

STATEMENT OF POLICE COMMISSIONER RAYMOND W. KELLY

**BEFORE THE NEW YORK CITY COUNCIL
PUBLIC SAFETY COMMITTEE**

**ON THE PRELIMINARY BUDGET FOR FISCAL YEAR 2013
AND THE FISCAL YEAR 2012 MAYOR'S MANAGEMENT REPORT**

MARCH 15, 2012

Good morning. Thank you for the opportunity to discuss the Mayor's Preliminary Budget for the 2013 Fiscal Year.

Before I present the budget highlights, I want to provide you with some background on the Department's recent crime-fighting efforts. I also want to update you on our mission to prevent another terrorist attack against New York City.

Last year we saw continued outstanding work from our police officers. We ended 2011 with the third lowest murder total in half a century and the lowest rate of auto theft in modern memory.

Every year it gets harder to beat our own records. One of the crime trends we're contending with is a rise in the theft of portable electronic devices such as Smartphones and I-Pods. This is a national phenomenon. In partnership with the MTA, we're exploring the development of a public service announcement that will advise subway riders on how best to protect their electronic devices from theft. We've also developed a citywide strategy to combat the problem. As part of that strategy, we assigned 243 new officers from the most recent Police Academy class to the Transit Bureau. They patrol the subway seven days a week during the peak hours of index crime activity, including school dismissals and the evening rush hour.

Of course, even routine police work such as this can result in danger. In recent months, we've been reminded just what it means for our officers to put themselves in harm's way. In December, we lost a dedicated member of the Department, Police Officer Peter Figoski, when he was shot and killed by a fleeing robbery suspect in East New York. Officer Figoski had faithfully served the residents of the 75th Precinct for 22 years.

In just the last six weeks, we've had three more officers shot in the line of duty. Each narrowly escaped death. On January 31st, Police Officer Kevin Brennan was shot at point blank range in the back of the head by a perpetrator he had wrestled to the ground. Miraculously, he survived and is expected to return to duty. On February 13th, Detective Kevin Herlihy was fired upon from ten feet away by a violent fugitive he pursued into the subway. Despite being shot in the arm, Detective Herlihy managed to take aim and return fire, striking his assailant three times and wounding him fatally. Then on February 27th, Police Officer Thomas Richards' life was saved when a bullet fired by a gunman he had confronted ricocheted off his belt.

We're grateful for the immense courage of these individuals. Thanks to their efforts and that of their fellow officers, crime rates at the end of 2011 were 34% below what they were ten years earlier. Of even greater significance, there were 5,628 fewer murders between 2002 and 2011 than in the previous decade, a decline of 51%.

One factor that has helped make this historic reduction in crime possible is Operation Impact, which we implemented in 2003. We assign the bulk of every graduating Police Academy class to impact zones where we've measured higher rates of violent crime. We put these new officers under the command of experienced supervisors.

We also rely on a proactive policy of engagement. We utilize the long-established right of the police to stop and question individuals about whom we have reasonable suspicion. In some cases, in which a weapon is suspected, the officer will take the additional step of doing a limited pat-down of the person. Typically, about half of all stops involve this measure. And only 9% involve a more thorough search. Last year, stops by police resulted in the seizure of more than 8,000 illegal weapons, mostly knives, as well as 819 guns. As we've said before, this tactic is life-saving.

Our critics use a thoroughly discredited model of applying pure census numbers to analyze stops by race. RAND, a respected research organization, describes this as the least reliable form of comparison. If we conducted stops according to census data, half of all stops would be of women. Instead, RAND uses the far more reliable benchmark of victims' and witnesses' descriptions of suspects. On the basis of this standard, it has concluded that stops by race comport with crime-suspect descriptions. It also determined that the racial distribution of stops generally reflected the racial distribution of arrestees.

In addition to employing a policy of engagement, we're forging alliances with advocates for public safety in every corner of the city. In 2010, we formed the Brooklyn Clergy Coalition with 28 leaders of African-American churches in the borough. Our goal was to address the disproportionate share of violent crime experienced in their communities. We announced a ten-point plan to engage young people, deter gang activity, and reduce violent crime.

We've placed a major emphasis on better information sharing. The Police Department sends weekly briefings to Clergy Coalition members about homicides and shooting trends in Brooklyn North and Brooklyn South. Members share this information with congregants, so they have an accurate picture of any violent crime that's taking place.

Our Grandmother Empowerment Program, for grandmothers who serve as primary caregivers to at-risk youth, is strong with a core group of about 45 women who meet each month. These gatherings are organized and facilitated by three of the highest ranking women in the Police Department including our Chief of the Housing Bureau, Joanne Jaffe.

Our citywide gun buy backs have been a tremendous success. Since forming the Coalition, we've held six in Brooklyn, including one on January 28th at the Bedford

Central Presbyterian Church. 108 firearms were surrendered that day, bringing the total number recovered through this program to more than 7,600 since 2008.

We've been taking every opportunity to promote interaction between clergy and police, from a joint project to refurbish the library of Bushwick's P.S. 299 to organizing clergy ride-alongs with officers. We've also held three demonstrations at our firing range in which clergy members were able to experience some of the training that officers receive. Lastly, we've hosted six open houses at precincts and police service areas. Our goal is to give clergy members information about the way our precincts work. We want them to know what people can expect when they're arrested or how they go about filing a domestic violence complaint. We want them to be familiar with all the services that we offer the public so that they can share this information with their communities.

Clearly, we're accomplishing much of what we set out to do. But just as clearly, we have a long way to go to protect community residents—especially young men of color—from violent crime. Last year, African-Americans, who represent 25% of the city's population, made up 62% of the murder victims and 74% of the shooting victims. African-American men between the ages of 16 and 37, who are just 4% of the city's population, comprised 38% of those murdered citywide and 44% of those murdered in Brooklyn, the vast majority by gunshot.

In the face of these disturbing facts, we see evidence that our efforts can make a difference. Last year, murders in Brooklyn North fell by 16%. That's almost four times the citywide rate of decline. Among African-American men between the ages of 16 and 37 in neighborhoods where Coalition churches are located the decrease was even more dramatic: 33%. These outcomes are very promising – so much so that Mayor Bloomberg has expressed his desire to expand our Clergy Coalition model to other areas of the city. We're confident that in the year ahead we can build on the progress we've made.

We're also working very hard to strengthen police-community relations by having a Police Department that is reflective of the City itself. In 2006, for the first time in our history, the rank of police officer became majority minority, with more black, Hispanic, and Asian officers than white. In December we graduated a Police Academy class of almost 1,600 officers. They came from 58 different countries and speak 62 languages. In January, we hired an equally diverse class of 900 recruits.

Throughout the hiring process, we do everything we can to assess the integrity of each applicant. We try very hard not to hire our problems. But in an organization as large as the Police Department, where you have people with significant authority earning modest salaries, you're bound to encounter instances of abuse.

In 2011, we saw several unrelated cases of police misconduct that received significant attention and damaged the image of the Department. Because the sentencing and disciplinary processes are still unfolding, I can't speak in detail about individual cases. I can say that whenever we see evidence of police corruption – no matter how large or small – we work methodically to stamp it out.

This effort is driven by our Internal Affairs Bureau. In fact, in all of the recent cases, the Internal Affairs Bureau was responsible for either identifying or bringing to justice the officers involved.

The Department's internal corruption-fighting capacity is proactive and robust. And we've taken a number of measures to make it even more so, increasing the size of the office by more than 100 officers and enlarging its budget by \$25 million in the last ten years. In October we brought on board an experienced prosecutor and former Manhattan Assistant District Attorney to review and help revise the training we provide to Internal Affairs investigators and supervisors.

We're also employing our computerized case management system at every phase of a complaint of misconduct. This provides for stronger controls in managing cases and allows us to tap into the same, centralized databases accessible through the Real Time Crime Center and other data mining applications.

We're optimistic about the application of new technology to various aspects of our mission. We're exploring the use of facial recognition technology in helping with the identification of suspects captured on cameras at banks and crime scenes. We can electronically compare those images to mug shots. And in partnership with the U.S. Department of Defense's Combating Terrorism Technical Support office, we're working to develop a tool capable of detecting concealed firearms and explosives. The device reads a specific form of natural energy emitted by people and objects known as terahertz. If something is obstructing the flow of that radiation, for example a weapon or bomb vest, the device will highlight that object. The development work is moving forward and we hope to utilize the sensor when it meets our distance requirements.

I also want to note that on February 22nd, President Obama signed into law a long-sought provision allocating "D block" radio spectrum for public safety purposes. Over the past several years, the NYPD has advocated strenuously for this legislation, which will enable the country to finally move forward in establishing a truly seamless, broadband, nationwide communications system for all first responders. When completed, it will provide tremendous benefits to law enforcement in terms of crime-fighting and in the event of a natural disaster or terrorist attack.

With a dedicated broadband network, we can better leverage the power of our Real Time Crime Center and tools like facial recognition. We can send information from these sources and others to officers on patrol carrying handheld devices. They'll have every detail they need before arriving at locations such as a residence. They'll know who lives there, whether or not the police have been there before and why, and if any of the occupants inside has an outstanding warrant, an order of protection, or a firearms license. We can provide officers with an immediate, digital snapshot of anyone they detain, including address and prior criminal history. They'll have the capacity to take electronic fingerprints at the scene and compare them instantaneously with those in local, state, and federal databases. This kind of advanced situational awareness is vital to officer safety and to the safety of the public.

I also want to mention the status of a pilot project we implemented in select precincts in the Bronx and Brooklyn to record the post-arrest questioning of those charged with crimes such as felony assault, domestic violence and gun possession. We acquired stand-alone digital recording systems and we began taping post-arrest statements. We supplied those statements to District Attorneys' offices as evidence. While we're optimistic about the results achieved so far, we're also mindful of the challenges and costs involved in deploying the system citywide. As we learned from our pilot, many precinct facilities are old and do not support the technology without significant upgrades. We had to spend more than \$100,000 retrofitting rooms in our pilot commands. The technology is costly and the network architecture it depends upon requires intricate planning. Nonetheless, in the coming months we intend to move forward and to implement this practice in every borough with the help of technical experts. We need to develop a system that will support the more than one hundred locations within Department facilities at which we conduct custodial questioning of suspects.

In 2011, members of the Department were equally focused on counterterrorism. We faced unique challenges associated with the 10th anniversary of September 11th. Our primary focus was the ceremony at Ground Zero which was attended by President Obama and President Bush. But we also needed to secure dozens of smaller events across the City.

This became an even more urgent concern when, three days before the anniversary, we received intelligence about a possible plot to attack the City with a car bomb. This, combined with notes found in Osama Bin Laden's compound advocating a tenth anniversary attack, led us to put extensive security measures into effect. We activated our new Joint Operations Center at Police Headquarters. From this facility, the Police Department and our City, State and federal partners coordinated our response. We also had in place our new World Trade Center Command made up of 220 highly trained and experienced officers. Fortunately, the commemorations at Ground Zero and across the City were as peaceful and dignified as they were intended to be.

That day also marked the opening of the 9/11 Memorial. Since then, the site has drawn more than a million and a half visitors, a further indication of why we need to deploy adequate police resources there. Our goal is to make this highly sensitive area as secure as it can be.

One way we'll do that is through the Lower and Midtown Manhattan Security Initiatives. We currently have more than 2,000 cameras feeding into our Lower Manhattan Security Coordination Center, a number of which are trained on the World Trade Center site. We can program this system to alert us to potentially suspicious scenarios such as a bag left unattended. We also now have the capacity to map any nine-one-one call of a suspicious package, pull up every camera within 500 feet at the time of the lead, and view the video from those cameras in the moments before, during, and after notification was received.

I also want to mention an initiative to integrate portions of our citywide network of Argus cameras into LMSI. We now have all Argus cameras located in Manhattan feeding into our Lower Manhattan Coordination Center. By the end of May, we'll have every Argus camera in the Bronx networked into the Center. We also hope to obtain funding to integrate feeds from every Argus camera located in Brooklyn and Queens into LMSI. We estimate the cost of that project to be approximately \$4 million.

In thinking about our counterterrorism program, it's useful to remember that before 9/11, there were terrorist attacks in each of the decades of the 1970s, 80s, and 90s, including the first attack on the World Trade Center. There have been no successful attacks in the past ten years. It's not as if would-be terrorists aren't trying. To the contrary, they've attempted to kill New Yorkers in 14 different plots, among them, two homegrown plots in 2011.

In May, we arrested Ahmed Ferhani and Mohammed Mamdouh, after Ferhani purchased firearms, ammunition, and a hand grenade from an undercover officer. In the weeks before that, he expressed a desire to blow up a synagogue in Manhattan. Ferhani and Mamdouh are now in custody charged with conspiracy to commit terrorism and other crimes. In November, we stopped another homegrown plot with the arrest of Jose Pimentel at his home in Washington Heights. Pimentel had spoken openly of his plans to attack post offices, police vehicles, and returning soldiers. In August, he began assembling materials to build three pipe bombs. When our officers interrupted him, he'd already drilled holes into elbow joints to accommodate a timing device. He was an hour away from having his first working bomb. On February 29th, Pimentel was indicted on charges of weapons possession and conspiracy as terror crimes.

We have a responsibility as a Department to protect New York from acts of terrorism, and we uphold the law in doing so. In gathering intelligence, we adhere to a set of federal guidelines, the revised Handschu consent decree, which were approved and promulgated by a federal judge. The guidelines recognize the need for the NYPD to be proactive in the investigation of terrorism. They begin with the statement of a general principle, which I'll quote. "In its effort to anticipate or prevent unlawful activity, including terrorist acts, the NYPD must, at times, initiate investigations in advance of unlawful conduct."

This is what Handschu says about the broadest form of intelligence gathering: "The NYPD is authorized to visit any place and attend any event that is open to the public" and "to conduct online search activity and to access online sites and forums on the same terms... as members of the public." The Department is further authorized to "prepare general reports and assessments... for purposes of strategic or operational planning." Anyone who intimates that it is unlawful for the Police Department to search online or map neighborhoods has either not read, misunderstood, or intentionally obfuscated the meaning of the Handschu guidelines.

Handschu specifies four types of investigations that may be conducted. They are: the checking of leads; preliminary inquiries; full investigations; and terrorism enterprise

investigations, which involve two or more individuals. Handschu establishes the requirements for opening and extending each type of investigation.

In order for the Department to follow up on a lead, conduct a preliminary inquiry, or launch a full investigation, the Handschu guidelines require written authorization from the Deputy Commissioner of Intelligence and the Commanding Officer of the Intelligence Division. An internal committee reviews each investigation to ensure compliance, and every single field intelligence report with a possible link to terrorism is evaluated by a legal unit based in the Intelligence Division. As a matter of Police Department policy, undercover officers and confidential informants are not utilized unless they are participating in an investigation authorized under Handschu. Likewise, when we have attended a private event organized by a student group, we have done so only when authorized pursuant to Handschu.

It is also entirely legal for the Police Department to conduct investigations outside of City limits, and we maintain very close relationships with local authorities. We've been working with law enforcement agencies in New Jersey for more than ten years. Through Operation Sentry, an initiative to share terrorism-related information, we partner with 140 other law enforcement and criminal justice agencies, 31 of which are in the State of New Jersey. That includes eight county prosecutors' offices who report directly to the office of the New Jersey State Attorney General.

In June 2010, we arrested Carlos Almonte and Mohammed Alessa at JFK Airport on their way to join the terrorist organization al Shabaab in Somalia. This marked the conclusion of a three-and-a-half year investigation by the FBI and Joint Terrorism Task Forces in New York and New Jersey, the New Jersey Office of Homeland Security and Preparedness, the U.S. Attorney's office, and the New York City Police Department. The case against Alessa and Almonte was developed through the careful work of an NYPD undercover officer who made contact with the men in 2009 and became a trusted confidante.

Let me also add that we work with another 150 agencies throughout the tri-state area to stop a radiological threat from entering New York City. This program is funded by the Department of Homeland Security.

The notion that the Police Department should close our eyes to what takes place outside the five boroughs is folly, and it defies the lessons of history. The plot against the London transit system in 2005 was hatched 180 miles away in the city of Leeds. Faisal Shahzad, who tried to set off a bomb in Times Square in 2010, developed his plot in Connecticut. Najibullah Zazi, who conspired with two high school classmates to bomb the subway system in 2009, assembled his explosive ingredients in Colorado. And the bomb that blew up in the World Trade Center 19 years ago was constructed in New Jersey.

Turning to the Mayor's Preliminary Budget for Fiscal Year 2013, the Department continues to apply for and obtain federal assistance to protect members of the public and vital assets, including the Financial District, the transit system, bridges, tunnels, and ports.

I want to begin by noting the critical support we've received from Secretary of Homeland Security Janet Napolitano and Congressman Peter King, Chair of the House Homeland Security Committee. They have both been instrumental in protecting the flow of Homeland Security funding to New York City, despite significant cuts to the various grant programs nationally.

From Federal Fiscal Years 2003 through 2011, \$3.2 billion in counterterrorism grant funding was received by New York State, of which approximately \$1.8 billion or 55% was allocated to New York City. Of that amount, \$1 billion, or nearly 55% of the funds received by the City, was allocated to the NYPD.

As of today, under the Federal Fiscal Year 2011 appropriations, the NYPD has been awarded \$132 million as compared to a total of \$137 million awarded under Federal Fiscal Year 2010 appropriations. Further, the New York State Division of Homeland Security and Emergency Services has recently notified the Department that an additional \$2 million will be provided from existing surplus funds under the FFY'07 Transit Security Grant program. This funding will be used to extend and expand the deployment of officers to anti-terrorism teams within the transit system for explosive materials detection and monitoring.

The Federal Fiscal Year 2012 Department of Homeland Security preparedness grants total \$1.4 billion, which represents a reduction of nearly \$1 billion from the Federal Fiscal Year 2011 appropriation, and \$1.5 billion below the President's Federal Fiscal Year 2012 request. The full impact of these budget reductions upon the City and the NYPD is not known at this time.

However, under the Federal Fiscal Year 2012 Homeland Security Grant Program, funding for the Urban Area Security Initiative and the State Homeland Security Grant Program were affected as follows:

The nationwide allocation for the Urban Areas Security Initiative grant was reduced by \$172 million or 26%, from \$663 million allocated in 2011 to \$490 million in 2012. Fortunately, the New York State and New York City 2012 allocations, which are \$152 million and \$121 million, respectively, have remained the same as last year.

As for the State Homeland Security Program, the nationwide allocation was reduced by \$233 million or 44%, from \$527 million allocated in 2011 to \$294 million in 2012. However, in this instance, New York State and the City were not spared from cuts under this grant. The New York State allocation was reduced by \$36 million or 39%, from \$91 million in 2011 to \$55 million in 2012. Likewise, New York City's allocation decreased by \$17 million or 39%, from \$44 million in 2011 to \$27 million in 2012.

Under the Transit Security Grant Program, the nationwide allocation was reduced by \$112 million or 56%, from \$200 million in 2011 to \$88 million in 2012. The New York State and City allocations are not known at this time.

Under the Port Security Grant Program, the nationwide allocation was reduced by \$137 million or 59%, from \$235 million in 2011 to \$98 million in 2012, which includes \$58 million for Group 1 port areas comprised of New York, New Jersey, Texas, Washington, Pennsylvania, Delaware, California, and Louisiana.

The nationwide allocation under the Securing the Cities grant increased slightly by \$2 million, from \$20 million in 2011 to \$22 million in 2012.

While these reductions are substantial, totaling approximately \$653 million nationwide, we are hopeful that the impact on the City and the NYPD will be limited since Secretary Napolitano has discretion on how much to fund each program in the law, taking into account the current risk formula under which NYC ranks first in nearly every category.

On December 20, 2011, I wrote a letter to the Secretary requesting that funding under the 2012 Urban Area Security Initiative remain at last year's level and be dedicated to the cities that face the greatest risk. In addition, it was requested that the greater part of the remaining funds be allocated to the State Homeland Security Program and to the Transit Security Grant Program, both critical for the continuation of counterterrorism measures on the streets and in the subways of New York.

Also, in past years, continued funding of transit anti-terrorism teams was contingent on waiver approval by DHS to utilize grant funds in subsequent fiscal years. This waiver was granted in the previous two years to the NYPD. Although under the FFY 2012 Transit Security Grant Program, there is an automatic waiver without the requirement of a request, Congressman Bob Turner, supported by Congressman Peter T. King, Chairman of the House Committee on Homeland Security, introduced House Bill H.R. 3857 to make this a permanent part of the grant procedures starting in 2013.

Beyond these funding and procedural changes, starting with Federal Fiscal Year 2012, the performance period for all Homeland Security grants will be reduced from 36 months to 24 months and the approval of grant extensions will be exceptional rather than routine as in the past. In this regard, requests for extensions of grant performance periods will now require the submission of a detailed procurement plan with a timeline for spending remaining funds.

There will also be significant structural and procedural changes under the Federal Fiscal Year 2013 Homeland Security Grant. The most significant change is the consolidation of 22 separate grant programs including UASI, SHSG, TSGP, and PSGP under one program, the National Preparedness Grant Program. As stated by the Department of Homeland Security in its 2013 National Preparedness Grant Program Vision Document, the consolidation "will enable grantees to build and sustain core capabilities outlined in the National Preparedness Goal instead of requiring grantees to meet the mandates from multiple individual, often disconnected, grant programs."

In the coming weeks, we will submit project proposals to OMB under the Federal Fiscal Year 2012 Homeland Security Grant Program for the continuation and expansion of various counterterrorism projects and initiatives. These include the continuing build-out of the Lower and Midtown Manhattan Security Initiative, the purchase of critical explosive detection, response, and personal protective equipment, salaries of Intelligence Research Analysts, overtime for counterterrorism training and the Joint Terrorism Task Force, and continued maintenance and support for projects and equipment previously funded with Homeland Security Grant Programs.

In addition, the Department is developing applications for submission under the Federal Fiscal Year 2012 Port and Transit Security Grant Programs.

We will continue to advocate with the Congress and the Department of Homeland Security for the funding necessary to defend New York City and its surrounding areas against ongoing terrorist threats.

Regarding the February Financial Plan and its impact on the Police Department:

The Department's FY 2013 budget is \$4.6 billion, of which 94% is allocated for Personal Services and 6% for OTPS. The FY 2013 budget is \$330 million lower than this year's budget of \$4.9 billion. This decrease reflects the gap-closing programs as well as an amount for non-City funds not yet added to the FY 2013 budget.

During the November Financial Plan process, all City Uniformed Agencies were required to submit new budget reduction proposals of 2% in FY 2012 and 6% in FY 2013 with annual recurring savings. The PEG amounts included in this plan total \$8 million in FY 2012, \$75 million in FY 2013, and \$57 million in FY 2014 and annually thereafter.

A summary of the expense reductions and revenue increases included in this plan is as follows:

- The Federal Fiscal Year 2012 enacted Appropriation includes \$27 million for the Protection of Foreign Missions and Officials (PFMO). Of that amount, it is anticipated that approximately \$25 million would be designated for the New York City Area. Consequently, the Department's revenue plan was increased by \$3 million in FY 2012 and by \$15 million in FY 2013 to \$22 million for both fiscal years.**
- The current revenue plan for fees charged to organizers of "Non-Charitable Athletic Parades" for providing traffic control services by the Police Department was adjusted to reflect the directive of the Mayor's Office to delay the fee implementation from January 1, 2011 to January 1, 2012. The revenue collection for FY 2012 is estimated at \$1 million, which is \$400,000 above the current revenue plan. Additionally, since there had been no revenue plan for such fees for FY 2013, that plan was increased by an estimated fee collection of \$4 million.**

- **The funded headcount for the Cadet Program will be further reduced by 77 positions gradually through attrition. This program was previously reduced by 160 positions in the February 2011 Financial Plan. Funded positions will decrease from 117 to: 105 in FY 2012; 93 in FY 2013; 49 in FY 2014, and to 40 beginning in FY 2015. The Housing Bureau's grant-funded program remains funded at 50 Cadets annually. The budget for Cadet salaries and related tuition reimbursements has been reduced accordingly.**

- **OMB has reduced the uniformed overtime budget by \$47 million beginning in Fiscal Year 2013 and the out-years of the Financial Plan. Another \$1 million in FY 2014, \$2 million in FY 2015, and \$3 million starting in FY 2016, is to be saved through anticipated arrest processing efficiencies.**

- **The PS budget was reduced by \$4 million in FY 2012 for savings due to the hiring freeze for non-safety titles from July through December of 2011.**

- **OTPS reductions included another cut to the Department's Recruitment Advertisement budget by \$4 million, leaving a budget of \$2 million in FY 2012 and the out-years.**

Major funding increases provided in the February Plan are as follows:

- **The overtime budget was increased by \$166 million in FY 2012 and by \$175 million beginning in FY 2013. Funding was provided to cover the yearly overtime budget structural deficit and to restore \$56 million of overtime PEGs implemented by OMB in prior Financial Plans.**

- **Overtime funding was also provided by OMB in the amounts of \$8 million for expenses related to Hurricane Irene and \$6 million for expenses related to the Occupy Wall Street protests.**

- **Funding in the amounts of \$47 million in FY 2012 and \$63 million in the out-years was provided to cover the remaining structural deficit in the Personal Service Budget. This deficit is primarily due to the decreases in attrition rates for both uniformed and civilian personnel and variances from other assumptions used by OMB in previous budgetary actions to meet PEG targets.**

- **Funding for the maintenance costs associated with the Property and Evidence Tracking System (PETS) was provided in the amount of \$2 million in FY 2012 and \$1 million in FY 2013 and the out-years.**

- **\$3 million was restored for continued equipment maintenance and support costs for the E911 system for the period of January to June 2012 due to the delay in the operational transfer of the Emergency Communications Transformation Program to DoITT. At this point the contract will be assigned to DoITT.**

Prior year PEG cuts have reduced the number of full-time civilian positions by 1,475 in FY 2012 and the out-years. The number of funded full-time civilian positions is 14,411 in FY 2012, 14,107 in FY 2013 and 14,105 beginning in FY 2014.

Since FY'08, the civilian part-time staffing has been reduced by 571 positions including 547 Cadet positions. The part-time budget currently funds 2,515 positions annually, consisting of School Crossing Guards, Cadets and College Aides.

There were no changes to the uniformed staffing levels in FY 2012 and in the out-years under the current plan. The uniformed authorized headcount and projected recruit classes are as follows:

- The budgeted peak headcount remains at 35,367 in FY 2012 and FY 2013, but decreases to 35,263 in FY 2014 due to the expiration of ARRA “stimulus” funds under the Federal Fiscal Year 2009 Transit Security Grant Program for 104 officers assigned to protect the NYC transit system.
- The July 2011 Police Officer class size was 1,631 recruits, of which 1,519 graduated in December. The January 2012 Police Officer class size was 898 recruits.
- We anticipate hiring approximately 895 police recruits, plus backfill for Academy attrition, in July 2012. In addition, we anticipate hiring a class of 1,125 recruits in January 2013.
- The FY 2012 average headcount is estimated to be 34,863 which represents an increase of 32 positions as compared to the FY 2011 average headcount of 34,831.
- The projected attrition is approximately 1,978 in FY 2012 and 1,741 in FY 2013. The size of police classes is based on the funded peak headcount and the replacement of attrition that has occurred since the previous class.

Overtime costs in FY 2012 are projected to total \$585 million, which is \$34 million more than the FY 2011 actual expenditures of \$551 million. However, collective bargaining adjustments account for \$5 million of the increase and Occupy Wall Street added another \$17 million to this year’s cost. Approximately \$100 million of the FY 2012 overtime costs will be funded through grants and other reimbursements. After accounting for these items, as well as all labor contract increases since 2004, we are on pace to spend only about 3% more than our 9-year overtime average, at a time when police and civilian staffing levels have been reduced by thousands.

The current FY 2012 overtime budget will total approximately \$584 million. As a result of the additional funds provided by OMB to cover the overtime budget structural deficit, the projected overtime deficit is only \$1 million. However, unplanned events that may occur during the remainder of the fiscal year will increase overtime costs. I applaud OMB for providing a realistic overtime budget that is in line with actual overtime costs.

The FY'13 overtime budget of \$495 million is \$89 million lower than the current FY 2012 budget of \$584 million. The decrease is mainly due to non-City overtime funds not included yet in the FY 2013 budget and the \$47 million overtime PEG that OMB included in the current plan.

As always, we will work to achieve overtime savings wherever possible. Since 2002, our uniformed deployment to Planned Events has been reduced due to careful management efforts. As a result, overtime costs for this category decreased by a cumulative total of \$205 million through Calendar Year 2011. We expect to continue saving approximately \$21 million each year when compared to the amount spent in 2002 for these same events.

On February 2nd, the Mayor also released the FY 2013 Preliminary Budget and January Capital Commitment Plan. It totals \$530 million for the Police Department covering Fiscal Years 2012 to 2016. In this plan, the Department was able to secure an additional \$18 million in capital funding over and above the four-year September Capital Plan for the following projects:

- \$17 million was provided to fund critical upgrades to the Department's network infrastructure necessary for continued/on-going IT operations.**
- \$600,000 was provided to fund the purchase of ARGUS cameras for use within the confines of the 46th precinct in the Bronx. These funds were provided by OMB in advance of funds that will be allocated in the FY 2013 Adoption process by Council Member Cabrera.**

Other changes approved in the Capital Plan to address budget priorities include internal budget reallocations totaling \$6 million to fund various critical facility needs and vehicle and equipment purchases.

The FY 2012 to FY 2016 Capital Plan maintains funding for the following major facility projects:

- Design and construction of the new Police Academy is budgeted at \$40 million in FY' 2012 and in FY 2013 which supplements \$711 million budgeted in prior fiscal years. Construction of the new facility has begun and is scheduled to be completed in December 2013.**
- Construction of a new Tow Pound in Queens is budgeted at \$5 million in FY 2012 which supplements \$23 million budgeted in prior fiscal years. Construction started in September 2009, was completed in December 2011, and became operational on January 24, 2012.**
- Design and construction of the new 121st Precinct is budgeted at \$3 million in FY 2012 which supplements \$61 million budgeted in prior fiscal years. Construction of the new facility has begun and project completion is scheduled for November of 2012.**

- **The restoration and renovation of the landmark Central Park Precinct is budgeted at \$1 million in FY 2012 which supplements \$57 million budgeted in prior fiscal years. Construction started in September 2007 and the remaining site work and demolition of the temporary facility is scheduled for completion in July 2012. Since the work is almost complete, precinct personnel moved into the facility in January 2012.**

This concludes my prepared statement. At this time, I'll be pleased to answer any questions you have.