



**NEW YORK CITY COUNCIL
COMMITTEE ON OVERSIGHT AND INVESTIGATIONS**

**TESTIMONY OF JOCELYN E. STRAUBER
COMMISSIONER, NEW YORK CITY DEPARTMENT OF INVESTIGATION**

**CONCERNING THE FISCAL YEAR 2024 PRELIMINARY BUDGET
AND THE FISCAL 2023 PRELIMINARY MAYOR'S MANAGEMENT REPORT**

TUESDAY, MARCH 7, 2023

Good afternoon. My name is Jocelyn Strauber and I have the privilege of serving as the Commissioner of the Department of Investigation (“DOI”). Thank you, Chair Brewer, and the members of the Committee on Oversight and Investigations for holding today’s hearing on DOI’s Fiscal 2024 Preliminary Budget and for inviting me to testify. I appreciate the opportunity to speak to you today about DOI’s work over the past year and how I plan to ensure that we can continue to effectively fulfill our mission in the future.

Over the past year, I have worked with my executive team to chart a clear path forward for DOI as we, like other City agencies, navigate fiscal and staffing challenges. My goal is to ensure that we continue to conduct investigations and make recommendations that have a meaningful impact — furthering transparency, improving City government, and ensuring that the City’s most vulnerable are well and equitably served by City agencies.

These principles are the foundation of DOI’s work, and are as important today as they were 150 years ago when DOI was established.

While our staffing and budgetary realities are complex and challenging, we have used them as an opportunity to think creatively about our work and to make our processes more efficient. At each investigative stage, from intake onward, my goal is to focus DOI’s resources on the most significant matters, where we anticipate either a criminal referral or significant policy and procedural recommendations, and to take targeted investigative steps as efficiently as possible so that we can promptly complete our investigations and issue any recommendations. To accomplish this, we have:

- Restructured our case review process to facilitate even closer oversight of ongoing investigations by our Inspectors General and Executive Team;
- Deployed our Data Analytics Unit to more quickly assess the extent of potential misconduct, with a focus on significant monetary loss, and to proactively identify potential red flags for further investigation;
- Refocused the Inspectors General and their teams on the writing of public reports and streamlining that process and we are on track to issue more reports this year;
- Implemented an in-house Investigative Officer Training Academy to train junior investigators at the beginning of their tenure to ensure consistent excellent work product agency-wide;
- Improved our recruitment efforts by cementing our relationships at local law schools and area colleges and universities, expanding our participation in career fairs, and increasing the range of on-line recruiting platforms where we post positions, among other efforts;
- Strengthened retention by implementing a promotional structure that provides investigators with advancement opportunities and a mentorship program that assigns newly-hired investigator-mentees to veteran investigator-mentors;
- Maintained a robust, year-round intern program and participated in the Civil Service Pathways Fellowship Program and the Mayor’s new Legal Fellows program;
- Deepened our relationships with prosecutors and law enforcement partners; and
- Fostered more solid relationships and better communication with City agencies and City Hall, because their leadership plays a critical role in our anti-corruption mission.

Today I will discuss DOI’s budget and staffing numbers, our work this past year, and my vision for the future.

DOI's FY 2024 Preliminary Budget

DOI's Fiscal Year 2024 Preliminary Budget is \$45.27 million: \$23.87 million for personal services and \$21.40 million for other than personal services. DOI anticipates receiving an additional \$1.6 million dollars in Intra-City funds from other agencies that support a portion of our staffing at the start of Fiscal 2024. The total Fiscal 2024 budget will support 465 employees – 315 funded by DOI's budget, and the remainder through the Memoranda of Understanding ("MOU") arrangements with other City agencies and public authorities, including the New York City Housing Authority ("NYCHA") and NYC Health + Hospitals.

The Fiscal 2024 budget is approximately ten percent less than our current Fiscal 2023 budget. It is important to note that in the past two fiscal years, 86 budgeted positions have been cut from DOI's budget (about 21 percent of our staff), resulting in over \$7 million in cost savings for the City. The recent 50 percent vacancy reduction in the January 2023 Program to Eliminate the Gap (PEG), hit DOI particularly hard because we already had a high vacancy rate due to difficulties in hiring and retaining staff over the past several years. DOI is staff-driven, not program-driven, so our PEG cuts principally impact our headcount.

I am extremely grateful for the Council's support last year for DOI to receive an additional 18 positions that were included in DOI's adopted budget for Fiscal 2023. That funding was not baselined, unfortunately, and was for Fiscal Year 2023 only. Therefore, we were not able to hire for those positions. DOI's need for that investigator headcount remains, as I will discuss in a moment.

The Year in Review

This past year has been an incredibly rewarding experience as Commissioner of DOI. I am grateful for the opportunity to work with DOI's committed, talented, and rigorous staff every day. They are the true heart of this agency. The range of oversight work that they do is astounding — pursuing corruption, fraud, waste, and a range of other misconduct. They build cases that lead to prosecutions, as well as disciplinary and administrative action, and they develop policy and procedural recommendations for reform, and teach our fellow City employees about their important role in DOI's anti-corruption work.

In 2022, DOI conducted an array of investigations with our prosecuting and law enforcement partners and with the cooperation of many City agencies. Let me tell you about some of that work:

- The City's jails are, and have been, a key focus for DOI. Our work to identify and impede the flow of contraband into the City's jails, which destabilizes the environment and jeopardizes the lives of officers and persons in custody, led to convictions of two City Correction Officers who accepted bribes in exchange for smuggling cell phones and narcotics to members of the Bloods gang incarcerated on Rikers Island.

Another DOI investigation led to charges against a Correction Captain and three Correction Officers for reckless endangerment, in connection with an inmate's 2019 suicide attempt. Another investigation resulted in federal fraud charges against three Correction Officers for lying to the Department of Correction in order to take over a year of sick leave amid the staffing crisis on Rikers Island.

DOI's work with our prosecuting partners and the Department of Correction to expose wrongdoing that undermines safety in our City's jails is very much ongoing.

- DOI investigates construction-related fatalities that involve potential criminal conduct. In 2022, our investigations led to a Flatbush landlord's conviction and six-month jail sentence in connection with the death of a tenant in a fire at an illegally subdivided Brooklyn apartment building. Another investigation resulted in charges against a construction company and its owner for allegedly causing the death of a five-year-old girl struck by portions of a wall constructed in violation of the City Building Code. And another investigation resulted in charges against a Brooklyn scaffolding

March 7, 2023

company and its foreperson for reckless endangerment and criminal mischief in a scaffolding collapse that left a woman seriously injured.

- DOI protects the wages of workers on City projects and assists in returning stolen wages to those workers. One wage-theft investigation resulted in charges against a Long Island man who allegedly stole thousands of dollars in a kickback scheme victimizing workers on a School Construction Authority project in Queens; another resulted in charges against an electrical company for allegedly stealing \$1.7 million in worker wages on school and NYCHA projects. In one prevailing wage case, our investigation resulted in the return of \$900,000 to 200 NYCHA construction workers denied the prevailing wage rate by an electrical contractor.
- Other criminal investigations led to charges involving theft from the City's pension fund and a \$5.4 million scheme to defraud a City program for homeless veterans.
- DOI's investigations lead to impactful results, deterring future wrongdoing and returning funds to the City. This year, for example, a former CEO of a City-funded nonprofit was convicted of a bribery and kickback conspiracy involving contractors of his nonprofit and received a 27-month federal prison sentence; four defendants pled guilty to a \$400,000 fraud involving the COVID-19 hotel room isolation program; one New Jersey man pled guilty to a scheme to defraud the City during the pandemic of tens of millions of dollars; and a City Parks and Recreation contractor pled guilty to a \$1 million insurance fraud and is now required to pay \$1.2 million in restitution and is barred from certain City contracts.

These are some of the highlights of our publicly-announced investigations, providing insight into a slice of what DOI does. In 2022, DOI had an active investigative docket of more than 1,500 cases; we reached nearly 47,000 City employees through our corruption-prevention module, webinars and in-person lectures; and we collected nearly \$2 million for the City as a result of our investigations. We continued to shrink the backlog of our background investigations, closing 928 more investigations. Currently, DOI has 795 remaining background investigations, a sharp decrease from the 2019 high of 6,500, and our work to close those investigations continues.

Moving DOI Forward

DOI's active headcount was 546 in Fiscal 2020 and today it is 412. Decreases in headcount are not the only challenge; DOI has just over 60 vacant positions as we sit here today. These positions include investigators, auditors and attorneys — critical staff for the work that we do. DOI is actively recruiting to fill these vacancies through our ramped-up recruitment efforts. But, even when we fill them, we will have 84 fewer people working at DOI than we had four years ago, which, given our size, has an undeniable impact.

To address this issue, we are, as I said initially, seeking to be more targeted and efficient, to use our investigative resources as effectively as possible, and to prioritize matters of greatest impact. However, our workload remains steady with many key indicators in Calendar Year 2022 staying level or increasing, such as complaints made to DOI, our active investigative docket, and the number of cases opened and closed. I believe that to fully fulfill our mission, and to operationalize certain measures intended to promote efficiency, DOI will need more staff in our investigative squads and in other areas across the agency.

Our plan calls for 30 additional baselined headcount, a total cost of \$1.7 million. This includes hiring personnel to handle certain administrative tasks, so that our investigators who currently do that work can focus fully on their investigations. To do so, DOI will expand our centralized Complaint Intake Unit, adding five new administrative staff members dedicated to receiving and documenting complaints. Currently, our investigators spend up to 20 percent of their time each year on complaint intake tasks, time better directed to moving their investigations forward.

Our plan also calls for hiring four data entry clerks to handle the input of extensive investigative data into DOI systems. This work is currently handled by our data analysts, investigators, and auditors, detracting from the time spent on analytical investigative work. These hires will benefit DOI's Data Analytics Unit in particular. That Unit was established in Fiscal Year 2021 and supports the squads' proactive and other investigations by doing deep dives into various data sources, mapping information, and conducting analysis to identify corruption-related red flags and potential patterns of misconduct. To give just one example, the Unit is involved in our in-depth examination of City-funded provider contracts at the Department of Homeless Services.

Another component of the plan is to hire 20 additional staff to support our investigations — principally confidential investigators, but also auditors, lawyers, and others with specialized expertise. We will deploy these new staff across our squads, with six going to Squad 10 which oversees the four agencies that handle some of the City's largest capital projects, namely the departments of Transportation, Environmental Protection, Design and Construction and Parks and Recreation. The vast amount of capital projects these agencies manage — collectively more than \$6.76 billion — was the reason DOI established Squad 10 to oversee this group of agencies. That Squad has not been fully staffed to date which has hampered its ability to strategically establish its docket. The Council recognized the importance of this work last year and advocated for positions to be used, in part, to fully staff this Unit. However, as I mentioned earlier, because the positions were not baselined, DOI could not fill them.

Two of the 20 investigators would be dedicated to DOI's Vendor Integrity Unit that oversees the agency's Integrity Monitor Program. This Program enables the City to enter into or continue contracts with companies that might otherwise be precluded from doing business with the City because of integrity issues and also proactively monitors large-scale City capital projects. There are currently ten monitorships in place, an increase from prior years, and we anticipate at least three more coming online in the next year, including a monitor for the Borough-Based Jails program.

While human capital is the lifeblood of our agency, our investigators' work is supported by critical technological infrastructure. This year, DOI plans to purchase a new Case Management System and is requesting \$700,000 in capital funding to do so. Our current system, which is over a decade old, lacks key functionalities, including readily accessible records and case files, streamlined export capability for production of discovery, and the ability to easily generate statistical and other information.

We are thankful to OMB for considering these requests and we look forward to continuing our productive conversations with them about our needs.

Conclusion

DOI is proud to protect the City's funding and services, and the City's dedicated workforce, from those corrupt actors who would deplete City resources and unfairly undermine the reputation of all City workers. I thank you for your support of our mission and our staff, and for considering our plans to ensure that DOI can continue to fulfill that mission as we embark on our next 150 years.

Thank you for your time and I am happy to take any questions you may have.