns along with relevant benchmarks, will be included in Quarterly Performance reports in September. Total assets under management as of June 30, 2022 are approximately \$240 billion.

The "substantial headwinds with a changing national economy" are not only impacting the pension funds, as Governor Kathy Hochul this week released revised financial plan for the State.

The updated Financial Plan reflects an additional General Fund surplus of \$2.3 billion in FY 2023 and a gap of \$310 million in FY 2024, after the planned use of the FY 2023 surplus in FY 2024. The budget gaps in the out-years are estimated at \$3.6 billion in FY 2025, \$3.5 billion in FY 2026, and \$6.2 billion in FY 2027. According to the Governor, the budget gaps are almost exclusively attributable to the reductions to the tax receipts forecast. The Plan update is available on the [Division of the Budget website](#).

In the News – New York City



Mayor Adams Nominates John Samuelsen to Traffic Mobility Review Board

New York City Mayor Eric Adams this week nominated Transit Workers Union of America International President John Samuelsen to the Traffic Mobility Review Board (TMRB).



**TWU International
President Samuelsen**

Samuelsen also serves as a non-voting member of the Metropolitan Transportation Authority (MTA) Board and formerly served as president of TWU Local 100 in New York City.

He joins the TMRB ahead of the release of the congestion pricing — formally known as the Central Business District Tolling Program — environmental assessment and the ensuing public comment period. Should congestion pricing be approved by the Federal Highway Administration, the TMRB would develop recommendations for toll rates — as well as any credits, discounts, or exemptions — and then present the recommendations to the MTA Board for consideration before the program is implemented.

“John Samuelsen is a champion of safe, reliable public transit, and he shares my commitment to getting congestion pricing done so we can invest in mass transit and reduce traffic,” said Mayor Adams. “I am encouraged to see this process moving forward, and my administration will continue to work closely with our partners at the MTA, in Albany, and in Washington, DC to get this done for all New Yorkers.”

Last week, the MTA empaneled the TMRB and announced that it anticipates receiving the Federal Highway Administration’s approval of the plan’s environmental impact statement. Public hearings have been scheduled on the plan beginning August 26th.

Samuelsen represents over 150,000 members across the airline, railroad, transit, universities, utilities, and services sectors. Samuelsen was sworn in as TWU’s 10th international president in 2017.

A Brooklyn native, Samuelsen was hired by the New York City Transit Authority (NYCTA) in 1993 and was assigned to a track gang in Brooklyn, where he and his fellow union members worked under difficult and unsafe conditions. Managers ignored safety regulations, disciplined workers who spoke up, and had no respect for the workers or their union. While still in his probationary period, Samuelsen’s co-workers elected him shop steward, and he fought vigorously for a safer subway workplace.

From 2001 to 2006, Samuelsen served as chair of the Track Safety Committee and chair of the Track Division. From 2002 to 2005, he was acting vice president of the Maintenance of Way Department, representing 7,100 workers providing essential services to NYCTA in track, line equipment and signals, power, and structure. During that time, he also served as lead negotiator for all safety-related issues during contract bargaining between Local 100 and NYCTA, and authored the Comprehensive Track Safety bill passed by the New York state Legislature.

He was elected president of Local 100 in December 2009 and was reelected overwhelmingly in 2012 and 2015. He served as Local 100 president until September 2017.

During Samuelsen’s time as president, the TWU has been focused on new worker organizing and has grown by 15,000 members in over 20 successful organizing drives.



Comptroller's Fiscal Year-End Analysis Shows City Has Funds to Fully Reverse Cuts to School Budgets and Increase Deposits to Rainy Day Fund

New York City Comptroller Brad Lander announced this week that his office's FY22 year-end fiscal review continues to identify sufficient resources to fully cover school budget cuts, while also substantially increasing the City's Rainy Day Fund to prepare for the possibility of an economic downturn.

The Comptroller's office review found that the City will end the year with \$800 million in tax revenues above what was included in financial plan at the time the City's budget was adopted. These additional revenues were not projected in either the FY22 or FY23 budgets.

Comptroller Lander urges that these excess revenues be placed in the City's Rainy Day Fund, to prepare to soften the blow of a possible economic downturn. The Mayor and the City Council made significant FY22 deposits of \$2.2 billion into the City's long-term reserves (the Rainy Day Fund, aka the Revenue Stabilization Fund, plus the Retiree Health Benefits Trust fund). This brings the City's long-term reserves to \$6.55 billion, or 9.4% of tax revenues, still well below the 16 percent that [the Comptroller's office projects](#) would be needed to weather the full length of a recession. An additional \$800 million would put the City's long-term reserves above \$7 billion for the first time ever. The Comptroller also called for the City to adopt a formal policy for deposits, fund target, and withdrawals.

At the same time, the Comptroller's office updated its estimate of Federal Covid stimulus dollars allocated to the New York City Department of Education (DOE). As of June 2022, the DOE has spent \$2.33 billion of the \$3.02 billion in stimulus dollars budgeted. While the DOE can continue to expend through September, the Comptroller's office estimates that \$505.6 million remains yet uncommitted, enough to fully cover the \$469 million Fair Student Funding cut from school budgets for FY23. (DOE claims that the amount being cut from individual schools is \$215 million, but the [Comptroller's analysis](#) of the actual school budgets shows the gap facing principals is more than double that figure). In total, the City currently has \$4.4 billion remaining in federal Covid stimulus aid for education that must be spent by FY25.

Briefs

State Launches Health Care Worker Bonus Program

Governor Kathy Hochul this week announced the launch of the [Health Care and Mental Hygiene Worker Bonus program](#). Enacted in the Fiscal Year 2023 New York State Budget, the program includes \$1.3 billion allocated for the payment of recruitment and retention bonuses to certain health care and mental hygiene workers.

Employees eligible for HWB payments provide hands-on health care services and can include certain front line health care and mental hygiene practitioners, technicians, assistants, support staff and aides. They must be receiving an annualized base salary (excluding any bonuses or overtime pay) of \$125,000 or less, and can be full-time, part-time, or temporary. State employees who meet the eligibility requirements for the program will be eligible to receive the bonus payments and will be paid through existing State payroll systems.

Employers eligible for HWB program funding include providers participating in Medicaid with at least one employee, and other providers, facilities, pharmacies and school-based health centers licensed under the state Public Health Law, Mental Hygiene Law, and Education Law, as well as certain programs funded by the Office of Mental Health, Office for the Aging, Office of Addiction Services and Supports, the Office for People With Developmental Disabilities, and the Office of Children and Family Services.

Bonuses for employees will be determined by specific "[vesting periods](#)," or hours worked during a consecutive six-month period between October 1, 2021, through March 31, 2024.

Qualified employees who work:

- At least 20 hours but no more than 30 hours per week are eligible for a bonus of \$500.
- At least 30 hours but no more than 35 hours per week are eligible for a bonus of \$1,000.
- At least 35 hours per week are eligible for a bonus of \$1,500.

Eligible employers can submit employees who qualify for HWB payments by creating an account on the online HWB portal at www.nysworkerbonus.com.

NYS DOH Reorganization Plan

The State Department of Health has implemented a reorganization plan to reflect the agency's focus on health equity, the needs of older New Yorkers, emergency preparedness and response.

According to Commissioner Dr. Mary T. Bassett, the Department has established an Office of Aging & Long Term Care, an Office of Health Equity & Human Rights, a Chief Medical Officer, and established a leadership cabinet. Additionally, Dr. Bassett is prioritizing agencywide data sharing and use to drive policies, and a renewed emphasis on regional offices' engagement with local health departments. These new focus areas will guide the Department's work over the next 3 years.

The main changes include:

- Creating a new Office of Health Equity & Human Rights led by Deputy Commissioner Johanne Morne.
- Creating a new Office of Aging & Long Term Care led by Adam Herbst, Deputy Commissioner on Aging & Long Term Care and work collaboratively with the Office of Health Insurance Programs, the Office of Primary Care and Health Systems Management, and the NYS Office for the Aging.
- Establishing a Chief Medical Officer. Dr. Eugene Heslin will provide medical and clinical expertise to all senior leadership and various Department staff. Dr. Heslin has over 30 years in the field of medicine and is an expert in health care leadership, policy development and operational management centered on improved patient outcomes.

- Creating a new Commissioner's Cabinet with the following membership: The Executive Cabinet members are: Laura Mascuch, Chief of Staff; Kristin Proud, Acting Executive Deputy Commissioner; Dr. Ursula Bauer, Deputy Commissioner for Public Health; Dr. Eugene Heslin, First Deputy Commissioner and Chief Medical Officer; Sam Miller, Associate Commissioner for External Affairs; Kathy Marks, General Counsel; Amir Bassiri, Deputy Commissioner of the Office of Health Insurance Programs and Acting Medicaid Director; Adam Herbst, Deputy Commissioner Aging & Long Term Care; Dr. John Morley, Deputy Commissioner of Primary Care and Health Systems Management; Johanne Morne, Deputy Commissioner Health Equity and Human Rights; Diane Christensen, Deputy Commissioner Administration; and Danielle Holahan, Executive Director, NY State of Health and Senior Advisors, Megan Baldwin, Paul Francis and Sandra Mullin.

Governor Hochul & Mayor Adams Announce \$70 Million Initial Investment to Decarbonize NYCHA Buildings

New York City Mayor Eric Adams and New York Governor Kathy Hochul announced this week that the New York City Housing Authority (NYCHA), New York Power Authority (NYPA), and New York State Energy Research and Development Authority (NYSERDA) are moving forward with a \$70 million investment in the development and production of 30,000 new heat pump units for use in New York City Public Housing facilities.

Last week, the NYPA Board of Trustees awarded the funding through two seven-year contracts to Midea America and Gradient for the development and delivery of cold climate packaged window heat pump units.

Over the next year, NYPA will coordinate with Midea America and Gradient to develop the proposed heat pump technology for testing and demonstration. NYPA will then collaborate with NYCHA to install 60 of the developed units in designated public housing to be comprehensively monitored and assessed over the course of a winter season before moving forward with the widespread installation of 30,000 units throughout the following years.

City has Unlocked More Than \$4.2 Billion Contracted to Nonprofits

New York City Mayor Eric Adams and the Mayor's Office of Contract Services (MOCS) announced more than \$4.2 billion in contractual dollars unlocked through the 'Clear the Backlog' initiative.

Launched on May 9th, this 12-week initiative to clear the existing backlog has resulted in 2600 previously unregistered, retroactive contract actions being registered or submitted for registration, helping 451 providers. Agencies impacted by the backlog include: the New York City Department of Social Services, the New York City Administration for Children's Services, the New York City Department for the Aging, the Mayor's Office of Criminal Justice, the New York City Department of Probation, the New York City Department of Health and Mental Hygiene, the New York City Department of Education, the New York City Department of Homeless Services, the New York City Department of Youth and Community Development, and the New York City Department of Housing Preservation and Development.

Earlier this year, Mayor Adams and MOCS announced the beta launch of [PASSPort Public](#), a data transparency portal that provides current information on City's procurement system.

Coming Up

New York State

No Scheduled Hearings

New York City

Tuesday, August 9th

Committee on General Welfare, Hybrid Hearing – Council Chambers – City Hall, 10 a.m.

Oversight – Long-standing NYC Shelter Intake Issues and the Recent Increase in Asylum Seekers.

Wednesday, August 10th

Committee on Technology, Hybrid Hearing – Council Chambers – City Hall, 1 p.m.

Oversight – Failures of NYC's Technological Response Under Critical Demand.

Thursday, August 11th

City Council, Hybrid Hearing – Council Chambers – City Hall, 1:30 p.m.

"No man can be a good citizen unless he has a wage more than sufficient to cover the bare cost of living, and hours of labor short enough so after his day's work is done he will have time and energy to bear his share in the management of the community, to help in carrying the general load."

-Theodore Roosevelt-

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