



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

**TESTIMONY OF JOCELYN E. STRAUBER
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CONCERNING THE FISCAL YEAR 2023 PRELIMINARY BUDGET

TUESDAY, MARCH 15, 2022

Good morning Chair Brewer and members of the Committee on Oversight and Investigations. My name is Jocelyn Strauber and I am the Commissioner of the New York City Department of Investigation (“DOI”). I have been in this role just over two weeks, but in that short time I have been able to meet members of the staff, to familiarize myself with the structure of the agency and to begin to dig into the many ongoing investigations. I have much more to learn, but I am already inspired by the people that I have met and the important work that they are doing. I want to emphasize how honored and humbled I am to have an opportunity to lead this agency that has been serving New York City, protecting it from corruption and misconduct, and safeguarding public funds for nearly 150 years. That mission has never been more critical, as the City continues to grapple with the social and financial impact of the pandemic.

DOI’s investigations can result in various civil and criminal enforcement actions. DOI also makes policy and procedure recommendations to improve City operations and to address corruption vulnerabilities that we have identified through our investigations. The New York City Charter establishes DOI’s independence; and the dedicated DOI staff ensures that we act with independence, in the investigative work that we do every day. At DOI we follow the facts wherever they lead, without fear or favor and regardless of the nature or identity of the subjects involved, and we strive to maintain the highest standard of ethics and fairness in the conduct of our investigations.

We seek to be as transparent as possible with the public about our work without compromising our investigative mission. As a former federal prosecutor, like many of the DOI Commissioners before me, a commitment to DOI’s crucial independence and to doing the right thing, in the right way, for the right reasons guides my leadership of this agency.

Today I’d like to speak with you about the reductions DOI has made to its budget, in Fiscal Year (“FY”) 2022 and for FY 2023, and the impact of those reductions. I will also highlight some of DOI’s high-priority work and I’ll share with you my preliminary plans for the agency, which include building our investigative ranks and strengthening our organizational structure to improve retention of our investigators – a key to our success. After consulting with my executive team, I believe these improvements are necessary for DOI to best accomplish its mission. I want to be up front with you that these improvements will require additional staff and a new promotional structure for investigators that will cost approximately \$1.3 million dollars. This additional funding would make a very significant contribution to DOI’s ability to do its work at an optimal level, both now and in the future.

Please know that I appreciate the tough financial times we are in and that virtually all agencies are being asked to cut back. But I believe it is important for this Committee to understand from DOI’s perspective what we feel is needed to best meet the City’s needs.

Costs for Fiscal Years 2022 and 2023

I would like to start with a review of DOI’s budget numbers as they now stand, which provide essential context for the budget reductions we have made and our requests for additional funding – our “new needs” requests.

DOI’s current expense budget for FY 2022 is \$58.2 million dollars: \$29.4 million of that number is Personal Services – as you know that’s salaries for DOI staff. 517 employees report through DOI’s chain of command; about half of those positions are funded by DOI’s budget, and the remainder through financial arrangements with other City agencies or public authorities. The FY 2022 budget includes \$28.8 million dollars for Other Than Personal Services – essentially our expenditures other than salaries: \$3 million of that funds a mayoral initiative to conduct a comprehensive review of City-funded non-profit homeless service providers – the funds are used to hire two Integrity Monitors.

The FY 2022 budget numbers I just discussed include reductions to DOI’s budget of nearly \$1.2 million dollars, made in connection with the City’s most recent Program to Eliminate the Gap (“PEG”). That reduction is in addition to DOI’s previous reduction commitment in FY 2022 of \$490,000 dollars, for a total savings of approximately \$1.7 million dollars in FY 2022. DOI has no programs to cut, so to meet the bulk of our budget reductions over the years we had no other choice but to cut staff. In FY 2022, we therefore achieved savings by cutting our full-time staff positions from 385 to 352, eliminating 33 positions that were

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vacant due to staff attrition but that we had otherwise planned to fill, and that is on top of the 20 additional positions we lost due to other reduction requests since FY 2020. That means in the past two years, DOI has lost a total of 53 positions. These cuts will result in reductions to our budget until at least 2026. Along with other surpluses realized in DOI's budget, these reductions will help us meet our savings goals in FY 2023 through FY 2026.

In FY 2023, DOI will reduce our budget by approximately \$1.97 million dollars. That reduction will come in part from the 33 positions we have eliminated already, and we will evaluate other discretionary spending that we can cut, such as re-negotiating some contracts. Our proposed budget for Fiscal Year ("FY") 2023 is \$49.2 million dollars: \$28 million for Personal Services and \$21.2 million for Other Than Personal Services. When the fiscal year starts in July, DOI anticipates receiving \$4 million dollars in forfeiture funds (principally federal forfeiture that resulted from the criminal investigations we conducted and which can be used for law enforcement purposes other than salaries) and \$1.8 million dollars in Intra-City funds that support staffing. These additional funds would supplement DOI's budget, bringing it to \$55 million dollars for FY 2023, and would maintain our staffing at about the same level as it was in FY 2022.

DOI worked hard to make these budget reductions and we are proud to do our part to help the City close the deficit. But I cannot emphasize enough the deep impact that the loss of staffing has on DOI's ability to fully meet its mission and mandate. It is my belief that the City receives an invaluable return from each investigator, namely in the identification and prevention of corruption, waste, fraud, and abuse.

DOI's Impact and Our Ongoing Work

DOI's investigations in the past year demonstrate the important role we play in ensuring that New Yorkers have the honest government they deserve. To give just a few examples, in 2021 we investigated construction-related misconduct, alleged attempts to bribe City employees in connection with procurement, and individuals who took advantage of vulnerable New Yorkers in need of housing. We also focused on schemes related to the Covid pandemic, including the submission of fake vaccination cards to City agencies. One matter that we worked with the United States Attorney's Office for the Southern District of New York and the Office of Inspector General for the U.S. Department of Labor resulted in charges against four individuals who falsely claimed to be healthcare workers and sold hotel rooms intended for Covid isolation to ineligible individuals, defrauding the government of approximately \$400,000 dollars. COVID-19-related fraud remains an active area of investigation for DOI.

Now let me turn to a few specific priority areas:

DOI's Ongoing Work Regarding the City's Jails

The flow of contraband into the City's jails has long been a DOI focus, an illegal trade facilitated by visitors, tainted mail and in some cases, employees and officers of the Department of Correction. This illegal activity not only damages the reputation of the Department and the vast majority of its employees who are honest public servants, it also makes their jobs even more dangerous and challenging. Most recently, in partnership with the U.S. Attorney's Office for the Southern District of New York and the FBI, our work led to arrests of nine current and former Correction employees and officers charged with taking cash bribes in exchange for smuggling scalpels, drugs, and cellphones to inmates.

DOI has sought to improve conditions in the City jails in other ways as well. When concerns were raised about correctional staff missing work without a legitimate reason, leaving their fellow officers in a dangerous situation due to under-staffing, DOI conducted more than 6,000 home visits to correctional staff to verify the reason for their absence. This examination, which included conducting surveillance and a review of relevant documents, uncovered hundreds of violations of Correction Department regulations and led to suspensions, resignations, and the return of more than 200 officers and staff to their posts.

DOI also monitors complaints relating to excessive force, sexual abuse and sexual harassment within the jails – well over 2,000 such complaints per year. These reviews have led to policy and procedural recommendations to rectify systemic shortcomings, administrative enforcement actions, and criminal referrals to prosecuting authorities. One such referral led to an unprecedented prosecution, handled with

the Manhattan District Attorney's Office, in which a uniformed Correction supervisor who allegedly issued orders that prevented officers from saving an inmate's life was charged with criminally negligent homicide and making a false filing.

Comprehensive Review of City-funded Homeless Service Providers

Let me take a moment to discuss tackling corruption in the public funding of nonprofits that provide essential services to New York City, which has long been part of DOI's core mission. In November 2021, DOI issued a comprehensive report proposing improvements to the City's budgeting, invoicing, and auditing of billions of dollars in nonprofit human service contracts that the City awards. And, just last month, the former CEO of the City-funded Bronx Parent Housing Network ("BPHN") pleaded guilty to conspiracy to enrich himself in a bribery and kickback scheme, in connection with an investigation we conducted with the U.S. Attorney's Office for the Southern District of New York. Because the nonprofit provides critical services, and the City wanted to continue working with it, DOI recommended and secured an Integrity Monitor to oversee its operations, reporting to DOI.

In light of that criminal investigation, and ongoing concerns about City-funded homeless service providers, in February 2021 DOI embarked on a comprehensive review of these providers, a herculean and unprecedented task. The City Department of Social Services ("DSS") worked with DOI to identify almost 70 Department of Homeless Services ("DHS") shelter providers for review, and DOI procured two integrity monitors to provide forensic accounting as well as investigative support. DSS is leading a review of the providers' sexual harassment policies, also with the monitors' support. DOI's review is intended to identify any issues that may reflect on the provider's integrity or violate City contracts, such as conflicts, related party transactions, nepotism, or financial mismanagement. As DOI reviews the materials obtained from these providers, it will determine the appropriate next steps, driven as always by the facts we find.

The Office of the Inspector General for the NYPD

As this Committee is aware, DOI conducts investigations and makes recommendations related to the policies and practices of the New York City Police Department through DOI's Office of the Inspector General for the NYPD. In December 2020, as part of DOI's investigation of the NYPD's response to the George Floyd protests, we also examined the history and current state of affairs of police oversight in New York City. Among other things, we recommended that the Mayor and City Council consider consolidating existing police oversight functions into a single agency, headed by an independent board. I believe consolidating these currently overlapping functions has merit, and I continue to study the new structure that the report proposed, recognizing that change along these lines must have the support of the Mayor's Office and the City Council, and will take considerable time to thoughtfully implement.

In the meantime, I want to assure the Council and all New Yorkers that DOI will continue to provide robust oversight of the NYPD. To that end, I have already met with the Acting Inspector General for that Unit and am in the process of reviewing their ongoing matters. Prior to my arrival, DOI began taking steps to fill the Inspector General position, and I am committed to hiring a high-quality candidate with relevant law enforcement experience who understands the complexities of police oversight in New York City as well as how to advance investigations.

Successfully Tackling the Background Investigation Backlog

You are aware of DOI's background investigations backlog, and our efforts to address that in recent years. I am proud to report on the success of those efforts. DOI began tackling these backlogged investigations in the summer of 2019. We hired additional investigators with extra funding provided by the City and supported by City Council. DOI re-structured the background unit and in just over 2 and ½ years, we have cut the backlog by 75%, from 6,500 open backgrounds in the summer of 2019 to approximately just under 1,600 currently open. We expect to complete the remainder in the next 18 months. With respect to new background applications, in FY 2022, our average time to completion is 73 days.

DOI's Eyes and Ears

Let me speak for a moment about DOI's use of monitors. Our Integrity Monitorship Program has been used in dozens of oversight matters, and allows DOI to expand its oversight of critical contracts and large infrastructure projects and thereby help prevent and deter wrongdoing. This program also enables companies with integrity issues to continue to do business with the City if they fund an independent monitor to oversee their projects, reporting to DOI.

Currently, there are 11 integrity monitorships that report to DOI: seven paid for by the vendors and four paid by the City. DOI maintains regular contact with the monitors to stay informed of any issues identified, to plan next steps and to ensure the monitors' work aligns with DOI's expectations.

Strengthening DOI's Structure and Related New Need Requests

Let me now address our "New Need" Requests. Over the last two weeks I have worked with my executive team to better understand the challenges that DOI is currently facing, and the improvements we need if we are to maintain and strengthen our ability to pursue our core investigative mission. Simply put, to do this work as well and as thoroughly as possible, we need to hire and train more people, and we need to retain those people. That's the basis for the majority of our funding requests, which I'll walk through now.

Establishing a Salary Structure for Investigator Titles and the Need for Investigators

While all of DOI's staff is critical to our success, investigators are foundational to our mandate. While we recognize the need for budget cuts in the current environment, City-wide, it is important to note that these cuts impact our agency differently. They have left many of our squads seriously understaffed, limiting our investigative capabilities. DOI can and will continue to adapt to our current staffing, to the best of our ability – but we will need to make very hard choices without additional personnel.

As I said at the outset, we request an additional \$1.3 million dollars to make certain improvements to both staffing and structure. We will use these funds to hire 12 additional investigators at the entry level, six other investigative staff – 3 auditors, 2 attorneys and an engineering auditor – and to fund the promotion of certain existing staff.

1: Investigative Staffing and Structure

First, DOI seeks funding to implement a title structure and path to promotion within the agency that we believe will reduce the current rate of attrition. Over the last 20 months, due to attrition and hiring restrictions our Staff was reduced by approximately 16%. The attrition is due in part to the lack of a transparent and consistent title structure for investigators across the agency and thus an absence of clear opportunities for advancement. Furthermore, with respect to some of our investigators, their experience does not currently align with their title and salary. Therefore, we plan to create a consistent three-tier title structure and to bring experience, title and salary into alignment. This plan will require that we promote – and give raises to – certain members of our staff and will require approximately \$200,000 dollars in additional funding. We anticipate that this shift will directly and positively impact retention and recruitment.

Second, we seek funding to hire additional investigators.

To meet these needs we are seeking approximately \$1.1 million dollars for an additional 18 investigative lines:

- Twelve entry-level investigative hires who will be trained together as part of a new program that aims to provide a common understanding of investigative best practices and prepare these new investigators for assignment to any squad within DOI.
- Six additional investigators to join one of our recently established squads that focuses on the large, infrastructure agencies within the City, including the Department of Environmental Protection and the Department of Design and Construction.

2. Requirements that DOI Must Meet

We note that DOI also seeks funding to meet the City's requirements and best practices concerning confidential and sensitive data storage, as well as to comply with the newly enacted Executive Order 86 concerning the retention of an outside auditor to review DOI's compliance with certain data access procedures. To meet these requirements, we are asking for an additional approximately \$709,000 dollars.

DOI's mission and investigations transcend any one administration or Commissioner, and over the last two weeks, I have seen the importance of DOI's legacy and its day-to-day impact on New York City. I am committed to continuing its vital work and I am grateful for this Committee's support

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