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**Testimony of IBO Director Ronnie Lowenstein
To the New York City Charter Revision Commission
On Their Preliminary Recommendations on Fiscal Stability**

June 27, 2005

Thank you Chairwoman Fuchs and members of the Charter Revision Commission for the opportunity to comment on your preliminary recommendations. I would also like to thank the Commission and its staff for the time they have spent discussing these issues with IBO over the past few months.

The Financial Emergency Act (FEA) has been of tremendous value to the city. The provisions that the Commission proposes importing from the FEA into the Charter on year-end budget balance, the four-year financial plan with regular updates, and the restrictions on the use of short-term debt, will help ensure the continued sound financial management the city has enjoyed under the FEA. IBO supports the Commission's efforts to ensure that these important provisions of the FEA are included in the Charter.

But as I emphasized in our March testimony, another critical element in the success of the Financial Emergency Act has been the Financial Control Board's (FCB) very strong power to access the information necessary to carry out its functions. The Financial Emergency Act gives the FCB the authority to acquire whatever records and reports from the city it "deems necessary or desirable." The information must be made available on a schedule that meets FCB's needs and the information is shared with the Comptrollers, IBO, and the general public.

Decades of FCB requests for data, reports, and meetings have produced an on-going, routine stream of information that has allowed fiscal monitors and others to form sound, independent judgments about the city's fiscal condition. It is very possible that the control board's strong access to information has been as important to the success of the FEA as the threat of a control period.

The Commission has taken a step towards recognizing the importance of access to information by guaranteeing the availability of one report—the monthly financial plan reconciliation. But the reconciliation report is just a fraction of the routine flow of information IBO and others rely on to monitor the city's fiscal condition. Attached to this testimony is a list of the major reports we currently receive from the Administration; all of these documents—plus access to other data and meetings—are used to produce IBO's Charter-mandated work.

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When the Commission held its forum on the topic of fiscal stability in March, IBO stressed that the city's ability to manage its own fiscal affairs without *state* oversight would depend on continued strong *local* oversight by IBO and others. But strong local oversight of the city's budget and finances depends on continuing the existing flow of information that accompanies each financial plan modification. This information, which is now routinely produced and disseminated within days of the delivery of the financial plan to the Financial Control Board, is crucial to our ability to form a sound, unbiased assessment of the city's finances.

IBO respectfully requests that the Commission spell out some mechanism—preferably within the Charter itself—for continuing the seamless flow of the information needed to monitor the city's finances. The City of New York can manage its own fiscal affairs without state oversight, but only if the local oversight agencies are guaranteed routine access to all the information needed to do the job well.

Thank you and I would be pleased to answer any questions.