

BEFORE THE NEW YORK STATE SENATE FINANCE  
AND ASSEMBLY WAYS AND MEANS COMMITTEES

---

JOINT LEGISLATIVE HEARING

In the Matter of the  
2016-2017 EXECUTIVE BUDGET  
ON LOCAL GOVERNMENT OFFICIALS/  
GENERAL GOVERNMENT

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Hearing Room B  
Legislative Office Building  
Albany, New York

January 26, 2016  
10:10 a.m.

PRESIDING:

Senator Catharine M. Young  
Chair, Senate Finance Committee

Assemblyman Herman D. Farrell, Jr.  
Chair, Assembly Ways & Means Committee

PRESENT:

Senator Liz Krueger  
Senate Finance Committee (RM)

Assemblyman Robert Oaks  
Assembly Ways & Means Committee (RM)

Assemblyman Michael Benedetto  
Chair, Assembly Cities Committee

Senator Kathleen A. Marchione  
Chair, Senate Committee on Local Government

Assemblyman William Magnarelli  
Chair, Assembly Local Governments Committee

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1-26-16  
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4 PRESENT: (Continued)

5 Assemblyman Michael J. Cusick

6 Senator Andrew J. Lanza

7 Senator Tony Avella

8 Senator Diane Savino

9 Assemblyman David Weprin

10 Assemblywoman Catherine T. Nolan

11 Assemblyman Jeffrion L. Aubry

12 Senator Gustavo Rivera

13 Senator Martin Golden

14 Assemblyman James F. Brennan

15 Senator Adriano Espaillat

16 Assemblywoman Rebecca Seawright

17 Assemblywoman Latrice Walker

18 Senator Ruben Diaz

19 Assemblywoman Nily Rozic

20 Assemblyman Felix Ortiz

21 Senator Brad Hoylman

22 Assemblyman Luis Sepulveda

23 Senator Timothy Kennedy

24 Assemblywoman Rodneyse Bichotte

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4 PRESENT: (Continued)

5 Senator Andrea Stewart-Cousins

6 Assemblyman Keith L. Wright

7 Assemblyman David F. Gantt

8 Senator Bill Perkins

9 Senator Daniel Squadron

10 Assemblyman Christopher S. Friend

11 Assemblyman John T. McDonald, III

12 Senator Roxanne J. Persaud

13 Assemblywoman Shelley Mayer

14 Assemblywoman Patricia Fahy

15 Assemblyman Joseph D. Morelle

16 Senator Jesse Hamilton

17 Assemblyman Steven Otis

18 Assemblyman William Colton

19 Assemblywoman Jo Anne Simon

20 Senator Phil Boyle

21 Assemblywoman Nicole Malliotakis

22 Assemblywoman Diana C. Richardson

23 Assemblyman Joseph S. Saladino

24 Assemblywoman Annette Robinson

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4 PRESENT: (Continued)

5 Senator John A. DeFrancisco

6 Assemblywoman Jane L. Corwin

7 Assemblyman David Buchwald

8 Assemblyman J. Gary Pretlow

9 Assemblyman Matthew Titone

10 Assemblyman Charles Barron

11 Assemblyman James Skoufis

12 Assemblyman Mark Gjonaj

13 Assemblywoman Crystal D. Peoples-Stokes

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16 LIST OF SPEAKERS

17 STATEMENT QUESTIONS

18 Honorable Bill de Blasio  
 Mayor

19 City of New York 9 40

20 Scott M. Stringer  
 Comptroller

21 City of New York 284 299

22 Honorable Byron W. Brown  
 Mayor

23 City of Buffalo 351 363

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5 STATEMENT QUESTIONS

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Honorable Kathy M. Sheehan  
 7 Mayor  
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Honorable Lovely A. Warren  
 9 Mayor  
 City of Rochester

437 443

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Honorable Mike Spano  
 11 Mayor  
 City of Yonkers

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Honorable Stephanie A. Miner  
 13 Mayor  
 City of Syracuse

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Honorable Patrick Madden  
 15 Mayor  
 City of Troy

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Stephen J. Acquario  
 17 Executive Director  
 New York State Association  
 18 of Counties

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Peter A. Baynes  
 Executive Director  
 20 NYS Conference of Mayors  
 and Municipal Officials

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Gerry Geist  
 22 Executive Director  
 Andrea Nilon, President  
 23 Bill Moehle, Exec. Committee  
 Association of Towns of  
 24 the State of New York

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1                   CHAIRMAN FARRELL: Good morning.  
2                   Today we begin the third in a series of  
3                   hearings conducted by the joint fiscal  
4                   committees of the Legislature regarding the  
5                   Governor's proposed budget for the fiscal  
6                   year 2016-2017. The hearings are conducted  
7                   pursuant to Article 7, Section 3 of the  
8                   Constitution, and Article 2, Section 31 and  
9                   32A of the Legislative Law.

10                  Today the Assembly Ways and Means  
11                  Committee and the Senate Finance Committee  
12                  will hear testimony concerning the budget  
13                  proposal for local government officials and  
14                  general government.

15                  I will now introduce members from the  
16                  Assembly. Senator Young, chair of Senate  
17                  Finance, will introduce members from the  
18                  Senate.

19                  We've been joined by Assemblyman  
20                  Weprin, Assemblywoman Bichotte, Assemblyman  
21                  Aubry, Assemblyman Cusick, Assemblywoman  
22                  Nolan, Assemblyman Colton, Assemblyman Otis,  
23                  Assemblyman McDonald, Assemblyman Wright,  
24                  Assemblywoman Richardson, Assemblywoman

1 Robinson, Assemblyman Brennan, Assemblyman  
2 Magnarelli, Assemblyman Benedetto, and  
3 Assemblyman Sepulveda.

4 Senator?

5 CHAIRWOMAN YOUNG: Thank you, and good  
6 morning. And I appreciate your comments,  
7 Assemblyman.

8 I'd like to introduce our members from  
9 the New York State Senate who have joined us  
10 today, and it's great to see so many  
11 colleagues interested in the topic area.

12 First I'd like to introduce -- we're  
13 joined by Senator Liz Krueger, ranking member  
14 on Senate Finance, and also joined by Andrew  
15 Lanza, Kathy Marchione, Senator Marty Golden,  
16 Senator Tony Avella, Senator Adriano  
17 Espaillat, Senator Diane Savino. And did I  
18 miss anyone? Oh, okay. Sorry. Senator  
19 Ruben Diaz -- how could I forget about  
20 Senator Ruben Diaz -- Senator Gustavo Rivera.  
21 Oh, I'm sorry -- oh, he's hiding down there,  
22 Senator Brad Hoylman.

23 So welcome. Thank you.

24 CHAIRMAN FARRELL: And I also have

1 with us Assemblyman Oaks.

2 ASSEMBLYMAN OAKS: And we have  
3 Assemblywomen Corwin and Malliotakis.

4 CHAIRMAN FARRELL: Before we introduce  
5 the first witness, I would like to remind all  
6 of the witnesses testifying today to keep  
7 your statement within your allotted time  
8 limit so that everyone can afford the  
9 opportunity to speak. Last night we finished  
10 at 7:30.

11 I will now call our first witness.  
12 City of New York, the Honorable Bill de  
13 Blasio, mayor.

14 MAYOR DE BLASIO: Thank you,  
15 Mr. Chair. Chair Farrell, I want to thank  
16 you, Chair Young, thank you as well, and the  
17 ranking minority members, Senator Krueger,  
18 Assemblyman Oaks, thank you so much for  
19 giving me this opportunity to appear before  
20 you.

21 I also want to thank our legislative  
22 leaders, Assembly Speaker Heastie; Majority  
23 Leader Flanagan; Senate Democratic Conference  
24 Leader Stewart-Cousins; IDC Leader Jeff



1 Klein; and Assembly Minority Leader Brian  
2 Kolb. Thanks to all, and to all of the  
3 members of the Legislature here today.

4 I'm joined by two key members of my  
5 team well known to you, our director of OMB,  
6 Dean Fuleihan, and the city's director of  
7 state legislative affairs, Sherif Soliman.

8 I want to thank everyone here and all  
9 the members of the Legislature for your hard  
10 work and for your support for the people of  
11 New York City and all the work that we do in  
12 New York City together. We have accomplished  
13 a great deal over the last few years, and I'm  
14 very grateful for your support as we move  
15 forward on education, on affordable housing,  
16 and on a number of other issues.

17 We come here today looking forward to  
18 building on that partnership. I look forward  
19 to discussing the building of that spirit.  
20 After two years, we're proud to say that  
21 New York City is seeing real results from our  
22 disciplined fiscal stewardship, our strategic  
23 vision, and all that we have done to support  
24 the success and hard work of New Yorkers.

1           It's our task this year to deepen  
2           those efforts and to extend that work through  
3           a budget that is progressive, that is  
4           fiscally responsible, and that is honest.

5           And we recognize at the same time that  
6           despite some very good results and despite  
7           our devotion to continued fiscal discipline,  
8           New York City faces some major challenges  
9           that did not exist the last time I was here  
10          before you, and those include challenges  
11          within our pension system, our public  
12          hospital system, and in the proposed state  
13          budget.

14          We're also watching with great  
15          concern, and I know everyone here today is,  
16          both the national and the global economic  
17          landscape. And that landscape looks in many  
18          ways increasingly uncertain, and could  
19          significantly negatively affect our city and  
20          state economy going forward.

21          We also know within that economic  
22          landscape is not only uncertainty, but  
23          unfortunately a continuing trend towards  
24          deepening inequality and a growing chasm

1           between those with wealth and those who are  
2           working hard just to get by.

3                       I'd like to call your attention to an  
4           absolutely striking report that got worldwide  
5           attention released last week by Oxfam, which  
6           found that 1 percent of the globe's  
7           population have as much wealth as the other  
8           99 percent, specifically also finding that  
9           the richest 62 people worldwide have as much  
10          wealth as the poorest half of the world's  
11          population, 3.5 billion people.

12                      We feel this inequality reality deeply  
13          in New York City, where for every  
14          multi-million-dollar condo that hits the  
15          market, hundreds of hardworking families are  
16          struggling to afford their rent. And we  
17          simply cannot be the city we are meant to be  
18          unless we confront this challenge.

19                      Our work in fiscal year 2017 will  
20          build on the investments we've made in the  
21          past two years, focused on our goal of  
22          creating One City, Rising Together. These  
23          investments include:

24                      Nearly 2,000 new cops on the beat,

1           between the addition of new officers to the  
2           force and our civilianization effort to bring  
3           officers from desk jobs to the beat. So  
4           patrol strength will increase by nearly 2,000  
5           officers by the end of this year, the highest  
6           patrol strength we will have in New York City  
7           since 2001;

8                         We're funding our plan for 200,000  
9           units of affordable housing, enough to house  
10          a half-million people;

11                        We're developing a pioneering,  
12          comprehensive plan to address the mental  
13          health needs of New Yorkers;

14                        We're implementing our Equity and  
15          Excellence agenda to lift up all of our  
16          public schools, and launching an aggressive  
17          new effort to tackle homelessness.

18                        As we make these key investments, we  
19          never lose sight of the vital importance of  
20          fiscal responsibility. It's part of  
21          everything we do. New Yorkers have seen just  
22          how quickly and painfully the economy can  
23          turn, wiping out government budgets, forcing  
24          cuts to vital services, and even at times

1           necessitating tax hikes. That's something we  
2           want to work hard to avoid. That's why when  
3           we took office, my administration immediately  
4           began the work of prudent budgeting so that  
5           we can be prepared for potential economic  
6           downturns.

7                     We are, one, building substantial  
8           reserves into our budget, just as the state  
9           does; two, removing uncertainty in our budget  
10          by securing agreements with our workforce.  
11          I'm proud to say just in the last 24 hours  
12          we've reached another important labor  
13          agreement; we now have agreements with 95  
14          percent of the city workforce, compared to  
15          literally zero percent at this point two  
16          years ago.

17                    And this is a good moment just to  
18          pause and say I'm so appreciative to all of  
19          our city workers for the extraordinary job  
20          they did over the last few days confronting  
21          what was the second largest snowstorm in New  
22          York City history, going back 150 years since  
23          those storms have been tracked. As I  
24          mentioned to some of our colleagues here, if

1           it had been .2 inches bigger, it would have  
2           literally been the biggest snowfall in New  
3           York City history. Our city workers, led by  
4           our sanitation workers, but all our first  
5           responders, all our departments, responded I  
6           thought with great ability and energy and  
7           helped get the city back and running.

8                        I also want to thank the state. I  
9           worked closely with Governor Cuomo and his  
10          team during the course of the storm. I think  
11          the state and the MTA responded very, very  
12          well. I think a great team effort all  
13          around.

14                       The third point I want to make in  
15          terms of fiscal prudence, we're making  
16          targeted investments. And this is because we  
17          believe fundamentally that we have to keep  
18          building our economy. I'm very proud of the  
19          fact that we have 4.2 million jobs now in New  
20          York City, the highest number of jobs that  
21          have ever been in New York City, in all our  
22          history. In the last two years we've added  
23          213,000 jobs. That is the most ever gained  
24          in a two-year period in the history of the

1 city.

2 But we have to keep investing to  
3 assure that economic growth, because that's  
4 the only way we can ensure that it is  
5 dependable despite what will obviously be  
6 economic tough times up ahead. So we're  
7 making targeted investments, of course, in  
8 public safety, first and foremost, affordable  
9 housing, education -- all of the things that  
10 we know allow for the fiscal vitality of the  
11 city and our ability to weather the storms.

12 I want to turn now to the proposed  
13 state budget unveiled last week. The budget  
14 presented us with some very positive news,  
15 which I'll discuss first, and some real  
16 uncertainties, which I'll also outline. The  
17 good news here is very good; I want to  
18 emphasize that. We are very pleased,  
19 especially by two of the policies the  
20 Governor proposed, the \$15 minimum wage and  
21 the paid family leave policy. We believe  
22 these would be profoundly important to the  
23 people of New York. We strongly agree with  
24 so many here today that no New Yorker should

1           have to choose between their family and their  
2           paycheck, and that is why a paid leave policy  
3           is so important.

4                     In New York City we've taken every  
5           action we can to relieve our hardworking  
6           families of having to make these difficult  
7           choices. We've extended paid sick leave to  
8           half a million more New Yorkers, and paid  
9           parental leave to more than 20,000 city  
10          employees. And we look forward, with our  
11          labor union partners, to extending paid  
12          parental leave to more and more of the city  
13          workforce in the coming months.

14                    And I'm heartened to see paid family  
15          leave in the state budget because it means  
16          healthier and more financially stable  
17          households, more effective workplaces, and a  
18          stronger and more just city and state. I  
19          particularly want to acknowledge and thank  
20          the champions and prime sponsors of paid  
21          family leave in the Legislature:  
22          Assemblymember Cathy Nolan, thank you;  
23          Senators Jeff Klein and Joe Addabbo, thank  
24          you; and to so many of the cosponsors here,



1           thank you for focusing on this crucial issue.

2                       Now, I've said before when it comes to  
3           the wage issue, nothing does more to lift up  
4           working families and move our economy forward  
5           than raising wages. I've been a proud  
6           participant in the Fight for \$15 for many  
7           years. And I can safely say that if we're  
8           going to fundamentally change the trajectory  
9           of families and lift people out of poverty,  
10          one of the things we're focused on in the  
11          city, our goal and our One NYC plan of  
12          lifting 800,000 New Yorkers out of poverty  
13          over the next 10 years, that hinges, first  
14          and foremost, on the \$15 minimum wage.

15                      Now, we are acting on our own to reach  
16          our own city employees and human services  
17          contracted workers. We're investing \$115  
18          million in our budget to extend the \$15  
19          minimum wage to 50,000 workers -- again, city  
20          employees and contracted workers alike.  
21          Fifty thousand more people will get to that  
22          \$15 minimum wage, and so many thousands of  
23          their family members will benefit.

24                      We look forward to the passage and

1 signing of a state law that will change the  
2 lives of an estimated 1 million workers in  
3 our city by guaranteeing \$15 an hour to every  
4 New Yorker.

5 Another very positive aspect of the  
6 Governor's proposed budget is the commitment  
7 to build 20,000 units of supportive housing.  
8 And this will complement perfectly the city's  
9 announcement in November of our intentions to  
10 secure 15,000 units over the next 15 years.  
11 These two actions together will have a  
12 profound impact on addressing homelessness  
13 and mental health issues and will  
14 fundamentally change the reality for the  
15 better in our city.

16 Supportive housing is a proven method  
17 of bringing safety, stability and a renewed  
18 sense of hope to some of our most vulnerable  
19 neighbors. These are people dealing with  
20 seemingly intractable problems, but that  
21 means they need much more than a roof over  
22 their heads. They need specific services,  
23 like substance abuse programs, to help them  
24 address underlying problems and ultimately to

1 build healthier and happier lives.

2 I want to thank Senator Marty Golden  
3 and Assemblyman Andrew Hevesi for galvanizing  
4 the support for this critical progress. I  
5 really appreciate deeply your efforts.

6 Let me also mention two additional  
7 positives in the budget that would make  
8 New York a fairer and more just state.

9 First, we're very gratified to see  
10 continued support for the DREAM Act. Passage  
11 of the DREAM Act is a simple statement of  
12 morality and compassion. I must acknowledge  
13 the bill's prime sponsors, who are leading  
14 the charge here for fairness: Assemblyman  
15 Francisco Moya and Senator José Peralta. We  
16 thank them.

17 Second, another important and  
18 meaningful step towards justice in our city  
19 and our state would be raising the age. And  
20 we supported Raise the Age last year, and we  
21 support it again this year. In New York  
22 City, we've already reduced unnecessary  
23 arrests and incarcerations. We've ended  
24 punitive solitary confinement for 16- and

1 17-year-olds. And we've applied resources to  
2 help young people out of the criminal justice  
3 system and onto the right path in life.

4 New York State should not be one of  
5 just two states in this country that  
6 prosecute 16- and 17-year-old kids as adults.  
7 I'd like to particularly thank Speaker  
8 Heastie for his leadership on this issue, as  
9 well as the members of the Assembly  
10 Democratic Conference.

11 Now, those are a number of very good  
12 things in this budget for which we are  
13 profoundly grateful, but it is also my  
14 obligation to talk about some of the  
15 challenges in this budget that we think could  
16 have a negative impact.

17 The state initially proposed budget  
18 cuts that would have cost the City of  
19 New York nearly \$1 billion in fiscal 2017,  
20 with the costs growing in each succeeding  
21 year. These proposed cuts included  
22 \$485 million tied to CUNY in fiscal 2017, and  
23 having the city take on \$209 million in state  
24 Medicaid payments in 2017, a figure which

1 alone would grow close to \$1 billion per year  
2 by fiscal 2021.

3 Later, the Governor clarified that the  
4 CUNY and Medicaid proposals would be achieved  
5 through reforms and efficiencies done in a  
6 collaborative process, and ultimately would  
7 not cost the city a penny. I very much  
8 appreciate the Governor's pledge and I've  
9 made clear, on behalf of my constituents,  
10 that I will hold him to it.

11 We look forward to working with the  
12 Governor and the Legislature to find reforms  
13 and efficiencies that are workable for the  
14 long run, and we also will work energetically  
15 to make certain that these cuts do not appear  
16 in the final budget in April.

17 The Governor has also proposed to take  
18 the city's sales tax revenue for three years  
19 in order to offset refinancing savings on  
20 debt the state agreed to assume. There is no  
21 justification for this action, which would do  
22 a real disservice to city taxpayers, costing  
23 them \$600 million over three years, starting  
24 in the current fiscal year.

1           I want to note that these cuts are  
2 particularly onerous because New York City is  
3 the only municipality in New York State that  
4 doesn't receive direct municipal aid. Our  
5 entire allocation of \$302 million a year was  
6 cut beginning in 2010.

7           Now I would like to outline some of  
8 the ways the proposed state budget affects  
9 New Yorkers' lives across four important  
10 areas: housing, homelessness, education, and  
11 transportation. I'll begin with housing,  
12 which is certainly the number-one issue that  
13 I hear about from my constituents all over  
14 the five boroughs.

15           New Yorkers from all walks of life are  
16 tremendously concerned about the cost of  
17 housing and about whether they're going to be  
18 able to continue to be able to afford our  
19 city. Their concerns are justified, because  
20 the city is clearly confronting a crisis when  
21 it comes to affordable housing. And to  
22 contend with this crisis, we've created and  
23 launched the most ambitious municipal  
24 affordable housing program in the nation's

1 history: building or preserving 200,000  
2 affordable units over 10 years.

3 Now, we certainly commend the Governor  
4 for the inclusion of an affordable housing  
5 plan in the state budget, and we'll be  
6 working to make sure the city receives a fair  
7 and proportionate share of the funding under  
8 that affordable housing initiative. When the  
9 Governor releases the details of his housing  
10 plan, they should include a continued  
11 commitment of federal tax credits and  
12 tax-exempt private activity bonds at levels  
13 that are at least commensurate with those  
14 that have been historically received by the  
15 city.

16 We also have serious concerns about  
17 two important procedural changes the Governor  
18 has proposed to the rules for the allocation  
19 of tax-exempt private activity bonds. This  
20 bond cap allocation is a vital resource for  
21 the city. Over the last two years, the city  
22 has financed more than 16,700 affordable  
23 apartments across all five boroughs using our  
24 bond cap allocations. These projects have

1           ranged from a 60-unit building in Upper  
2           Manhattan serving formerly homeless families  
3           and youths aging out of foster care, to a  
4           256-unit mixed-income development in the  
5           Tremont neighborhood of the Bronx.

6                     The state's proposal would add two  
7           layers of bureaucracy to the process of  
8           receiving and using these allocations. Two  
9           more layers of bureaucracy would be very  
10          costly to the people of New York City. The  
11          first layer is a required approval by the  
12          Empire State Development Corporation for New  
13          York City to be able to use the bond cap for  
14          housing. The second layer is a different  
15          required approval by the Public Authorities  
16          Control Board for each individual project  
17          that the city seeks to build with these  
18          dollars.

19                    Last year, the city's Housing  
20          Development Corporation efficiently used all  
21          of its state bond cap allocation to fund its  
22          projects. And HDC couldn't even get started  
23          on almost 1,200 affordable apartments across  
24          the five boroughs simply because it did not



1 receive enough in bond cap allocations from  
2 the state.

3 Imagine the situation if these  
4 additional regulatory obstacles were to go  
5 into effect. They would produce uncertainty  
6 in financing and unnecessarily add difficulty  
7 and delay to the process of building the  
8 affordable housing struggling New Yorkers  
9 need.

10 Another essential component of  
11 affordable housing in the five boroughs is  
12 the New York City Housing Authority, or  
13 NYCHA, which is home to 400,000-plus  
14 New Yorkers. Today, we need NYCHA more than  
15 ever, but the authority has suffered decades  
16 of neglect and disinvestment, resulting in a  
17 dangerous financial situation and an  
18 unacceptable quality of life for too many of  
19 its residents.

20 Last year we unveiled NextGeneration  
21 NYCHA, our plan to get NYCHA back on solid  
22 fiscal ground and to reinvent itself for the  
23 21st century. As part of that process, we  
24 are honoring our commitment to add

1           \$100 million in capital funding each year for  
2           the next three years. We ask the state to  
3           fully come through on its commitment of \$100  
4           million in capital funding for the current  
5           fiscal year and another \$100 million in  
6           capital funding for each of the next two  
7           fiscal years. That's how to do right by  
8           NYCHA's hundreds of thousands of residents.

9                         Now I want to turn to homelessness,  
10           which is a deep and persistent challenge that  
11           the city has been struggling with for  
12           decades. Today we're using every tool,  
13           committing every resource, and summoning  
14           every ally to confront that challenge. To  
15           maximize our efforts, the City of New York  
16           needs a serious, consistent, lasting  
17           partnership with the state government, and  
18           added funds for prevention and rental  
19           assistance programs. Our work begins with  
20           prevention -- keeping families off the street  
21           in the first place, keeping families in their  
22           apartments and not in shelter.

23                         To that end, we ask that the state  
24           modify the criteria it uses to determine the

1           Family Eviction Prevention Supplement, or  
2           FEPS. FEPS can be a life-changer for  
3           families who are facing the immediate threat  
4           of being thrown out of their homes. But today  
5           the levels of financial support under FEPS  
6           are simply too low to be as effective as they  
7           could be. We urge you to raise the state  
8           level of assistance to what the U.S.  
9           Department of Housing and Urban Development  
10          has determined is appropriate for the New  
11          York City rental market. That would increase  
12          rental assistance by 50 percent, giving the  
13          typical family approximately \$1,500 a month.  
14          That's fundamental in a city where an average  
15          one-bedroom apartment now rents for \$3,100 a  
16          month.

17                 In addition, we must make FEPS  
18          available to victims of domestic violence,  
19          who often are effectively evicted from their  
20          homes when they flee to safety. Let's think  
21          about that for a moment. Often a woman doing  
22          what she must do to protect herself and her  
23          children, fleeing the only home she has for  
24          someplace safe -- we need to make sure that

1           these victims have support to get into other  
2           forms of available housing and not end up in  
3           shelter. And that's what we can do if we  
4           increase this FEPS allotment and make it  
5           available to those who have already suffered  
6           so much because of domestic violence.

7                        If we raised the FEPS levels as I  
8           described and made it available to victims of  
9           domestic violence, it would cost  
10          \$63.5 million this year, of which  
11          \$19.7 million is city funding and  
12          \$35.6 million is federal funding. We urge  
13          the state to contribute its portion of this  
14          funding, estimated to be \$8.3 million. I  
15          would also ask you to revisit the underlying  
16          shelter allowance, which FEPS is added on top  
17          of and which hasn't been increased since  
18          2003.

19                       Another aspect of the city's  
20          homelessness challenge has to do with people  
21          struggling with health issues like AIDS. As  
22          part of the city's plan to end the epidemic  
23          of AIDS, we have committed to extending  
24          HIV/AIDS Services Administration benefits, or

1 HASA, to people who have the HIV virus but  
2 are not showing symptoms. We've budgeted \$41  
3 million for the city's share, when fully  
4 phased in, to extend HASA. We believe that  
5 New Yorkers living with HIV or AIDS should  
6 not have to choose between medicine and rent,  
7 or medicine and food.

8 We understand the state has made a  
9 multiyear commitment to ending the AIDS  
10 epidemic -- and we commend the Governor for  
11 that -- and we look forward to seeing the  
12 details of their plan.

13 At this point, I want to turn to  
14 several education issues. We all remember  
15 what the situation was in New York City  
16 before mayoral control of education: the  
17 school system was fragmented and inefficient,  
18 and there was much too much corruption. The  
19 city did not have the authority it needed to  
20 ensure that schools were functioning properly  
21 and to bring about needed reforms.

22 The Legislature recognized the  
23 benefits of extended periods of mayoral  
24 control, both in 2002 and again in 2009. And

1 over time, we've all seen that mayoral  
2 control works. Look at our administration's  
3 implementation of universal pre-K. And thank  
4 you again to all the members here for your  
5 support of that initiative which made it  
6 possible. Within a matter of months, we  
7 marshaled multiple agencies and the necessary  
8 funds to launch hundreds of programs across  
9 the five boroughs. Today, two years after we  
10 started, more than 68,500 of our 4-year-olds  
11 are enrolled in full-day pre-K and are on the  
12 path to lifelong learning. Again, thank you  
13 to the Legislature, thank you to the Governor  
14 for that support. But we would never have  
15 been able to implement such a crucial program  
16 in two years' time if it were not for mayoral  
17 control of education.

18 I'd also like to draw your attention  
19 to the fact that for the first time ever, New  
20 York City's high school graduation rate is  
21 now over 70 percent, while our dropout rates  
22 have hit an all-time low of 9 percent.  
23 Successes like these occur when there's  
24 bipartisan consensus on mayoral control, and

1           that is why educators, business leaders, and  
2           civic leaders alike want it renewed. It  
3           would build predictability into the system,  
4           which is important for the deep, long-range  
5           change that is needed for our schools.

6                     As you know, I believe fundamentally,  
7           as a matter of philosophy, that mayoral  
8           control should be made permanent. I don't  
9           believe there is another system that works.  
10          Short of that, it should be renewed for seven  
11          years, the same amount of time as its  
12          original authorization.

13                    And to return for just a moment to  
14          pre-K, the success of pre-K should also be  
15          evidence enough that we don't need to change  
16          how we administer it by creating a pre-K  
17          grant board that would supplant the State  
18          Education Department. We were able to  
19          achieve this huge progress on pre-K under the  
20          existing system. We think it works and  
21          should be continued.

22                    Now, our schools certainly need  
23          additional aid and we are in favor, of  
24          course, of funding all schools fairly. Which

1 is why we must get to a proposal that  
2 actually supports all of our schools in an  
3 equitable way. It is imperative that the  
4 state add more money for Foundation Aid so  
5 the state can close its \$2 billion shortfall  
6 for New York City pursuant to the Campaign  
7 for Fiscal Equity decision by the Court of  
8 Appeals.

9 We're pleased there's support for  
10 Community Schools in the budget. The  
11 students of New York City's 130 Community  
12 Schools deserve a proportionate and fair  
13 share of those state funds. The Community  
14 Schools in New York City include all of our  
15 94 Renewal Schools -- the city's  
16 lowest-performing schools, which have  
17 historically suffered from both a lack of  
18 attention and resources. We are investing  
19 \$187 million a year in their turnaround.  
20 We've moved ineffective teachers and  
21 principals out over the past year and moved  
22 talented and hardworking educators in as part  
23 of the changes needed in our Renewal Schools.  
24 And support for that initiative and for the



1           Community Schools is crucial to our continued  
2           success.

3                       Now, we hold a basic belief that every  
4           single child in our city and every child in  
5           our state is equally important, and we  
6           certainly can't support initiatives that take  
7           from one group of children to give to another  
8           group. So we're concerned about the  
9           Governor's proposal to raise the per-pupil  
10          tuition rate for charter schools, which would  
11          cost New York City and only New York City  
12          \$30.3 million in fiscal 2017 alone. No other  
13          municipality in the state is being asked to  
14          shoulder this particular cost.

15                      If the state wants to provide  
16          additional aid for charter school tuition, we  
17          would certainly welcome it. But the state  
18          should not take away from other urgent needs  
19          to fund it.

20                      Finally, I'd like to talk to you about  
21          critical infrastructure and transportation  
22          issues. Breaking with decades of tradition,  
23          New York City made a contribution of \$2.5  
24          billion in capital funds last year to allow

1           the MTA to invest in a more reliable,  
2           effective and safe mass transportation system  
3           for our future. We request the approval of a  
4           fully funded capital plan by the Capital  
5           Program Review Board, and adding it to the  
6           adoption of the state budget to solidify  
7           financial support for MTA capital  
8           investments. This will help grow the economy  
9           of our entire region and the state as a  
10          whole.

11                        We're also pleased to see that the  
12          State Budget has committed \$22 billion to  
13          roads and bridges. Take just two examples of  
14          why these funds are so necessary: The  
15          Brooklyn Queens Expressway Triple Cantilever  
16          Bridge and the Belt Parkway Bridge are facing  
17          shortfalls of \$646 million and \$297 million  
18          respectively. That's almost \$1 billion in  
19          total just for those two projects. Together,  
20          these shortfalls represent 38 percent of the  
21          two projects' costs, the historical state  
22          share that has gone unfunded in recent years.  
23          We obviously look forward to fair and  
24          proportional funding as part of these new

1 resources.

2 Before I conclude, I want to raise two  
3 new fiscal challenges that New York City is  
4 confronting ourselves this year. And again,  
5 these are two challenges that we did not face  
6 when I sat before you just a year ago. As  
7 part of a regular review process, the city  
8 actuary is adjusting life expectancy  
9 assumptions for our retirees, and this will  
10 increase the city's pension costs by \$600  
11 million annually. I should note that that  
12 charge was incurred starting in the current  
13 fiscal year -- so there's \$600 million in  
14 this fiscal of the budget that we did not  
15 anticipate and there was no way to anticipate  
16 at the beginning of the building process for  
17 this fiscal year -- \$600 million for next  
18 fiscal year, 2017, and every fiscal year  
19 thereafter added to the budget.

20 In addition, our public hospital  
21 system is facing new challenges. New York  
22 City Health and Hospitals is the largest  
23 municipal hospital system in the nation. In  
24 2014, its 11 hospitals, 70-plus

1 community-based clinics, and other facilities  
2 were visited nearly 5 million times. Almost  
3 1 in 6 New Yorkers was treated.

4 But today, the patients who go to  
5 Health and Hospitals are mostly covered by  
6 Medicaid or are entirely uninsured. At the  
7 same time, the federal government is cutting  
8 reimbursements for the care of these  
9 uninsured patients, and Medicaid doesn't  
10 cover the costs of care even for those who  
11 have Medicaid, leaving Health and Hospitals  
12 to pick up millions of dollars in costs.

13 This is forcing Health and Hospitals  
14 to transform how they do business, because  
15 this current operating model is no longer  
16 fiscally sustainable, given the changes that  
17 have occurred in federal and state rules and  
18 laws and the changing healthcare economy.  
19 We're working to reform this system  
20 immediately, and as a first step I have  
21 provided \$337 million in immediate relief for  
22 Health and Hospitals for this fiscal year  
23 that we are in now.

24 Within the next three weeks, the city

1 will be coming to you to identify areas where  
2 the state can provide assistance and help us  
3 address this growing problem.

4 To conclude, as the Governor rightly  
5 said in his State of the State speech, "We  
6 are upstate and we are downstate, but we are  
7 one state." I couldn't agree more. We are  
8 ALL New York, and we are all New Yorkers. It  
9 is my privilege and honor to represent 43  
10 percent of the citizens of this wonderful  
11 state, 8.5 million people -- by the way, our  
12 highest population ever in the City of New  
13 York, and moving rapidly towards 9 million  
14 people in the coming years -- 8.5 million  
15 people who are hardworking, who are  
16 innovative, who are creative, who represent  
17 every corner of the earth but come together  
18 to make our city and state great. The  
19 overwhelming majority of them are doing  
20 everything right. They're raising their  
21 families, they're paying their fair share in  
22 taxes, they're getting up each day, and  
23 they're working hard. The choices that you  
24 will make in this legislative session will

1 have a great effect on their lives.

2 Thank you for inviting me to speak  
3 with you today. And I look forward to  
4 working with you, and my entire  
5 administration looks forward to working with  
6 you, in the days ahead on a budget that will  
7 meet the needs of every New Yorker, wherever  
8 they may live.

9 Thank you very much.

10 CHAIRMAN FARRELL: Thank you,  
11 Mr. Mayor.

12 First to question will be  
13 Mr. Benedetto. But before that, I would like  
14 to introduce with us Assemblyman Ortiz,  
15 Assemblywoman Rozic, Assemblywoman Seawright,  
16 Assemblywoman Simon, and Assemblywoman  
17 Walker.

18 CHAIRWOMAN YOUNG: Also, Assemblyman,  
19 we have other Senators who have joined us who  
20 Senator Liz Krueger will introduce.

21 SENATOR KRUEGER: Thank you. We are  
22 joined by Senator Dan Squadron, Senator  
23 Roxanne Persuad, Senator Bill Perkins, and  
24 Senator Tim Kennedy.

1                   CHAIRWOMAN YOUNG: Thank you.

2                   ASSEMBLYMAN BENEDETTO: Thank you,  
3 Mr. Farrell.

4                   And Mr. Mayor, welcome. We always  
5 like to see you here up in Albany and  
6 appreciate you taking the time to come up,  
7 especially when there's so much going on in  
8 the city. And my congratulations to all that  
9 you did, and I know there are still some  
10 problems out there. But for the size of that  
11 snow, you guys did a tremendous job. And the  
12 city workers in New York, they're the best,  
13 they really are.

14                  MAYOR DE BLASIO: Amen. Thank you.

15                  ASSEMBLYMAN BENEDETTO: Listen, you  
16 have identified over the years housing,  
17 affordable housing, as a major priority.  
18 Where do we stand on that? How many units to  
19 date have we produced?

20                  MAYOR DE BLASIO: Assemblyman, we're  
21 very proud to say our plan, because it's  
22 200,000 units preserved or built over 10  
23 years, basically the average we hope for each  
24 year is 20,000 per year. We now have

1 41,000-plus units that have either been  
2 already preserved or built, or at least the  
3 financing has been secured formally and those  
4 are under contract. So 41,000 units now  
5 having been achieved over the first two  
6 years.

7 ASSEMBLYMAN BENEDETTO: We had the  
8 expiration of the 421a, okay. Any views on  
9 how that is going to affect your housing  
10 plan?

11 MAYOR DE BLASIO: Well, first I want  
12 to say we believe fundamentally that 421a  
13 needed change. It had to be a program that  
14 was more fair to the taxpayers, it had to be  
15 a program that did not focus so many  
16 resources on luxury housing. In fact the  
17 reason for 421a, in my view, now has to be  
18 the creation of affordable housing on a much  
19 greater level. So it was profoundly  
20 important to get a different approach.

21 Obviously I'm very disappointed that a  
22 plan was not agreed upon in recent days. I  
23 think we have to get to work, all of us  
24 together, in finding a way to move forward



1 quickly that recognizes these key criteria.  
2 Whatever is done going forward must do more  
3 to support the creation of affordable  
4 housing, must be more fair to the taxpayers,  
5 and should not reward luxury housing in the  
6 way the previous plan did.

7 ASSEMBLYMAN BENEDETTO: Thank you.

8 Design/build has been used for several  
9 projects throughout the State of New York --  
10 the Tappan Zee Bridge, I know the MTA has  
11 been using it for their projects in Penn  
12 Station and Javits Center. I've been  
13 speaking over the past year and a half or so  
14 with Commissioner Trottenberg, who is an  
15 ardent advocate of the design/build in some  
16 of the projects that the Department of  
17 Transportation is producing.

18 Where are we standing with that, and  
19 how are we -- how are we going to come to an  
20 agreement with maybe some of the union sector  
21 here to make them, you know, jump on board  
22 with this?

23 MAYOR DE BLASIO: Well, Assemblyman,  
24 first of all, I appreciate your focus on it.

1           It's not what we'd call a sexy issue, but it  
2           is an issue that really matters in terms of  
3           what we do every day in the city. You're  
4           right that Commissioner Trottenberg is an  
5           ardent advocate for this improvement. She is  
6           matched in that ardent feeling by Sherif  
7           Soliman, so I'm going to ask him to speak to  
8           the specifics of this issue.

9                     DIRECTOR SOLIMAN: Sure. Thank you  
10           for your leadership on that issue, of course;  
11           we've worked closely on that. We would like  
12           to have that procurement method extended to  
13           New York City, as you know.

14                    The mayor mentioned two major projects  
15           in New York City that could really benefit  
16           from design/build: We have the BQE project,  
17           and we have the Belt Parkway, just to give  
18           two examples.

19                    In the city we've done great work to  
20           get the building trades on board and also to  
21           get DC-37 on board. So we have labor support  
22           in New York City. We look forward to working  
23           with you and your colleagues to have it  
24           adopted this year.

1                   ASSEMBLYMAN BENEDETTO: It would be  
2 quite helpful if we would get some memos of  
3 support from the unions you mention. I have  
4 never seen them. I would like to see them  
5 and to show my colleagues that we do have  
6 union support for this; right now many of  
7 them are doubtful. And I really would be  
8 remiss if I didn't mention my colleague  
9 Robert Rodriguez, who's very interested in  
10 this and chairs our subcommittee on  
11 infrastructure. Okay? So we can join in and  
12 maybe move ahead on this.

13                   DIRECTOR SOLIMAN: Be happy to get you  
14 those.

15                   ASSEMBLYMAN BENEDETTO: Good. Thank  
16 you very much. Thank you, Mr. Mayor.  
17 Mr. Chairman.

18                   MAYOR DE BLASIO: Thank you.

19                   CHAIRMAN FARRELL: Thank you.  
20 Senator?

21                   CHAIRWOMAN YOUNG: Thank you very  
22 much.

23                   And I'd like to welcome the mayor to  
24 Albany. It's good to see you. And I do have

1 a series of information and questions for  
2 you.

3 So you went through your testimony and  
4 I listened to it very carefully. And you did  
5 point out there's some good things in the  
6 budget that you agreed with, but you also  
7 brought in a litany of complaints -- things  
8 like Medicaid, CUNY, charter schools,  
9 transportation, capital, and the list goes  
10 on. And basically what you're saying is that  
11 you're demanding more money from the state's  
12 taxpayers, that you want more money.

13 This year's budget proposal is a \$322  
14 million net positive for New York City,  
15 including \$364 million in growth for school  
16 aid, and other investments also being made  
17 under this proposal, including in the areas  
18 of housing -- which you know I have  
19 particular interest in -- homeless programs,  
20 economic development and transportation.

21 So I'd like to go through some of the  
22 areas that you covered in your testimony, and  
23 I'd like to start with Medicaid. The state  
24 actually spends, total, \$18.5 billion on the

1 Medicaid program, and almost \$12 billion of  
2 those funds go to New York City. We, as the  
3 Legislature, and the Governor have capped the  
4 growth of Medicaid to help local governments  
5 around the state, and they have to live  
6 within the constraints of the property tax  
7 cap, but the property tax cap does not apply  
8 to New York City. That's correct, right?

9 So this year New York City is  
10 collecting \$3.5 billion more in property  
11 taxes than if it had the 2 percent property  
12 tax cap. So the mandate relief is going, I  
13 believe, in the wrong place, and the city  
14 clearly has the resources to pay a share of  
15 Medicaid annual growth. And here are the  
16 numbers over the long term. Medicaid is  
17 expected to grow about 4.5 percent. We take  
18 actions to control costs and get the growth  
19 down to within our own Medicaid spending  
20 cap -- this year it's about 3.5 percent. And  
21 I think what the budget is asking is for the  
22 city to share in a little bit of the growth,  
23 but still not as much as what we pay in our  
24 counties around the state. The state is

1 capping New York City's growth at 2 percent,  
2 and the state will continue to pay any growth  
3 above 2 percent. And, by the way, not  
4 coincidentally, 2 percent is the limit of the  
5 property tax cap.

6 So we're living under the constraint  
7 of the property tax cap upstate. You don't  
8 have that constraint. As a result, some of  
9 the poorest counties would be subsidizing  
10 people on Medicaid in New York City. And we  
11 have very poor counties upstate. So that's  
12 just wrong.

13 So even after these proposals, the  
14 budget will still provide \$631 million in  
15 mandate relief from the Medicaid program to  
16 New York City, and that, I may point out, is  
17 still more than last year. So I assume that  
18 you would prefer this year's budget over last  
19 year's budget because of \$631 million in  
20 mandate relief.

21 MAYOR DE BLASIO: Well, first of all,  
22 Chair, I want to thank you for that. We've  
23 obviously been in a close working partnership  
24 with you on housing issues. I know it is

1           your passion, and want to thank you for the  
2           work we've done together.

3                     CHAIRWOMAN YOUNG: Thank you.

4                     MAYOR DE BLASIO: On the questions  
5           you're raising now, I think it's important to  
6           start by saying I've had perhaps a different  
7           experience than some people who have held  
8           this particular role, in that I spent a part  
9           of my career working on the concerns of  
10          upstate as well, and different parts of the  
11          state, when I was the HUD regional director.  
12          And all of New York State was part of the  
13          area that I worked on during the Clinton  
14          administration, so I spent a lot of time in  
15          big cities and smaller cities and towns all  
16          over this state. And I absolutely understand  
17          that many parts of our state are struggling  
18          economically, just like the other 46 percent  
19          of New York City residents who are at or near  
20          the poverty level. So we have challenges all  
21          around.

22                    I would argue that it would be very  
23          good, in all of our discussion about this  
24          state, of course to think like one state, to

1 think about the needs of every type of New  
2 Yorker, and what we can do to maximize  
3 economic growth for all of us, for the good  
4 of all. I do think it's fair to say that New  
5 York City right now is providing a very  
6 positive impact on the rest of the state,  
7 economically and in terms of revenue. We're  
8 proud of that fact. What I'm trying to do in  
9 my budget is keep that going for all of us,  
10 to keep building our economy for the good of  
11 all residents of New York State.

12 To do that, we have to have fiscal  
13 stability. The investments we're making --  
14 in more police, for example, in improving our  
15 schools, and in keeping the housing  
16 affordable -- is also about our economic  
17 viability for the long haul.

18 So I do think we're all interrelated  
19 deeply, and our ability to succeed affects  
20 everyone else and everyone else's reality  
21 affects us.

22 Now, what I would argue here is  
23 because of what's happened in recent decades,  
24 we all know that if there is a downturn, God





1 from our point of view is to continue the  
2 state taking on responsibility as it has  
3 vis-a-vis Medicaid, to help us ensure our  
4 fiscal stability, for the good of all, but  
5 also with the recognition that in the event  
6 that there is major financial challenge  
7 ahead, that we are in a position to handle  
8 it.

9 CHAIRWOMAN YOUNG: Thank you, Mayor,  
10 for that answer. But as I pointed out,  
11 there's still \$631 million in mandate relief  
12 savings under Medicaid for New York City, and  
13 that's more than last year.

14 I'd like to switch to CUNY, because as  
15 we know, CUNY stands for the City University  
16 of New York. And 71 percent of the students  
17 who go to CUNY are from the city, but the  
18 entire bill for the CUNY system is picked up  
19 by the taxpayers of New York State. That was  
20 a temporary arrangement and dates back to a  
21 time when New York City was in fiscal crisis  
22 and they could not afford CUNY, the state  
23 stepped in and saved the CUNY system. Now  
24 the city has the resources -- and we'll go

1 over that in a few minutes, about what your  
2 surplus is -- to resume the support of CUNY,  
3 and the real question is at what level.

4 So under the current structure, the  
5 city appoints 30 percent of the CUNY Board of  
6 Trustees, and under the budget, 30 percent of  
7 the cost, we believe, would be reasonable.  
8 So even though 70 percent of the CUNY  
9 students are from the city, state taxpayers  
10 will continue to pay for 70 percent of the  
11 operating costs. And in addition, the state  
12 expects to spend about \$2.5 billion over the  
13 next five years on CUNY capital projects,  
14 which I think is very good. CUNY's capital  
15 program represents about 20 percent of all  
16 New York City construction today, so the  
17 state investment is huge for the New York  
18 City economy. So, you know, under the CUNY  
19 part of the proposal, you still are making  
20 out.

21 Last year the city had such a big  
22 surplus that you prepaid \$3.6 billion of this  
23 year's expenses and puts billions in  
24 reserves. And you just talked about why you

1 want to do that. Each year the city  
2 recognizes billions in additional revenue  
3 over its four-year financial plan that you  
4 did not include when the budget was first  
5 adopted. And last year, that number was \$11  
6 billion. Right now the city's fiscal  
7 watchdogs are predicting upwards of  
8 \$2.5 billion in additional revenues for the  
9 city's upcoming budget.

10 So you talked about the need to be  
11 fiscally prudent and squirrel away money, but  
12 the question is you have this enormous  
13 surplus. And do you have a PEG program in  
14 place, which is a Program to Eliminate the  
15 Gap, where New York City agencies look for  
16 savings, look for cuts? Do you have that in  
17 place?

18 MAYOR DE BLASIO: Okay. Let me speak  
19 to you -- you raised several points. If I  
20 may, I'll try and speak to each of them  
21 quickly.

22 First of all, we do contribute  
23 substantially to CUNY, and we have. And I  
24 want, in a moment, Dean Fuleihan to outline

1           that to you.  Second, we believe that our  
2           contribution is consistent with what is our  
3           obligation in terms of the history.  And  
4           certainly it compares favorably to what's  
5           being done in other parts of the state.

6                     The fact is that we know -- and I'll  
7           use a fact from the last economic downturn.  
8           When the Great Recession hit, the combined  
9           impact of lost federal and state aid and the  
10          cuts that were necessary in New York City and  
11          the tax increases that were necessary in New  
12          York City, totaled about \$12 billion over two  
13          years.  Against that backdrop, we have laid  
14          in very heavy reserves -- again, knowing,  
15          with absolute respect, that neither the state  
16          nor federal government will be in a position  
17          to come to our aid in that kind of scenario.

18                    I think it's a fair statement to say  
19          that New York City's ability to continue  
20          being an economic engine is of paramount  
21          strategic importance to the whole state, so  
22          we must maintain that stability.  I don't  
23          think anyone here wants to see New York City  
24          slip backwards economically.  And that's why

1 we are so focused on these reserves.

2 Dean Fuleihan will give you a little  
3 more of our view of why we think what we're  
4 already contributing to CUNY is both  
5 substantial and fair.

6 DIRECTOR FULEIHAN: So the takeover by  
7 the state of CUNY was actually a permanent  
8 takeover. It was similar to the senior  
9 college operations of the State University.  
10 The community colleges, we do contribute a  
11 third of everything that goes into the  
12 operations, and half of the capital budget of  
13 the community colleges, which is actually the  
14 exact same model that is used throughout the  
15 state.

16 As a matter of fact, we are the only  
17 municipality that actually doesn't have a  
18 majority of the Board of Trustees of their  
19 local community college. We have a third --

20 CHAIRWOMAN YOUNG: So that's community  
21 colleges versus the CUNY system; right?

22 DIRECTOR FULEIHAN: That's correct.  
23 The community college is the model that's  
24 used throughout the state. It is the model

1           that was adopted during the fiscal crisis in  
2           1976, when the CUNY senior colleges were  
3           taken over, and the Board of Trustees also,  
4           the --

5                     CHAIRWOMAN YOUNG: Right.

6                     DIRECTOR FULEIHAN: -- of the Board of  
7           Trustees also --

8                     CHAIRWOMAN YOUNG: And as you point  
9           out, that's the same system that's across the  
10          entire state for community colleges.

11                    DIRECTOR FULEIHAN: -- also controlled  
12          the community colleges, which does not exist  
13          in your county, where the majority is  
14          actually of the local part, even though they  
15          also pay the one-third part.

16                    I would just also like to go back  
17          quickly on the Medicaid part, just worth  
18          noting one more additional thing that the  
19          mayor pointed out, to emphasize that we  
20          actually have no -- between the 2005 reform  
21          on Medicaid and the 2012 action on Medicaid,  
22          the state has completely taken over the  
23          entire administration and rate setting of  
24          Medicaid, including, including additional

1 powers to actually set and control the very  
2 percentages that you are talking about.

3 So we have no role in this, other than  
4 the \$5 billion to \$6 billion that you're  
5 talking about that we contribute in.

6 CHAIRWOMAN YOUNG: But you're still  
7 getting substantial savings under this budget  
8 in mandate relief, and you don't have the  
9 constraints of the 2 percent property tax cap  
10 that all the other counties in the state have  
11 to live under; correct?

12 ASSEMBLYWOMAN NOLAN: We pay income  
13 tax too, though.

14 CHAIRWOMAN YOUNG: Right.

15 So STAR-C MAC bonds, the state is  
16 committed to paying a hundred percent of the  
17 debt service related to the STAR-C bonds, and  
18 that's going forward. And when the bonds  
19 were refinanced, there were savings. And  
20 also I want to point out state taxpayers will  
21 pay 100 percent of the \$4.8 billion for the  
22 city's MAC bonds. And state taxpayers  
23 deserve every dollar of the savings, that  
24 should be obvious. It's like if your uncle



1 pays the mortgage on your house, when you  
2 refinance your house, who deserves the  
3 savings?

4 I do want to go back, though, because  
5 we talked about you have nearly \$5 billion in  
6 reserves, including \$3.4 billion in retiree  
7 health benefits trust, \$1 billion annually in  
8 your general reserve, which is an  
9 historically high level, \$500 million new  
10 capital stabilization reserve. You're  
11 benefiting from not having the property tax  
12 cap, you have upwards of \$2.5 billion in  
13 potential additional revenues for the city's  
14 upcoming budget, so you're in a very, very  
15 good spot.

16 But I did want to point out with your  
17 spending, because you are outpacing the  
18 state's fiscal restraint. As you know, we  
19 are under a voluntary 2 percent spending cap  
20 through the state budget. However, the  
21 city's expenditures at an average annual rate  
22 of more than 6 percent. And from 2011-2016,  
23 city-funded expenditures, adjusted for  
24 surplus transfers, have grown at an average

1 annual rate of 6.33 percent, as a matter of  
2 fact -- and you compare that to the state  
3 spending of less than 2 percent.

4 So you're in a great spot financially  
5 because you have all these surplus dollars,  
6 you're increasing spending over 6 percent.  
7 And again, I wanted to ask -- because I asked  
8 it previously, I'm not sure I got the answer  
9 to it -- but are you looking at your  
10 spending? Are you doing anything with the  
11 Program to Eliminate the Gap, called the PEG  
12 program, with your city agencies to try to  
13 restrain some of this spending and find some  
14 savings for the taxpayer of New York City?

15 MAYOR DE BLASIO: Okay, Senator, let  
16 me go over several points that you raise, if  
17 I may.

18 First, on that point -- Mr. Fuleihan  
19 can outline the details -- we had over a  
20 billion dollars of savings that we identified  
21 in our preliminary budget proposal. We also  
22 have said very clearly we are looking  
23 seriously at a specific PEG strategy for the  
24 executive budget proposal in May. But it's

1 not a minor matter that we've found a  
2 billion dollars in savings already.

3 Second, some of the growth -- a  
4 substantial amount of the growth in the  
5 budget is related to Hurricane Sandy matters,  
6 meaning we are passing through federal  
7 dollars from FEMA, from HUD, for Hurricane  
8 Sandy relief efforts. That is a temporary  
9 condition. When those federal dollars drop  
10 off, we anticipate that our budget will  
11 actually contract.

12 We also, as you heard earlier, have  
13 brand-new obligations that came on very  
14 suddenly that we, by law, must abide by,  
15 obviously, in the case of the city actuary  
16 adding a \$600 million charge for this year  
17 and every year thereafter. We have an  
18 immediate challenge related to Health and  
19 Hospitals.

20 So that budgetary growth is in large  
21 measure because of federal funds that are  
22 short term and because of new obligations  
23 that we have no choice but to meet.

24 On the other points you made, on the

1 way our tax system is oriented in the city,  
2 obviously one of the few places in the state  
3 with a personal income tax at the city level.  
4 I would say my colleagues here from the city  
5 would agree that our property tax rate plus  
6 our city income tax is certainly substantial  
7 for our taxpayers to have to handle.

8 Finally, on the question of the  
9 \$600 million on the MAC refinancing, this  
10 issue we believe fundamentally was settled in  
11 2004 by the New York State Court of Appeals,  
12 which made clear that the state had an  
13 obligation through 2034, I believe it was, to  
14 continue a regular payment of \$170 million  
15 per year to the City of New York. It was an  
16 agreement struck between the two levels of  
17 government; it was confirmed by the Court of  
18 Appeals. So we believe that has to be  
19 honored for the long term.

20 CHAIRWOMAN YOUNG: Thank you, Mayor,  
21 for those answers.

22 You know, the bottom line is that the  
23 city is awash in money right now, and  
24 localities around the state -- counties,

1 cities, small cities, villages, towns --  
2 would only dream of having surpluses and have  
3 to live under the property tax cap.

4 So I want to thank you for your  
5 answers --

6 MAYOR DE BLASIO: I'm sorry, Senator,  
7 could we just do a quick response to that  
8 last point, please?

9 CHAIRWOMAN YOUNG: Sure.

10 MAYOR DE BLASIO: Thank you.

11 DIRECTOR FULEIHAN: I just want to  
12 quickly add, the mayor talked about over a  
13 billion dollars in the preliminary budget,  
14 with more savings to be found in the  
15 executive budget, and last year we did over a  
16 billion-four, also in savings.

17 PEG really is a Plan to Eliminate the  
18 Gap, which the city has. And it's worth  
19 noting that in 2018 we are projecting a \$2.2  
20 billion gap, and in 2019 a \$2.9 billion gap,  
21 and in 2020 a \$2.7 billion gap. So we --

22 CHAIRWOMAN YOUNG: Thank you very  
23 much.

24 DIRECTOR FULEIHAN: -- also, and the

1           prepayments happens to be under the  
2           accounting methods that the city uses.  
3           That's how we actually balanced. And those  
4           prepayments you talked about are exactly how  
5           we proposed, in the preliminary budget, a  
6           balanced budget for fiscal 2017.

7                   MAYOR DE BLASIO: And finally, the  
8           Medicaid challenges that you raise, let's be  
9           clear, our situation with our Health and  
10          Hospitals Corporation is only going to get  
11          more difficult because of larger things  
12          happening in federal and state policy. We  
13          would very much like to work with the state  
14          and join with the state in going to  
15          Washington for some of the fundamental  
16          changes we'll need. But in the meantime, the  
17          financial impact on the city will grow  
18          intensely. And again, we don't have a safety  
19          net to turn to; we will simply have to take  
20          on those costs. So I would just suggest that  
21          that's another challenge that will grow for  
22          us.

23                   CHAIRWOMAN YOUNG: Thank you, Mayor.

24                   CHAIRMAN FARRELL: Thank you very

1 much.

2 We've been joined by Assemblyman  
3 Buchwald and Assemblyman Skoufis.

4 ASSEMBLYMAN OAKS: And Assemblyman  
5 Friend.

6 CHAIRMAN FARRELL: Next to question is  
7 Assemblyman Cusick.

8 ASSEMBLYMAN CUSICK: Thank you,  
9 Mr. Chairman.

10 Thank you, Mr. Mayor, for being up  
11 here in Albany. It's always good to see you.  
12 And it's good that you brought the guy --  
13 both guys next to you, Dean Fuleihan and  
14 Sherif Soliman, both alums of the State  
15 Assembly. It's good to see all of you.

16 Mr. Mayor, I just wanted to follow up  
17 on some of the discussions that were  
18 happening before. There was talk about the  
19 property tax cap and the reference that  
20 New York City does not have the property tax  
21 cap. What is the feeling of the  
22 administration on that? I know there is  
23 legislation out there to have a property tax  
24 cap. We talked about affordable housing. I

1           come from an area that a majority of the  
2           folks are homeowners, and taxes in general  
3           are an issue.

4           I know this topic has come up many  
5           times. Could you just give us --

6           MAYOR DE BLASIO: Yes. I'm a  
7           homeowner myself, in Brooklyn, and the  
8           district I represented in the City Council  
9           was overwhelmingly an outer borough,  
10          homeowner district. So I certainly can  
11          relate to the concerns that so many of my  
12          constituents have.

13          We do not believe in a property tax  
14          cap. And it gets right back to the point  
15          that there are three levels of government.  
16          And maybe in the 1970s when the sense of the  
17          relationship between those levels of  
18          government was different -- certainly when  
19          the federal government had a very different  
20          sense of its own obligations and its role --  
21          we could assume that in any time of danger we  
22          could turn elsewhere. We have no such  
23          illusion at this point in history. So we  
24          can't put any artificial barrier in place



1           that might undermine our ability to serve our  
2           people and protect our economy and protect  
3           the safety of our people.

4                        I look at this in a very cold-eyed  
5           way. We have to protect the day-to-day life  
6           of everyday New Yorkers, the quality of life,  
7           the safety, and the investments we're making  
8           are about protecting our long-term economic  
9           health. We certainly saw what happened in  
10          the 1960s and '70s when the city was not  
11          fiscally disciplined and did not make the  
12          right investments and became less  
13          economically viable; we saw the huge domino  
14          effect that occurred. We're not going to let  
15          that happen. And part of that revolves  
16          around making sure that we have the revenue  
17          we need to make the investments that will  
18          protect everyone's best interests. So we do  
19          not believe in a cap.

20                       We also know, as I mentioned, the  
21          latest figures, again -- very sadly --  
22          46 percent of New Yorkers at or near the  
23          poverty level. It's an astounding figure.  
24          For us to be able to help people be viable

1 and sustainable, we have to make sure that we  
2 have resources available.

3 So in the end, I think this is the  
4 prudent, long-term path for our city.

5 ASSEMBLYMAN CUSICK: Well, again --  
6 and I appreciate what you have to go through  
7 in balancing a budget as large as New York  
8 City's. But I know in the outer boroughs,  
9 particularly in Staten Island, taxes are a  
10 very big part of people's lives, and it's  
11 probably the number-one complaint that we get  
12 as elected officials. And we need to address  
13 something when it comes to the property  
14 taxes.

15 On the tax cap, my only suggestion is  
16 that the issue with a lot of residents is the  
17 predictability, and they know that there is  
18 not going to be an increase or anything like  
19 that, whereas right now there's no  
20 predictability, people have to wonder if  
21 there's going to be an increase. And these  
22 are things that I think are very important to  
23 all residents of New York City.

24 MAYOR DE BLASIO: Well, I would argue

1           -- I certainly understand the point. I would  
2           argue that we're doing even better for  
3           homeowners by not only avoiding the cap,  
4           which I think would be ultimately  
5           counterproductive, but by not having property  
6           tax increases. Now, I understand what you  
7           say in terms of predictability, whether we're  
8           talking about five or 10 years ahead. But  
9           what I've said since I came in the door is  
10          we're going to avoid property tax increases.  
11          I think the number-one concern homeowners  
12          would have is no new increases. We  
13          understand there are real challenges around;  
14          the assessed value and other considerations.  
15          But I think job one is to avoid a property  
16          tax increase.

17                        We have done that by making a series  
18                        of decisions that both are fiscally  
19                        disciplined, like our labor contracts, like  
20                        the healthcare savings that we're achieving,  
21                        which are unprecedented, but also by laying  
22                        in the reserves so, God forbid, when we do  
23                        have a downturn -- and we know, again, it's  
24                        not if but when -- that we can sustain a core

1 level of services and be able to protect, in  
2 particular, public safety while not resorting  
3 to a property tax increase.

4 So that is why I fully understand  
5 anyone on this panel saying, Well, it looks  
6 like you have substantial available reserves.  
7 We argue those are necessary reserves because  
8 they will sadly be eaten up very quickly when  
9 the day comes that there's a downturn. Some  
10 of them are being eaten up right now because  
11 of these new costs we talked about before.

12 But I am adamant about guarding  
13 against any further property tax increases.  
14 And I don't want to do that via a fixed rule,  
15 I want to do that by smart budgeting and  
16 using our resources wisely.

17 ASSEMBLYMAN CUSICK: It's definitely a  
18 discussion I would love to continue with  
19 you --

20 MAYOR DE BLASIO: Please.

21 ASSEMBLYMAN CUSICK: -- because it  
22 certainly is the number-one topic in my area  
23 and most of the outer boroughs.

24 But I'll move on. Also I want to

1           thank you and the administration for the  
2           work -- another topic that is big all  
3           throughout the state is the -- and  
4           particularly in Staten Island -- is the  
5           heroin and opioid epidemic.

6                       MAYOR DE BLASIO:  Yes.

7                       ASSEMBLYMAN CUSICK:  I know that you  
8           have been out there working with us.  But  
9           could you give us just an overview of what  
10          the city is budgeting this fiscal year to  
11          combat the heroin and opioid epidemic?

12                      MAYOR DE BLASIO:  I'll see if Dean  
13          Fuleihan or Sherif Soliman have the exact  
14          dollar figure, but I'll give you the  
15          overview.  We're very focused on this issue.  
16          It's a growing problem and -- you may have  
17          seen the map in one of the papers the other  
18          day of what's happening around the country --  
19          even worse in many parts of the country.  
20          Which is astounding, because I know Staten  
21          Island in particular, very hard-hit, and many  
22          other parts of the five boroughs.

23                      We are making this a priority in terms  
24          of NYPD, we're making it a priority in terms

1 of Department of Education and efforts to get  
2 young people to understand what these  
3 challenges are before they end up in a  
4 dangerous situation. We are doing a lot to  
5 work with grassroots organizations to reach  
6 parents and help them. We certainly have  
7 done a lot working with pharmacies to make  
8 the antidote drug available to avoid a fatal  
9 overdose. And there's a lot more that will  
10 be part of our package. It very much  
11 connects with our overall new initiative,  
12 Thrive NYC, which is a comprehensive citywide  
13 mental health initiative. But we consider  
14 the challenges of substance abuse to be  
15 absolutely interrelated to mental health  
16 challenges in many cases, so we have both of  
17 these strategies working together.

18 But what we can say is, particularly  
19 as we've applied more and more focus and more  
20 and more energy, we are seeing an impact.  
21 And I think NYPD has been a crucial partner.  
22 But much more to do, because we understand  
23 how pervasive this problem is.

24 DIRECTOR FULEIHAN: We'll get the

1 exact number.

2 MAYOR DE BLASIO: We'll come back to  
3 you on those specific numbers.

4 ASSEMBLYMAN CUSICK: Thank you. Thank  
5 you, Mr. Mayor.

6 Just one more issue is you had  
7 mentioned that in the city budget you're  
8 providing \$337 million in relief for New York  
9 City Hospitals. Just to be a little local  
10 and parochial here, Staten Island is the only  
11 borough that does not have a New York City  
12 hospital, full-service. When you are going  
13 through the budgeting for New York City  
14 Hospitals, I would just request that we can  
15 have a conversation about money provided to  
16 the existing hospitals, to make up for the  
17 loss that we don't have a hospital.

18 Particularly after Sandy, we have  
19 found that there are certain hospitals that  
20 are in flood zones and some that are not.  
21 And if another disaster hits, the money is  
22 truly needed not only in Staten Island, but  
23 in other areas in New York City.

24 MAYOR DE BLASIO: Yes, thank you,

1 Assemblyman. And as you know, we've tried to  
2 provide some additional support in terms of  
3 preparing for any kind of natural disaster,  
4 and that's been one of our focal points, on  
5 Staten Island.

6 Second, look, we're going to have to  
7 make some very tough choices going forward on  
8 Health and Hospitals. We're going to have to  
9 make a series of reforms. To be optimistic  
10 in that process, we can also look at how we  
11 can address some of the long-standing equity  
12 issues. There's no question that Staten  
13 Island has not been given what it deserves,  
14 and we want to see how we can fix that issue.  
15 But it will, unfortunately, be against a  
16 backdrop of some major changes and reforms  
17 that will be very tough to achieve.

18 ASSEMBLYMAN CUSICK: Thank you,  
19 Mr. Chairman. Thank you, Mr. Mayor.

20 MAYOR DE BLASIO: Thank you.

21 CHAIRMAN FARRELL: Thank you very  
22 much.

23 We've been joined by Assemblywoman  
24 Mayer and Assemblyman Barron.



1 Senator?

2 CHAIRWOMAN YOUNG: Yes. Next will be  
3 Senator Liz Krueger, who is the ranking  
4 member on the Finance Committee.

5 SENATOR KRUEGER: Thank you,  
6 Mr. Mayor. There are so many of us with so  
7 many questions. I'm going to try to do a  
8 little lightning round, if it's okay with  
9 you.

10 MAYOR DE BLASIO: All right. Ready.

11 SENATOR KRUEGER: So Senator Young  
12 brought up the amount of Medicaid money  
13 New York City gets compared to the rest of  
14 the state. Do we get special rules for  
15 New York City, or is it just a ratio of the  
16 number of poor people drawing down Medicaid  
17 throughout the state and the New York City  
18 share?

19 MAYOR DE BLASIO: I'd like to ask Dean  
20 Fuleihan to answer.

21 DIRECTOR FULEIHAN: Exactly. That's  
22 the correct answer, we have no -- and we have  
23 no administrative or rate-setting powers over  
24 Medicaid.

1                   SENATOR KRUEGER: Thank you.

2                   And there was also reference to the  
3                   mandate relief available within this year's  
4                   budget based on changes in Medicaid law over  
5                   the last several years. Again, is New York  
6                   City getting a disproportionate share of  
7                   mandate relief for Medicaid compared to the  
8                   rest of the state?

9                   DIRECTOR FULEIHAN: No.

10                  SENATOR KRUEGER: Thank you.

11                  You raised in your testimony that New  
12                  York City would be obligated to contribute  
13                  more per student in charter schools out of  
14                  your education budget under the Governor's  
15                  proposal. Is that across the board for all  
16                  localities, or only New York City would be  
17                  obligated to put more of its education money  
18                  into the charter formula?

19                  DIRECTOR FULEIHAN: Only New York  
20                  City.

21                  SENATOR KRUEGER: Only New York City,  
22                  thank you.

23                  So yes, there's a CUNY system and a  
24                  SUNY system. But is it the City of

1 New York's position that we should have one  
2 higher education system for students who  
3 aren't in the City of New York and a  
4 different system with less funding for  
5 students who happen to be from the City of  
6 New York to go to higher education?

7 DIRECTOR FULEIHAN: No.

8 SENATOR KRUEGER: And in fact this  
9 proposal that the Governor's making, what it  
10 does is shift a greater burden to the  
11 locality for CUNY students than for SUNY  
12 students?

13 DIRECTOR FULEIHAN: That's correct.

14 SENATOR KRUEGER: And is it true that  
15 CUNY students are already lower-income on  
16 average than SUNY students throughout the  
17 state?

18 DIRECTOR FULEIHAN: Correct.

19 SENATOR KRUEGER: So would it be an  
20 equity model to require every county to  
21 contribute the same ratio to its SUNY system  
22 if this is required of the City of New York  
23 for CUNY?

24 DIRECTOR FULEIHAN: As you know, we're

1 asking that that proposal not go forward.  
2 And as the mayor pointed out, we are taking  
3 the Governor at his commitment, and we're  
4 working through that.

5 SENATOR KRUEGER: And in your  
6 testimony you talked about increased costs  
7 for the City of New York on Medicaid because  
8 the Governor doesn't -- it lifts the state  
9 cap on localities having to pick up growth in  
10 costs. Is that being applied anywhere else  
11 in the state, or just in the City of New  
12 York?

13 DIRECTOR FULEIHAN: Just in the City  
14 of New York if it were to occur.

15 SENATOR KRUEGER: And then there was  
16 discussion about the fact that there's the  
17 \$170 million per year from the old MAC bond  
18 deals, and the mayor discussed the fact that  
19 there was a court decision on this. And it  
20 was raised that why should the state continue  
21 to pay this money even though the courts  
22 apparently decided we're obligated to and we  
23 should.

24 How does that number compare to what

1 New York City no longer gets in AIM funding?

2 DIRECTOR FULEIHAN: It is below what  
3 New York City normally gets. It was a  
4 commitment in 2005 for 30 years at  
5 \$170 million a year. We used to receive over  
6 \$300 million in AIM funding every year, which  
7 we are no longer getting.

8 SENATOR KRUEGER: And do you happen to  
9 remember what the state's argument was when  
10 it cut New York City's AIM or revenue-sharing  
11 and left every other locality whole, if even  
12 still too low?

13 DIRECTOR FULEIHAN: No. Actually I  
14 remember the city opposing it at that time as  
15 being the only municipality that would not be  
16 receiving municipal aid.

17 SENATOR KRUEGER: And did we put that  
18 money back this year?

19 DIRECTOR FULEIHAN: You did not.

20 SENATOR KRUEGER: We did not, thank  
21 you.

22 There's also a proposal to change the  
23 formula of who pays for expanded or continued  
24 services for the homeless through TANF and

1 safety net. Can you project, one, is that  
2 only for New York City or other localities?  
3 And, two, what that will mean for New York  
4 City going forward?

5 DIRECTOR FULEIHAN: Well, we actually  
6 need more detail on this and more detail on  
7 exactly what the homeless plan is, and we're  
8 looking forward to those details.

9 The provision you're talking about is  
10 a "may," and it allows that state actions in  
11 the city can be offset with other safety-net  
12 payments that the state makes, basically to  
13 single shelters. So there could be an  
14 offset. We have asked and we're waiting for  
15 the details on that, so I can't give you  
16 specific numbers at this point.

17 SENATOR KRUEGER: But there's reason  
18 for us to be concerned until we have those  
19 details?

20 DIRECTOR FULEIHAN: Yes.

21 SENATOR KRUEGER: Yes.

22 There was a discussion about the city  
23 not being under a 2 percent property tax cap  
24 and the rest of the state doing so.

1           Ironically, perhaps just since we're sitting  
2           here in this conference room, I don't know  
3           where the Senate is today on schedule with  
4           its session, but a bill is being voted on in  
5           the Senate today that would require a 2  
6           percent cap in the New York City property  
7           tax. I, for the record, am voting no on that  
8           -- yes, Senator Lanza is the sponsor, but  
9           he's here with us. But I think the bill is  
10          going forward in his absence. Sometimes we  
11          get to debate his bill.

12                     But just for the record, if the Senate  
13          law were to go into effect, it would  
14          radically impact the budget projections for  
15          the City of New York; is that correct?

16                     DIRECTOR FULEIHAN: Yes. You're on a  
17          roll.

18                     SENATOR KRUEGER: Yes, to have to be  
19          under a 2 percent cap.

20                     And just finally, do you know how much  
21          money the City of New York taxpayers send to  
22          Albany in comparison to what they get back  
23          from the state budget?

24                     DIRECTOR FULEIHAN: The city

1 contributes much more -- we'll get you the  
2 exact figures, but the city contributes much  
3 more than we receive back.

4 SENATOR KRUEGER: There's a woman with  
5 a piece of paper behind you that she's trying  
6 to hand you.

7 DIRECTOR FULEIHAN: Yes, we will get  
8 it for you in a moment.

9 (Laughter.)

10 SENATOR KRUEGER: I'm sorry, it wasn't  
11 a trick, but it looked like --

12 MAYOR DE BLASIO: Senator, this  
13 lightning round is so fast we're trying to  
14 keep up with it.

15 (Laughter.)

16 SENATOR KRUEGER: So, Mr. Mayor, you  
17 went through --

18 DIRECTOR FULEIHAN: Yes, I didn't want  
19 to give you the wrong number. I started to  
20 say 60 percent; it's 57 percent.

21 SENATOR KRUEGER: Aha.

22 MAYOR DE BLASIO: Clarify it. Clarify  
23 it.

24 DIRECTOR FULEIHAN: It's 57 percent



1           that the taxpayers of New York City --

2                       (Cross-talk.)

3           MAYOR DE BLASIO:  Could you say the  
4           whole sentence for everyone's edification?

5           DIRECTOR FULEIHAN:  So we're going to  
6           make sure I get it to you.

7           SENATOR KRUEGER:  Okay.

8           MAYOR DE BLASIO:  We're experiencing  
9           technical difficulties, Senator.

10          SENATOR KRUEGER:  I appreciate your  
11          ability to respond so quickly.  I knew that  
12          we had so many questioners, I was trying to  
13          be fast here.

14          MAYOR DE BLASIO:  Very good.  We'll  
15          get that clarified in just one second here.

16          SENATOR KRUEGER:  We're going to get  
17          clarified.  Okay, I appreciate that.

18          And there was one other section of the  
19          budget I believe you talked about in the  
20          context of housing.  It would require two  
21          additional steps that the City of New York  
22          would have to go through before it could  
23          approve city affordable housing projects.

24          MAYOR DE BLASIO:  Correct.

1                   SENATOR KRUEGER: Is there any basis  
2                   to make the argument that the City of  
3                   New York hasn't been able to handle this  
4                   effectively up until now --

5                   MAYOR DE BLASIO: No, Senator.

6                   SENATOR KRUEGER: -- and needs two new  
7                   levels of oversight?

8                   MAYOR DE BLASIO: No. This recalls  
9                   the famous phrase "If it ain't broke, don't  
10                  fix it." We've been producing an immense  
11                  amount of affordable housing using the bond  
12                  cap authority. As I said, we had 1200 more  
13                  units that could have been produced had the  
14                  additional authority been extended to us.

15                  I think everyone here wants to see  
16                  affordable housing built as quickly as  
17                  possible, and anything that can be done by  
18                  government done efficiently, and we think  
19                  adding this additional layers will only slow  
20                  down the process at a point where thousands  
21                  and thousands of people are waiting for  
22                  housing that will allow them and their  
23                  families to be able to make ends meet.

24                  SENATOR KRUEGER: Thank you very much.

1                   MAYOR DE BLASIO: Thank you.

2                   SENATOR KRUEGER: And if there's  
3 not -- yes.

4                   DIRECTOR FULEIHAN: I will answer. It  
5 is what I thought, I apologize.  
6 approximately 60 percent of the revenues of  
7 the state are generated within New York City.

8                   SENATOR KRUEGER: Thank you very much.  
9 Thank you, Senator.

10                  CHAIRWOMAN YOUNG: Thank you, Senator.

11                  CHAIRMAN FARRELL: Thank you.  
12 Assemblyman Weprin.

13                  ASSEMBLYMAN WEPRIN: Thank you,  
14 Mr. Chairman.

15                  And thank you, Mr. Mayor, for coming  
16 up here in the midst of cleanup, which I know  
17 is still taking place. And we're very --  
18 considering it was the second-largest storm  
19 in the history of the City of New York, you  
20 know, I don't think you did so badly,  
21 although I know there's still some issues  
22 outstanding.

23                  On another subject, I chair the  
24 Assembly Task Force on People with

1           Disabilities, and I was very proud to march  
2           with you and former Senator Tom Harkin last  
3           summer, with your commitment to ADA and the  
4           25th anniversary, with Disability Pride  
5           Month.

6                     And your commissioner, Victor Calise,  
7           does a great job, and I work very closely  
8           with his office. And I know you are very  
9           committed personally to ADA compliance and to  
10          making New York City accessible to all.

11                    Having said that, though, as you know,  
12          the U.S. Attorney, Preet Bharara, came out  
13          with the results of a two-year investigation  
14          and released that on December 21st, saying  
15          that 83 percent of New York City schools are  
16          not ADA-compliant. And I know there was  
17          supposed to be some response from the city, I  
18          believe it was just last week, January 20th.  
19          Can you give us what the result of that is  
20          and what the fiscal cost might be to bring  
21          New York City schools to be ADA-compliant.

22                    MAYOR DE BLASIO: Well, I'll start and  
23          Dean Fuleihan may want to join in on the cost  
24          issue.

1           First of all, the U.S. Attorney  
2           raised, obviously, an important issue. We  
3           all care deeply about maximizing  
4           accessibility in every way, and we've tried  
5           to do that in a host of ways in the city,  
6           including, for example, ensuring that more of  
7           our taxis are accessible and any number of  
8           other areas where we're trying to focus on  
9           making the city accessible for all.

10           In terms of the city schools, since  
11           approximately 1992, as schools have been  
12           built or substantially rehabilitated, that  
13           has been done with accessibility standards.  
14           In terms of our ongoing efforts to upgrade  
15           older schools, we have \$100 million in the  
16           current budget focused on additional  
17           accessibility efforts.

18           Eight hundred fifty-five of our 1582  
19           school buildings -- so again, 855 out of  
20           1,582 school buildings -- are either fully or  
21           partially accessible. So that's a 54 percent  
22           level. And with only one exception, every  
23           one of our 32 districts has at least eight  
24           accessible buildings.

1                   So considering we have a school  
2                   system, many of which the buildings were  
3                   built 50, 60, 70, 80 years ago, we've managed  
4                   to make real progress on accessibility.  
5                   We're absolutely committed to it for the long  
6                   haul and will certainly work closely with the  
7                   U.S. Attorney.

8                   Just by way of reference, walking  
9                   distance from my home in Brooklyn is a school  
10                  -- it's certainly typical, but it makes the  
11                  point -- a school that was built in 1875, PS  
12                  39. So we're dealing with schools of all  
13                  different configurations.

14                  But it's an ongoing commitment of the  
15                  city to continue to increase accessibility in  
16                  our schools.

17                  ASSEMBLYMAN WEPRIN: Okay. And the  
18                  cost?

19                  MAYOR DE BLASIO: The cost of, again,  
20                  ADA compliance per se, we're in the many  
21                  billions of dollars. But I don't think we  
22                  have a --

23                  DIRECTOR FULEIHAN: Right, we don't  
24                  have a specific cost at this time.

1                   MAYOR DE BLASIO: We can try and give  
2                   you a better reading on that, but certainly  
3                   many, many billions of dollars.

4                   ASSEMBLYMAN WEPRIN: Okay. Yeah, I  
5                   know you are personally committed and I would  
6                   like to work closely with your Office of  
7                   People with Disabilities and Commissioner  
8                   Calise on anything we can do at the state  
9                   level to make sure that accessibility occurs.

10                  In answer to Senator Krueger's  
11                  question, my own personal recollection is  
12                  that AIM was eliminated for the first time  
13                  for New York City in Governor Paterson's last  
14                  year, which was my first year up here, in  
15                  2010, and it was supposed to be for one year  
16                  only and restored the following year. But  
17                  when Governor Cuomo came in in 2011, he  
18                  stated that there was no cut because it was  
19                  already zero from last year. So I think  
20                  they've kind of forgot about what we thought  
21                  was a commitment between the state in  
22                  providing AIM the following year.

23                  So, you know, I continue to argue that  
24                  New York City should still continue to get

1           that AIM and we shouldn't give up on it, that  
2           our understanding as legislators was it was  
3           only going to be a one-year, one-time cut and  
4           it would be restored the following year.

5                     MAYOR DE BLASIO: Well, we agree with  
6           your interpretation, it's certainly never  
7           something we're going to give up on. I think  
8           your recollection of history is exactly  
9           right.

10                    ASSEMBLYMAN WEPRIN: Thank you,  
11           Mr. Chairman.

12                    CHAIRMAN FARRELL: Thank you.

13                    Mr. Mayor, one of the problems we have  
14           is we're going to have elections and people  
15           are being moved out of the schools. And  
16           Manhattan, the northern end is hills, so what  
17           looks like three blocks apart can actually be  
18           a hundred-foot drop and walking 10 blocks and  
19           then back. And we've had a lot of problems  
20           getting the school secure, the reason why we  
21           don't have the voting there.

22                    I'd appreciate it if you could look  
23           into that so that we don't have a problem  
24           where people will be going 10 blocks and



1           20 blocks when they didn't have to because a  
2           railing is loose on the entrance which could  
3           be fixed for \$10.

4                   MAYOR DE BLASIO: I couldn't agree  
5           more. We will follow up with the Board of  
6           Elections. And obviously we're deeply  
7           concerned about people being able to vote and  
8           not finding any hindrance to vote. So I  
9           appreciate you raising this, and we'll follow  
10          up right away.

11                   CHAIRMAN FARRELL: Yeah, because I  
12          thought they had problems in Brooklyn, too,  
13          with the same thing, losing the schools.

14                   Thank you. Senator?

15                   CHAIRWOMAN YOUNG: Thank you very  
16          much.

17                   Our next speaker will be Senator Tony  
18          Avella.

19                   SENATOR AVELLA: Thank you, Madam  
20          Chair.

21                   Good morning, Mr. Mayor -- I think  
22          we're still in the morning.

23                   MAYOR DE BLASIO: Good morning. Yes.

24                   SENATOR AVELLA: I'd like to go back

1 to the property tax cap, the 2 percent cap  
2 that the rest of New York State has.

3 You made a comment earlier, in  
4 reference to a question from one of the  
5 Assemblymembers about this, that the city  
6 hasn't raised its tax rate in a number of  
7 years. But I can assure you, everybody  
8 watching your comments on TV is probably  
9 having the same reaction that I did, is that  
10 everybody's assessment goes up every year.  
11 And that is a tremendous burden on many  
12 homeowners, many seniors, disabled  
13 individuals who we want to keep in their  
14 homes.

15 And I know at the same time you've  
16 been asking for the state to restore the  
17 Medicaid cuts.

18 So I and the IDC, the Independent  
19 Democratic Conference, will make this  
20 recommendation to you and to the Governor,  
21 that if you would institute the property tax  
22 cap, including assessments, in New York City,  
23 then we would urge the Governor and the  
24 Legislature to restore the Medicaid funding.

1                   Your thoughts?

2                   MAYOR DE BLASIO: With real respect,  
3                   Senator, I think that would be a very  
4                   dangerous path for New York City. We have to  
5                   be clear about the fact that, again, we have  
6                   only ourselves to depend on in a moment of  
7                   difficulty.

8                   And I do understand fully how many of  
9                   my constituents are facing a burden which is  
10                  related to, obviously, strangely enough the  
11                  success of New York City, the growth and  
12                  strength of New York City, our property  
13                  values have gone up. And with that have gone  
14                  up the assessments. And that has created a  
15                  challenge and a burden.

16                  But I do -- I have to disagree, first  
17                  of all, that I think -- again, as a homeowner  
18                  myself -- there's a big difference between  
19                  growth of an assessment based on value versus  
20                  a property tax increase. A property tax  
21                  increase is another form of negative for a  
22                  homeowner, another hit on the homeowner, and  
23                  we're working very, very conscientiously to  
24                  avoid any scenario where a property tax

1           increase would be necessary.

2                     Anything that would artificially limit  
3           our ability to put together resources would  
4           undermine all of our efforts, whether it be  
5           at public safety, affordable housing,  
6           education, etc, which are necessary for the  
7           city's future.

8                     And I would argue -- again, with real  
9           respect -- that that tradeoff is an unfair  
10          tradeoff on its face, because the state has  
11          an obligation to cover these Medicaid  
12          expenses. And we're certainly going to  
13          remind people the city has that obligation  
14          and should consistently hold to that  
15          obligation.

16                    Anything -- look, when this proposal  
17          first came out -- and again, I want to  
18          emphasize the Governor quickly said it would  
19          not cost the city a penny, and I appreciate  
20          that deeply. But when it came out, what was  
21          so interesting was it was criticized by many  
22          members of the Senate and Assembly, it was  
23          criticized by CUNY students, it was  
24          criticized by people in the healthcare field,

1           it was criticized by the Citizens Budget  
2           Commission and the Manhattan Institute. Now,  
3           you don't usually see that particular  
4           coalition. But everyone had the same  
5           message: That would be the state supplanting  
6           its obligations and putting them on the City  
7           of New York.

8                     And the City of New York, in the  
9           end -- again, we do not have a safety net, we  
10          have to take care of our own -- no matter  
11          what happens levels of government above us,  
12          no matter what happens in the global economy,  
13          we have to take care of our own people.

14                    So I would not agree that that's a  
15          fair deal for New York City.

16                    SENATOR AVELLA: Well, with all due  
17          respect, I'm going to disagree, and I think  
18          Senator Young sort of outlined the situation  
19          by which the cap was imposed on other  
20          municipalities upstate. In return, the state  
21          assumed the Medicaid funding. So I think if  
22          -- we should apply the same logic to New York  
23          City.

24                    And, Mr. Mayor, you know, I represent

1 a middle-class district. And if we don't  
2 help the middle class of this city, we're  
3 going to have an exodus like we had years  
4 ago. And as property values go up, even  
5 though the tax rate is not going up, their  
6 assessments are going up dramatically. I  
7 heard from a couple of people who got their  
8 tax bill just the other day, and they're  
9 talking \$800 and \$900 for a one-family home.  
10 For a lot of seniors, they cannot afford  
11 that.

12 And if you had the 2 percent cap as  
13 the rest of the state does, you'd be eligible  
14 for a lot of the state relief programs for  
15 homeowners.

16 And I would just add -- and I'll  
17 finish with this, because we can obviously  
18 follow this up later. But I believe at the  
19 end of your statement you said we're all New  
20 Yorkers. And I think it's unfair that New  
21 York City homeowners, property owners, don't  
22 benefit from the same property tax cap that  
23 everybody else in the state does.

24 MAYOR DE BLASIO: Senator -- Senator,

1           you yourself pay city income tax and you know  
2           that that is not the norm in the rest of the  
3           state. So I would urge you to recognize the  
4           fact that we have a set of challenges in our  
5           city that are different, a set of needs that  
6           are different. You know that we cover a lot  
7           of things in the city ourselves that are very  
8           costly and very challenging. And that in  
9           fact the notion -- I just can't agree with  
10          you on any notion of an exodus of the middle  
11          class when in fact we're seeing the opposite  
12          phenomenon: The city is gentrifying. And  
13          that comes with some good elements and some  
14          really problematic elements. Property values  
15          are increasing intensely. There's no flight  
16          of the middle class in New York City. We're  
17          dealing with, in fact, the reverse  
18          phenomenon, trying to figure out how best to  
19          navigate it.

20                        But I'll tell you one thing, what  
21          would start to threaten the existence of the  
22          middle class in New York City is if we did  
23          not invest in public safety, if we did not  
24          invest in a better education system.

1 Everyone knows we have sustained public  
2 safety gains, but that will only continue if  
3 we make the right investments protecting both  
4 our communities and our officers. Everyone  
5 knows our school system is still not where it  
6 needs to be for the 21st-century economy, we  
7 must make those investments. Our  
8 infrastructure, I'm sure you would agree, is  
9 far beyond where it needs to be for a major  
10 global economic capital. We're far, far  
11 behind some of our competitors that made  
12 massive infrastructure investments because  
13 their federal governments, their national  
14 governments believe in that as a priority.  
15 Ours doesn't. So we end up having to do it.

16 So I just have to remind you that if  
17 we don't have the resources to protect the  
18 quality of life in our city, the safety of  
19 our city, the infrastructure of our city,  
20 that's what will actually threaten the middle  
21 class.

22 SENATOR AVELLA: Well, Mr. Mayor,  
23 again, I'm not going to debate you on this.  
24 I would disagree -- all those things you



1 mentioned, of course we want to do that. But  
2 as you well know, balancing the budget is  
3 taking issues and rectifying what are the  
4 needs. And I would just think that -- and  
5 again, I disagree with you because I hear  
6 from people in my district every day that  
7 they're going to leave the City of New York  
8 because of the taxes, and the property tax is  
9 one of them.

10 Thank you, Mr. Mayor.

11 CHAIRMAN FARRELL: Thank you.

12 Senator?

13 ASSEMBLYMAN OAKS: We've been joined  
14 by Assemblyman Walter.

15 CHAIRMAN FARRELL: Assemblyman  
16 Brennan.

17 ASSEMBLYMAN BRENNAN: Good morning,  
18 Mr. Mayor.

19 MAYOR DE BLASIO: Good morning.

20 ASSEMBLYMAN BRENNAN: You identified  
21 as a concern the proposal by the Governor  
22 that the city be required to pick up 30  
23 percent of the CUNY senior college budget,  
24 and you indicated you had learned that the

1 Governor was clarifying this proposal to  
2 assure that reforms and efficiencies would  
3 achieve those savings, and therefore there  
4 wouldn't be imposed this burden on the city  
5 government.

6 Can you imagine how reforms and  
7 efficiencies could cover 30 percent of the  
8 budget of the City University?

9 MAYOR DE BLASIO: Let me separate two  
10 points within this, if I may.

11 The Governor put forward the proposal,  
12 and then the Governor clarified the proposal.  
13 So obviously I would urge the Legislature to  
14 get clarity from the Governor on how he  
15 intends to proceed.

16 In terms of the question of looking  
17 for reforms and efficiencies, we think that's  
18 a smart thing to do in government. And we  
19 look forward to sitting down, hopefully as  
20 early as next week, city and state officials,  
21 to talk about these two areas, Medicaid and  
22 CUNY, and see if there are some available  
23 options. But that process has not begun, so  
24 I can't tell you at this moment what it will

1           yield on what kind of timeline. We take the  
2           Governor at his word on the statement that  
3           for this budget, it will not cost the city a  
4           penny, and that's what I think we should all  
5           hold to and hold him to.

6                     But those conversations on the details  
7           have not begun.

8                     ASSEMBLYMAN BRENNAN: I guess also, by  
9           the same token, forcing the city government  
10          to once again cover the full increased cost  
11          of the Medicaid program, which you indicated  
12          would cost a billion dollars a year by 2021,  
13          approximately -- you know, given the fact  
14          that, you know, the Medicaid managed care  
15          system now underpays our hospitals, both HHC  
16          and the voluntaries, by very substantial  
17          amounts, does not cover their cost of care, I  
18          think it would be very dangerous to force the  
19          city to find another billion dollars worth of  
20          savings in the Medicaid program just inside  
21          the City of New York itself.

22                     MAYOR DE BLASIO: I think there's  
23          again two areas here that collide: In  
24          effect, the proposed cuts, which again we

1 look forward to being handled in a way that  
2 does not affect the city directly, and the  
3 challenge we're having with Health and  
4 Hospitals. Which absolutely, as you say, is  
5 related to a series of policy changes, some  
6 that are part of the Affordable Care Act --  
7 which is I think a fundamental step forward  
8 for this country, was the Affordable Care  
9 Act. But there were some elements of it that  
10 had, I think, unintended consequences for our  
11 public health systems. Some of the Medicaid  
12 reform that the state achieved -- again, in  
13 many ways a very good policy -- had some real  
14 unintended consequences for our public health  
15 system.

16 We're seeing a number of factors  
17 collide. They're making the economics of  
18 public health systems not only here, but all  
19 over the state and all over the country, less  
20 and less viable. So we're going to have to  
21 come up with some different solutions,  
22 because a huge number of our citizens rely on  
23 those public hospitals.

24 ASSEMBLYMAN BRENNAN: Thank you. I

1 just also wanted to mention that I share your  
2 view that the state should restore the AIM  
3 funding to the City of New York, once known  
4 as revenue sharing. Just as an aside, New  
5 York City's revenue sharing from the state in  
6 1990 was \$500 million. And it was Governor  
7 Spitzer who actually started trying to cut  
8 revenue sharing. We had restored about half  
9 of it when the recession hit, and that's how  
10 the remainder got wiped out.

11 MAYOR DE BLASIO: Thank you.

12 CHAIRMAN FARRELL: Thank you.

13 Senator?

14 CHAIRWOMAN YOUNG: Thank you,  
15 Assemblyman.

16 Next it would be Senator Kathy  
17 Marchione.

18 SENATOR MARCHIONE: Thank you, Madam  
19 Chair.

20 Thank you, Mayor, for being here.

21 MAYOR DE BLASIO: Thank you, Senator.

22 SENATOR MARCHIONE: I serve as the  
23 chairman for Local Government for the Senate.  
24 And I hear it all the time, how we're one

1 state, we need to be one state. I watch the  
2 remainder of the state outside of New York  
3 City struggling, coming in and appearing  
4 before Local Government about how difficult  
5 it is to live within the 2 percent tax cap --  
6 which isn't even 2 percent. This year it's  
7 much less.

8 But I listened to you tell me that we  
9 are one state, but I see your spending at 6  
10 percent. I have difficulties stating at one  
11 point that we're one state and then in the  
12 next mouthful saying it's okay because I have  
13 needs. Every single municipality that has  
14 come before us has a unique set of  
15 circumstances that requires them to do the  
16 best they can for their residents, but  
17 they're doing their best to live under the 2  
18 percent tax cap.

19 I wonder, and I'm asking your opinion,  
20 if the Executive didn't actually require you  
21 to pay a portion of your Medicaid -- even  
22 though I know you're saving like \$145  
23 million, because it's only 2 percent this  
24 year -- because you're not adhering to a 2

1           percent tax cap that we self-impose and that  
2           we have imposed upon every other municipality  
3           and government in New York State except for  
4           New York City.

5                     MAYOR DE BLASIO: Well, again,  
6           Senator, I appreciate the point. And I think  
7           everyone is struggling in different ways.

8                     SENATOR MARCHIONE: They are.

9                     MAYOR DE BLASIO: And I don't --  
10          again, I would never for a moment belittle  
11          the challenges being faced by municipalities  
12          all over the state.

13                    We have an unusual reality because we  
14          have an income tax. So that means for the  
15          average taxpayer, they are paying both a city  
16          property tax and a city income tax, and  
17          probably it would be healthy for all of us to  
18          look at the overall impact, what that means,  
19          and to compare across localities.

20                    But I think the bigger point here is  
21          we have a host of challenges that I think are  
22          particularly large and complicated in our  
23          city -- again, that aging infrastructure. I  
24          know it's a problem all over the state. Ours

1 is just extraordinary in its size. For  
2 example, bridges over a hundred years old in  
3 the City of New York, I believe there's 160  
4 such bridges. So we just have the sheer  
5 weight of so many years of expenses that were  
6 deferred.

7 I mentioned our public housing  
8 authority, home for 400,000 people. That  
9 public housing authority alone has a  
10 \$17 billion unmet capital need level.

11 So I'm not trying to, if you will,  
12 compare scars. Everyone's got problems and  
13 challenges. What I would say is that our  
14 taxpayers -- and it's a long-standing  
15 tradition -- pay two types of taxes. Our  
16 challenges are particular and in many ways  
17 growing. Some of the new obligations we're  
18 being hit with are different than what's  
19 happening in some other places. We're also  
20 trying to be honest about the fact that --  
21 and we say this almost in a spirit of  
22 collegiality -- we know when trouble hits,  
23 and it will, we can't come up here and  
24 pretend to say to you, as the state is



1           dealing its own problems and other  
2           municipalities are dealing with theirs, we're  
3           not going to be able to say to you: Bail us  
4           out. We're going to have to do that, to the  
5           maximum extent possible, ourselves.

6                        So that's why we consider ourselves,  
7           in a sense, to have to meet our own  
8           obligations in times of trouble, that's one  
9           reason why a cap would be counterproductive.

10                       But I think the point that Dean  
11           Fuleihan made earlier, and I say this in a  
12           positive vein, because we're all  
13           interconnected -- if we're paying upwards of  
14           60 percent of the revenue that goes into  
15           state coffers, I don't begrudge that, I think  
16           that is something it's my obligation to keep  
17           doing, in the sense of having a strong  
18           economy that creates jobs, that grows, that  
19           creates more revenue for all. I'm trying to  
20           do the things that will allow that to happen.

21                       And what I hear from business leaders  
22           all the time, number-one concern, public  
23           safety, where we're continuing to invest;  
24           second concern, education; third concern,

1           affordable housing. We get those pieces  
2           right, we will continue to build the New York  
3           City economy for the good of the whole state.  
4           As I said, we're on our way, I think quite  
5           soon in the scheme of things, to a  
6           9-million-person population, which is also  
7           going to create a whole series of strains,  
8           but with many benefits for the entire  
9           metropolitan area and the entire state.

10                         That's my argument about why I think  
11           we should avoid a strategy that actually  
12           could limit that growth and undermine our  
13           ability to handle the downturns when they do  
14           come.

15                         SENATOR MARCHIONE: Thank you. And I  
16           appreciate what you're saying, and I do agree  
17           that New York City is critically important to  
18           all of us in New York State. And I  
19           understand that you have a different set of  
20           circumstances. I myself come from a district  
21           this week, last week that a water line broke,  
22           it was a main line, it was 110 years old.  
23           The size and the magnitude of what you have  
24           is different, but the problems are pretty

1 much the same.

2 MAYOR DE BLASIO: Exactly. I agree  
3 with that.

4 SENATOR MARCHIONE: And they're living  
5 under a 2 percent tax cap.

6 So I understand what you're saying,  
7 but the rest of us are doing our very best to  
8 make sure we can save billions of dollars for  
9 people who live here in New York State. And  
10 I believe that New York City, although  
11 larger, although having your unique set of  
12 circumstances, if we're one state, then we're  
13 one state, and we should be under the same  
14 guidelines to save our taxpayers' dollars.

15 My next question came from something  
16 you said about rent control, that we need to  
17 have more rent control, a one-bedroom  
18 apartment is \$3100 and the state is providing  
19 \$1500. When you increase your budget by  
20 6 percent, aren't those additional monies  
21 being passed on to your taxpayers so that,  
22 although we want more rent control paid for  
23 by the state, when you're adding to your tax  
24 burden then you are adding to the amount that

1           those owners of those properties have to  
2           charge to pay the additional tax? Am I  
3           missing something here?

4                   MAYOR DE BLASIO: Well, I would just  
5           say I think there's a couple of additional  
6           pieces to the puzzle. First of all, a lot of  
7           that growth over the last few years is a  
8           result of Hurricane Sandy, and that's very  
9           specific. Remember, our representatives in  
10          Washington fought very hard for the kind of  
11          relief that New York City, New York State,  
12          and New Jersey deserved as a result of Sandy,  
13          the kind of relief that other areas of the  
14          country had gotten when they experienced such  
15          disasters.

16                   There's no question Sandy was the  
17          biggest natural disaster in the history of  
18          New York City. Massive amount of damage  
19          caused. So when those resources came in from  
20          FEMA, came in from HUD, they went into our  
21          city budget, they positively inflated our  
22          city budget. They will be spent on  
23          resiliency efforts and recovery efforts, and  
24          then that will be gone from the budget. So

1           again, that budget will contract when this  
2           immediate cycle of federal funding is over.

3                     The other fact, again, major new  
4           obligations -- which for us are very  
5           striking, the fact that we had a one-two  
6           punch of the actuary change and the specific  
7           needs of our Health and Hospitals Corporation  
8           that meant a billion-dollar additional charge  
9           in this fiscal year alone. These situations  
10          I think are specific challenges -- again, I  
11          agree with you a hundred percent, every place  
12          has a challenge, each one is different.  
13          These are some of ours, both the negative of  
14          the billion dollars that we were suddenly hit  
15          with, the positive of the federal aid, but  
16          knowing that that federal aid will then be  
17          used and no longer appear in the budget. So  
18          that I think modifies a little bit some of  
19          the points that you're making.

20                    But look, overall, we're simply trying  
21          to put the pieces together in a way that is  
22          sustainable for this city and for the good of  
23          our city economy. I think we'd both agree if  
24          we failed to take the right steps and New



1           And I think I just want to end on this point,  
2           to say that you're not on your own as you've  
3           been saying you're on your own. Not one of  
4           us sitting up here are on our own. When you  
5           had problems with Hurricane Sandy, the state  
6           came in, the federal government came in.  
7           When I had problems with my water line, I  
8           went to the Governor's office to ask for some  
9           assistance. We're not on our own. We're one  
10          state. And when we're in need, as -- I  
11          believe you've got a lot of money in the  
12          budget this year, going into transportation,  
13          to fix major, important things in the state  
14          budget. We're not on our own.

15                   MAYOR DE BLASIO: Senator, if I may, I  
16          appreciate -- and I agree with you there are  
17          certainly areas where there's been  
18          extraordinary commonality. This recent storm  
19          is a great example. Tremendously good  
20          coordination between the city and the state,  
21          the MTA, et cetera, and everyone working in  
22          common cause.

23                   I would differentiate in an economic  
24          downturn, I really would, and I say this with

1 absolute respect for your point. I think  
2 Sandy and other natural disasters are one  
3 type of category -- and you'll remember that  
4 the federal government was rather slow to  
5 respond in terms of the financial support,  
6 and it took a real fight in Washington to get  
7 there, different than it would have been 10  
8 or 20 years ago. So I think there was a lot  
9 of concern about whether the standards were  
10 changing in terms of federal obligation in a  
11 disaster.

12 But what I was referring to is in an  
13 economic downturn where the revenues of the  
14 state will be deeply affected, the revenues  
15 of the federal government will be affected.  
16 When I say we're on our own, it's an  
17 acknowledgment of the fact that everyone will  
18 be hurting and we won't be in a position to  
19 ask for additional help. Even if we're  
20 hurting, even if we're cutting vital  
21 services, we know we can't turn to people who  
22 already have had their own revenue cut to ask  
23 for help. That's where we believe the  
24 prudent thing to do is to save for that rainy



1 day. That's the way we look at it.

2 SENATOR MARCHIONE: And those in  
3 upstate New York, we are in a downturn  
4 economically. We're not as vibrant as you  
5 are in New York City. And even though they  
6 are in an economic downturn, they're still  
7 staying within the 2 percent tax cap.  
8 They're doing the very, very best that they  
9 can.

10 My last question, I've listened to you  
11 talk about police protection, and I guess I'm  
12 looking for an update on where police  
13 relations stand in the city, specifically do  
14 the courageous men and women of law  
15 enforcement have the support, financially,  
16 materially, personnel, personally, they need  
17 to continue doing the important jobs that  
18 they do?

19 MAYOR DE BLASIO: Thank you for the  
20 question. Absolutely.

21 First of all, I'm very proud to say I  
22 gave them the finest police leader in the  
23 United States of America in Bill Bratton. He  
24 and his leadership team have done an

1 extraordinary job. Two years running now, we  
2 have driven down major crime across the seven  
3 major crime categories. We have a 5.8  
4 percent decrease in crime over two years.

5 We are adding resources for the latest  
6 police vests for every one of our officers to  
7 protect them. We're adding resources for  
8 technology, like the shot protection system  
9 that's in our current city budget, so that  
10 our officers have immediate alerts when a  
11 shot is fired in key areas of the city -- and  
12 it also helps them tremendously in the  
13 investigation efforts.

14 We're adding resources so that every  
15 single one of our officers has the most  
16 up-to-date technology so they can get, for  
17 example, a suspect description and even a  
18 photo or a sketch of a suspect in their hand  
19 on an iPhone instantly. Something that  
20 wasn't true just a year ago now is becoming  
21 common for every single officer. That's  
22 going to greatly intensify their ability to  
23 protect both communities and themselves when  
24 they have that kind of information.

1           The most training our officers have  
2           ever received, including tactical training  
3           that helps to keep them safe, every single  
4           member of our force being trained.

5           A 500-plus-person critical response  
6           command. I'm very proud of this change we  
7           made in June. It is an anti-terror unit, a  
8           stand-alone, dedicated anti-terror unit, well  
9           armed, well trained, that we can use --  
10          obviously, given that we are, sadly, one of  
11          the number-one global terror targets. This  
12          unit used to be drawn off -- a similar unit  
13          was drawn off of individual police precincts  
14          on a temporary basis. We're now going to  
15          have 500-plus officers who do only  
16          anti-terror operations. We think that's  
17          going to help them be ever more effective at  
18          preventing terror in the city.

19          An overall increase of 2,000 officers  
20          on patrol strength -- again, the first  
21          increase since 2001 to help us sustain our  
22          safety. And obviously I think police  
23          officers would be the first to say one of the  
24          best ways to keep them safe is to add to the

1 ranks and give them the backup they deserve,  
2 and we're doing that.

3 SENATOR MARCHIONE: Thank you very  
4 much.

5 MAYOR DE BLASIO: Thank you.

6 SENATOR MARCHIONE: Thank you for your  
7 answers.

8 CHAIRMAN FARRELL: Thank you.

9 Assemblywoman Malliotakis.

10 ASSEMBLYWOMAN MALLIOTAKIS: Thank you,  
11 Mr. Mayor, and thank you to your staff for  
12 keeping me informed during the snowstorm. We  
13 appreciate the open communication.

14 I just wanted to talk also about this  
15 property tax cap. Last year we supported  
16 rent-control legislation for the City of New  
17 York as well as we saw the Rent Control  
18 Board, of which you appoint all nine members,  
19 implement a rent freeze. We really don't see  
20 the same type of empathy for the property  
21 taxpayers in the City of New York. Or, aside  
22 from property taxes, we could even say like a  
23 water bill freeze, which puts many landlords  
24 in a jam here if you're going to freeze the

1 rents.

2 But my homeowners I think are in a  
3 situation now where if this budget goes  
4 through as is, we're going to see them be  
5 doubly hit; one, because their property taxes  
6 will not be capped, and two, then they also  
7 have to take on the burden of the \$650  
8 million over the next three years for  
9 Medicaid.

10 So I'm very disappointed that you  
11 don't support the cap. I'll continue to  
12 advocate that with my colleagues. But I hope  
13 you really reconsider, because I think that  
14 the property taxpayers in the City of New  
15 York deserve the same type of relief that  
16 you've put forth for the rent payers in the  
17 city.

18 MAYOR DE BLASIO: Well,  
19 Assemblymember, may I speak to that?

20 ASSEMBLYWOMAN MALLIOTAKIS: Sure.

21 MAYOR DE BLASIO: First of all, I want  
22 to emphasize with the Rent Guidelines Board,  
23 the charge that I've given them is to look at  
24 the real expenses each year and to adjust the

1 increases in rent according to the real  
2 expenses that landlords have. You will  
3 remember that the first year was one number,  
4 the second year was a different number.  
5 Every year you're going to see a different  
6 number according to the facts.

7 Now, one thing that did change in the  
8 last couple of years, it's well known, is the  
9 price of fuel went way down. In the past,  
10 honestly, when such a change occurred in  
11 favor of the landlord's bottom line, it was  
12 not necessarily reflected in the rent  
13 increase of tenants. In fact, the rent  
14 increase of tenants stayed fairly substantial  
15 regardless of whether the cost for landlords  
16 went up or down.

17 We have a different view. We believe  
18 it should be a very clear process to reflect  
19 what those costs are. When costs of  
20 landlords go down, tenants should have that  
21 savings reflected in their rent situation.  
22 When it goes up, we should also pass that  
23 along --

24 ASSEMBLYWOMAN MALLIOTAKIS: But the

1 water bills and the property taxes have  
2 continued to rise.

3 But more specifically, instead of the  
4 landlords, I want to focus on my  
5 constituents, who are the homeowners and  
6 residential homeowners on Staten Island and  
7 Bay Ridge, Brooklyn.

8 I also just -- maybe you can answer  
9 this question, because no one seems to be  
10 able to give me a straight answer of why  
11 those individuals who paid their property  
12 taxes in full last year were hit with a  
13 notice in September saying that they owed  
14 more money.

15 MAYOR DE BLASIO: Could you be  
16 specific about that?

17 ASSEMBLYWOMAN MALLIOTAKIS: Okay. So  
18 for instance, I'm a property owner and I paid  
19 my taxes in full, and then in September I  
20 received a notice saying, oh, by the way, you  
21 owe another hundred or \$200 -- I think it was  
22 a percentage, a point -- I'm not sure of the  
23 exact percentage that increased. But I found  
24 that to be very odd, that someone who had

1           paid their property taxes in full received  
2           another a bill later on saying that they owed  
3           more money. And then I found out that many  
4           other constituents in my community were hit  
5           with the same type of notice.

6                       MAYOR DE BLASIO: I'll get a  
7           clarification to you. Again, as I said,  
8           we're adamant about not increasing the rate.  
9           We know a number of people's assessment has  
10          gone up and that's affected them. But I'll  
11          get back to you on the specific point you're  
12          raising.

13                      I just want to make one other point on  
14          your previous point on the water bills. One  
15          of the things I talked about when I was  
16          public advocate was ending the practice of  
17          the city using water bills as a general  
18          revenue source. We've incrementally moved on  
19          that, and we're going to be at a point soon  
20          when we end that practice entirely. And from  
21          that point on, the water bill will only  
22          reflect the costs of maintaining the water  
23          system.

24                      Now, I do want to emphasize, Lord



1 knows there's nothing more important than  
2 water to human life, and our system is  
3 extraordinary and it has been -- it's one of  
4 the great virtues of New York City is having  
5 such a great water system. It is costly to  
6 maintain. But what I feel adamantly, and I'm  
7 a homeowner too, is that we should only pay  
8 for a water bill for water and nothing else.  
9 So we're making those adjustments rapidly.

10 Second, we've added in protections for  
11 senior citizens, low-income homeowners to try  
12 to lessen the impact of water bill increases  
13 on them, and those are available to  
14 constituents. So I want you to be aware of  
15 that.

16 ASSEMBLYWOMAN MALLIOTAKIS: Okay, I  
17 appreciate that. Because I remember when you  
18 were the public advocate and you called for  
19 water bills to be frozen. And now that  
20 you're mayor, it seems that there's been a  
21 charge of heart.

22 So I appreciate that, and I look  
23 forward to working with you on that front.

24 Regarding the \$337 million for the

1 HHC, I want to also add my voice to that of  
2 Assemblyman Cusick, who said that we would  
3 really like Staten Island to be considered.  
4 You mentioned in your remarks, you used the  
5 term "fair and proportional." Staten Island  
6 would like to receive their funds fair and  
7 proportionally as well when it comes to the  
8 HHC, because there are 11 public hospitals  
9 throughout the City of New York, and none of  
10 them are in the borough of Staten Island.

11 And so not that we are advocating for  
12 a public hospital, but we would like to have  
13 our proportional funds supporting those two  
14 hospitals that we do have and are certainly  
15 at capacity. So we appreciate if you would  
16 consider that.

17 MAYOR DE BLASIO: Yes.

18 ASSEMBLYWOMAN MALLIOTAKIS: Also, with  
19 regard to the city putting forth an \$868  
20 million capital plan to add 11,800 seats in  
21 schools throughout the city, I can't stress  
22 to you enough how the schools in my district,  
23 as I'm sure many others' here, are at  
24 capacity, whether it's 100 percent over

1 capacity, 150 percent over capacity.

2 One school in particular, PS 13 in my  
3 district in Rosebank, which I share with  
4 Senator Savino, they have been advocating for  
5 a K-8. With the new development of Mount  
6 Manresa and your affordable housing plan to  
7 add 200,000 affordable housing units, we  
8 really need to address this issue of  
9 overcapacity, and we hope you'll be looking  
10 at those schools in my district.

11 And I'd like to talk to you further  
12 another time about the particular issues that  
13 we have in Staten Island and Bay Ridge.

14 MAYOR DE BLASIO: Absolutely. I look  
15 forward to that.

16 And I would say, you know, as you  
17 indicate, in the capital budget we have  
18 announced an additional 11,800 seats,  
19 bringing us to a grand total of 44,000, I  
20 believe it is, for this capital plan. There  
21 will be more in the next capital plan, which  
22 is after fiscal 2020.

23 We have a profound problem with  
24 overcrowding. This number we've reached by

1 adding the 11,800 is the number we believe  
2 not only that we can afford but that is  
3 physically reachable in the time frame of the  
4 next three years of the capital plan. So our  
5 charge to the School Construction Authority  
6 was to tell us what was the maximum you could  
7 actually build, practically, in that time  
8 frame, and this is what they've come back  
9 with.

10 No surprise to you that as this city  
11 continues growing, finding the space and  
12 putting together the lots for a new school  
13 and construction of a new school is more  
14 difficult all the time. We're committed to  
15 the numbers and the ones after, but this is  
16 what we think is the outer limit for the next  
17 few years.

18 ASSEMBLYWOMAN MALLIOTAKIS: Okay.  
19 With some of the parochial schools closing, I  
20 think we may have opportunities on  
21 Staten Island to expand, so I would like to  
22 speak with you at a later time.

23 MAYOR DE BLASIO: Absolutely. We're  
24 very -- and we have a running dialog with the

1 Archdiocese and also with the Diocese of  
2 Brooklyn and Queens that we have an interest  
3 in any and all properties that come online,  
4 whether for schools or other uses.

5 ASSEMBLYWOMAN MALLIOTAKIS: Great.  
6 Great.

7 With regards to the 41,000 units that  
8 you have achieved in affordable housing and  
9 the 200,000 that you have planned for, how  
10 much of that is senior housing? We have a  
11 terrible crisis in my community of a  
12 tremendous amount of seniors without housing  
13 that's affordable for them. Can you give me  
14 any specifics?

15 MAYOR DE BLASIO: The overall plan  
16 calls for a minimum of 10,000 units of senior  
17 housing. Now, obviously some of the housing  
18 that is being created that will not be  
19 phrased as "senior housing" will still go to  
20 the seniors. But the minimum that we're  
21 allotting specifically to reach seniors is  
22 10,000, and we're looking for ways to add  
23 upon that.

24 ASSEMBLYWOMAN MALLIOTAKIS: Ten

1 thousand out of the 200,000?

2 MAYOR DE BLASIO: Correct.

3 ASSEMBLYWOMAN MALLIOTAKIS: That seems  
4 like a very low number. But also what about  
5 out of the 41,000 that has already been  
6 achieved?

7 MAYOR DE BLASIO: Again?

8 ASSEMBLYWOMAN MALLIOTAKIS: The 41,000  
9 that has already been achieved, is that  
10 included in the 200,000 or is that separate?

11 MAYOR DE BLASIO: Yes, the 41,000 out  
12 of the 200,000.

13 ASSEMBLYWOMAN MALLIOTAKIS: Okay.  
14 Well, I hope, you know, if we could look more  
15 at the senior population here, especially --  
16 I happen to represent one of the largest  
17 populations of senior citizens in my  
18 district, and so I think that this is  
19 something that has come to me time and again  
20 out in the community.

21 I have one last question regarding  
22 Hurricane Sandy and the Build It Back  
23 program. Are we still on schedule to  
24 complete the Build It Back construction by

1 the end of this year?

2 MAYOR DE BLASIO: Yes. I asked this  
3 question of Amy Peterson, who's the director  
4 of that program and I think has done an  
5 outstanding job, I ask her every few weeks.  
6 We are adamant, for the single-family  
7 homes -- we know for some of the  
8 multi-families it's a little more  
9 complicated -- for the single-family homes,  
10 by December 31st of this year.

11 ASSEMBLYWOMAN MALLIOTAKIS: I've also  
12 been speaking with Amy Peterson, and I agree  
13 that she has been very responsive to my  
14 office and has taken our recommendations into  
15 consideration, has helped us accomplish some  
16 of these goals.

17 With regards to the abandoned  
18 properties on Staten Island, myself and  
19 Senator Lanza and our councilman, Steve  
20 Matteo, we have written to you and Amy  
21 Peterson regarding having the city purchase  
22 for acquisition for redevelopment those homes  
23 that have been abandoned during Hurricane  
24 Sandy. I understand that there's a favorable

1 outcome. I just wanted to -- if you could  
2 share the details.

3 MAYOR DE BLASIO: For this question --  
4 I appreciate very much the question and  
5 appreciate that you and your colleagues have  
6 really pushed us to look at this as another  
7 good option. I would like to call in a  
8 relief pitcher for this question and turn to  
9 Sherif Soliman.

10 DIRECTOR SOLIMAN: We are interested  
11 in finding a way to use this HUD funding, and  
12 we hope to start developing the pilot this  
13 February. And so we'll be in touch with you  
14 and your colleagues on that.

15 ASSEMBLYWOMAN MALLIOTAKIS: Okay,  
16 excellent.

17 The last question, because I ran out  
18 of time, is do you anticipate -- because  
19 we've received some constituents in my office  
20 that would like to --

21 MAYOR DE BLASIO: I'm sorry, say  
22 again?

23 ASSEMBLYWOMAN MALLIOTAKIS: We  
24 received some constituents over the last few



1 years that have missed the Build It Back  
2 deadline and would like to be in the program.  
3 Do you anticipate opening up the program  
4 again for applicants should you have money  
5 left over?

6 MAYOR DE BLASIO: I do not anticipate  
7 that. We don't see a scenario at this moment  
8 where there will be money left over. But  
9 most importantly, we've set this deadline  
10 after a very extensive process to -- many  
11 opportunities were given to people to  
12 participate. A lot of people chose not to.  
13 Some people who thought they were eligible  
14 were not. But we feel fundamentally the door  
15 was open for a long time. It's time to put  
16 Sandy behind us, get this job done and move  
17 on.

18 ASSEMBLYWOMAN MALLIOTAKIS: Okay. And  
19 please let my office know how we can be  
20 helpful in achieving this goal, making sure  
21 we do finish, indeed, the construction by the  
22 end of the year. Thank you.

23 MAYOR DE BLASIO: Thank you very much.

24 CHAIRMAN FARRELL: Thank you.

1 Senator?

2 CHAIRWOMAN YOUNG: Thank you very  
3 much. Our next speaker would be Senator  
4 Ruben Diaz.

5 SENATOR DIAZ: Thank you. Thank you.  
6 Good morning, good morning --

7 MAYOR DE BLASIO: Good morning.

8 SENATOR DIAZ: Good afternoon,  
9 Mr. Mayor.

10 MAYOR DE BLASIO: Good afternoon,  
11 whatever it is.

12 SENATOR DIAZ: Mr. Mayor, yesterday I  
13 wrote in my column, "What You Should Know,"  
14 and I gave you praise.

15 MAYOR DE BLASIO: I saw that, Senator.  
16 I was very appreciative. We monitor your  
17 statements closely, Senator.

18 SENATOR DIAZ: Yeah, but today we're  
19 going to change. Today we're changing.

20 (Laughter.)

21 MAYOR DE BLASIO: Senator, it was fun  
22 while it lasted.

23 SENATOR DIAZ: Today we go back to  
24 normal.

1                   MAYOR DE BLASIO: It was fun while it  
2 was lasted.

3                   SENATOR DIAZ: Okay. I want to talk  
4 about the homeless situation with the City of  
5 New York. We have 40,000 families who are in  
6 shelters. There are community-based  
7 organizations sponsoring these programs, some  
8 of them, and they're {inaudible}. So  
9 Mr. Scott Stringer, the comptroller of the  
10 City of New York, has decided to stop payment  
11 and not to sign the contracts. That has  
12 forced some organizations to borrow money,  
13 community-based organizations to borrow money  
14 from the banks to pay interest that the city  
15 will not pay them, they will not reimburse  
16 them.

17                   And also families that need services  
18 are being -- are paying the price and are  
19 being discriminated. I think that what  
20 Comptroller Stringer is doing is very  
21 damaging to the families and to the  
22 community-based organizations. Because if a  
23 landlord has some kind of violation, they  
24 hold the landlord's money but the community

1 organization continues providing the good  
2 services.

3 My question to you, how come -- why  
4 have you not sued Scott Stringer, the  
5 New York City comptroller, to compel him to  
6 register the contracts as the law requires?

7 MAYOR DE BLASIO: Well, Senator, the  
8 goal always in government is to see if we can  
9 work things out. And we're in the process of  
10 we think productive conversations with the  
11 comptroller on that issue. And right now we  
12 are not being hindered from doing the work we  
13 have to do or making sure that providers who  
14 are doing their job get the resources they  
15 need.

16 Look, at the same time we have a lot  
17 we have to address in terms of the  
18 homelessness crisis. We look forward to  
19 working, for example, with the state  
20 comptroller, Tom DiNapoli, and with  
21 Comptroller Stringer, auditing the shelters,  
22 together making sure the repairs happen that  
23 are needed. We're doing a host of reforms in  
24 terms of homelessness -- our new HomeStat

1 outreach effort, obviously the 15,000 units  
2 of supportive housing that we've committed  
3 to. We're very, very happy the Governor has  
4 committed to additional units. What we're  
5 doing all the time to prevent homelessness in  
6 the first instance, which has been more and  
7 more successful. And the 22,000 people who  
8 were in shelter who we got out of shelter and  
9 got to better housing. We're going to deepen  
10 all those efforts.

11 When it comes to the question with the  
12 city comptroller, we think we're moving  
13 productively to resolve that issue and to  
14 make sure that the providers who are doing  
15 their work the right way do continue to get  
16 the resources they need.

17 SENATOR DIAZ: Because I'm afraid that  
18 now with the new power that the Governor gave  
19 to the comptroller, the families are going to  
20 continue suffering. We have to protect the  
21 families.

22 MAYOR DE BLASIO: Of course.

23 SENATOR DIAZ: We have to be sure that  
24 those people in the shelters get the right

1 services, good services.

2 Even though, even though -- I'm going  
3 to repeat myself again -- some landlords  
4 might have some violations, hold the  
5 landlords money but don't punish the  
6 community-based organizations and the  
7 recipients.

8 MAYOR DE BLASIO: Well, Senator, what  
9 I'd say is, first of all, the way the  
10 Governor structured his policy, it is an  
11 audit process led by the state comptroller.  
12 And I've talked to the Governor about this  
13 and I've talked to the state comptroller  
14 about it. It is led statewide by the state  
15 comptroller working with the local  
16 comptroller in New York City and in Buffalo.  
17 They are not controlling the shelters. The  
18 shelters continue to be operated by our  
19 nonprofit partners or in some cases by the  
20 city directly. That will continue. The  
21 audit will provide us information about  
22 things that need to be improved.

23 So we continue to have the same  
24 oversight of shelters we've had, the same

1 operations we've had. I agree with you  
2 entirely, if we find a shelter with a problem  
3 we're not going to penalize the people who  
4 are being sheltered. We're going to make  
5 sure that shelter continues to be fixed.

6 And I agree with the formulation the  
7 Governor put forward in the State of the  
8 State: If we find a shelter operator who  
9 needs to do better, we'll make sure they do  
10 better. If we find one that just isn't up to  
11 it and we can replace them with another good  
12 operator, we'll do that. In a very small  
13 number of cases I think we're going to find a  
14 few shelters that need to be closed wholesale  
15 and we'll use a different location.

16 But most importantly, we're not going  
17 to penalize the people who are already  
18 suffering. We're going to make sure --

19 SENATOR DIAZ: That's what we're doing  
20 now. That's what we are --

21 MAYOR DE BLASIO: And there's nothing  
22 -- there's nothing -- just to clarify,  
23 there's nothing in what the Governor has said  
24 or that either comptroller has said or done

1           that stops us from continuing to make sure  
2           that the shelters operate and that providers  
3           get the resources they need.

4                     SENATOR DIAZ: I appreciate you agree  
5           with me on that, because I believe that  
6           that's what the comptroller is doing, he's  
7           punishing, he's penalizing the wrong people.  
8           And that sounds like discrimination to me.

9                     But let me ask you one more question  
10          and then I'll finish, because we have to make  
11          a long line here to get our 15 minutes of  
12          fame. So let me get another question. How  
13          come we have so big discrepancies in payment?  
14          Some homeless organizations are getting --  
15          for doing the same kind of work, some are  
16          getting paid at a higher rate than others.  
17          And that's doesn't sound right. It sounds --  
18          why?

19                    MAYOR DE BLASIO: Senator, I think you  
20          raise an important point. Look --

21                    SENATOR DIAZ: Oh, man, I'm hitting  
22          good today.

23                    MAYOR DE BLASIO: Yeah, I think the  
24          simple -- I talked about this at length a



1 couple of weeks back. The status quo that's  
2 existed in our shelter system is not  
3 acceptable to me, nor is the overall status  
4 quo of homelessness in the city. It's gone  
5 on for decades, it's grown over decades.  
6 Between 2011, when the Advantage Program was  
7 cut in that budget that year, that state  
8 budget and the city budget, and the end of  
9 the previous administration -- that was just  
10 a 2-1/2-year time frame -- the shelter  
11 population went up by 13,000 people in just 2  
12 1/2 years in the previous administration.  
13 So -- and I've been dealing with additional  
14 challenges as well.

15 So my bottom line message to everyone  
16 in New York City is that we are not going to  
17 accept the status quo on homelessness, which  
18 is why we're changing so many of the  
19 strategies. But as part of our 90-day review  
20 of the operations of the Department of  
21 Homeless Services, we're going to look at the  
22 contracting process and make sure that there  
23 is parity in the way contracts are handled.

24 SENATOR DIAZ: Thank you. Thank you.

1           Because we're talking about raising the  
2           minimum wage of people, that people cannot  
3           suffer, but then you have throughout the City  
4           of New York so many community-based  
5           organizations trying to provide services to  
6           the needy and then some of them are  
7           struggling and another is getting a higher  
8           rate, another is getting a low rate. I mean,  
9           I have an organization in the Bronx that's  
10          getting \$60 per night per person, where  
11          others are getting \$143.

12                   MAYOR DE BLASIO: No, that is part of  
13          the review for sure. And I appreciate it.

14                   SENATOR DIAZ: Thank you, Mr. Mayor.  
15          And congratulations for the good job on the  
16          snow.

17                   MAYOR DE BLASIO: You're a good man.  
18          Thank you.

19                   SENATOR DIAZ: Luis Sepulveda told me  
20          to say that.

21                   (Laughter.)

22                   CHAIRWOMAN YOUNG: Always lively with  
23          Senator Diaz.

24                   I do want to point out that we have

1           been joined by Senator Jesse Hamilton and  
2           Senator Phil Boyle.

3                     Assemblyman?

4                     CHAIRMAN FARRELL: Thank you, Senator.  
5                     Assemblywoman Nolan.

6                     ASSEMBLYWOMAN NOLAN: Thank you,  
7           Mr. Chair. Thank you.

8                     First, just quickly, a personal note.  
9           I want to congratulate Senator Young on  
10          really a wonderful achievement for women here  
11          in the Legislature, which is to be the lead  
12          member, the chair of such an important  
13          committee.

14                    When I got here, the only woman who  
15          served on this committee was the late  
16          Assemblywoman from Brooklyn, Eileen Dugan,  
17          and she was here all alone. It was her first  
18          year on these committees.

19                    So though I philosophically don't  
20          agree with anything you said, and I certainly  
21          share -- and I completely agree with Liz's  
22          comments, I just had to make that personal  
23          note to congratulate you and wish you well on  
24          such a really important achievement for

1 women --

2 CHAIRWOMAN YOUNG: Thank you, Cathy,  
3 you're a good friend. Thank you.

4 ASSEMBLYWOMAN NOLAN: And you did a  
5 great job for the issues that you represent,  
6 we just don't agree.

7 But let me ask the mayor quickly about  
8 the Smart Schools Bond Act. We have a lot of  
9 education questions, but we'll save some of  
10 them for the chancellor tomorrow. But the  
11 city was promised \$700 million -- you know,  
12 because I've asked you, this is the third  
13 time now, and I certainly asked Mayor  
14 Bloomberg and his predecessors, I  
15 represent -- and many of us in Queens have  
16 trailers. When we talk about things like  
17 overcrowding in our schools or disability  
18 accessibility, we're really -- trailers  
19 really crystallize that, because we still  
20 have 10,000, 10,000 and more children --  
21 though I think the number may finally be down  
22 to eight -- that attend classes in a  
23 substandard trailer in the City of New York.  
24 That amount is larger than most of the other

1           600-plus school districts.

2                       So how are we doing on trailers?

3           That's I guess our first thing.

4                       And generally, I thought the Governor  
5           promised you \$700 million, and I thought we  
6           promised you \$700 million in that bond act.  
7           I'm wondering if you've seen any of it yet.

8                       MAYOR DE BLASIO: Let me speak to the  
9           first question and then ask Dean and Sherif  
10          to speak to what we've overall seen from the  
11          bond act.

12                      Specifically on the question of  
13          trailers, so just a recap of recent history.  
14          At the end of the previous administration in  
15          the city, 352 trailers at 120 sites. And  
16          overwhelmingly, as you know, in overcrowded  
17          districts, particularly in Queens.

18                      We have now eliminated 70, with an  
19          additional 100 slated for elimination in the  
20          near term. So as this plan proceeds,  
21          basically 170 out of the 350 we inherited,  
22          we're talking about half of them now that we  
23          will have removed quickly.

24                      And in terms of the funding, our

1 capital plan provides \$450 million for  
2 trailer removal and for the alternatives  
3 needed, \$100 million of which comes from the  
4 Smart Schools Bond Act.

5 ASSEMBLYWOMAN NOLAN: Has any Smart  
6 Schools Bond Act money been released or  
7 authorized or --

8 DIRECTOR FULEIHAN: No. Our  
9 understanding is that the plan will be  
10 finalized over the next month -- I want to  
11 make sure of that. Yeah, over the next  
12 month. So we have not received that yet.

13 ASSEMBLYWOMAN NOLAN: Okay, thank you.

14 And then just generally on education,  
15 the Regents -- as you know, the Regents'  
16 submission is for a 2.9, I think it was,  
17 billion dollar increase to finally begin to  
18 move forward on the Campaign for Fiscal  
19 Equity settlement. The governor came in with  
20 a number he feels is reasonable,  
21 understandably. He has to balance the  
22 budget. But having said that, it's in my  
23 opinion not enough. Many of us in the  
24 Assembly would like to see more on Foundation

1 Aid, and I wondered if you would care to  
2 comment on the city's position on what it  
3 needs to run its schools. Not a share, not  
4 some formula that goes back into the mists of  
5 time, but what do you need from the state to  
6 assist our city's schoolchildren.

7 MAYOR DE BLASIO: I appreciate the  
8 question deeply. When you think about the  
9 history of this city and what it's led us to,  
10 we're now -- only about a third of our  
11 kids are reading at third-grade level. And  
12 unfortunately, well under half of our kids  
13 who graduate are actually college-ready by  
14 the state's own standards.

15 We have a long way to go in bringing  
16 our schools up to the level they need to be  
17 at, both for the good of our children but  
18 also to have a viable workforce for the  
19 21st-century economy.

20 The commitment made by the Court of  
21 Appeals in the Campaign for Fiscal Equity  
22 suit is as pertinent today as ever because  
23 the demands are greater than ever. We have  
24 made a series of major new investments in our

1 schools, but we know we cannot go as far as  
2 we need to until we see that kind of  
3 fundamental change.

4 That kind of funding would allow us,  
5 once and for all, to address the equity  
6 issues that you know better than anyone have  
7 gone unaddressed for many, many years. To  
8 really once and for all address the fair  
9 school funding formula properly would require  
10 that the \$2 billion or so that we would get  
11 additionally under Campaign for Fiscal Equity  
12 were provided to the city. So we have a lot  
13 we could do and a lot of wrongs we could  
14 right, but we can't do it on the level  
15 necessary for our kids until we see that kind  
16 of budgetary fairness.

17 ASSEMBLYWOMAN NOLAN: And then just  
18 one quick question with the remaining  
19 minutes; I thank the chairman.

20 As you know, I represent Long Island  
21 City, and we are a growing community. The  
22 number of residential units has skyrocketed.  
23 We still don't really feel the city planning  
24 people have really come up with an adequate



1 plan for, for example, fire service. We've  
2 talked to you about trying to get the  
3 reopening of a firehouse. We have all kinds  
4 of needs down there, both schools -- which I  
5 know your budget proposes building some  
6 there, because we have nothing to offer  
7 people -- but even as basic as the issues  
8 with snowplowing or residential pickup. It's  
9 still a commercial sanitation pickup zone,  
10 for example.

11 And I would just ask that you consider  
12 having some kind of response to us about Long  
13 Island City as it grows in all the city  
14 services, whether it's EMS, fire -- the  
15 precinct down there has got to be over a  
16 110-year-old building in the midst of all  
17 these giant high rises. I don't even know if  
18 it has adequate bathroom service for the men  
19 and women that work there. So we really need  
20 somebody to take a look at that. It's a  
21 local question, but I have to ask it.

22 And then just if either your wonderful  
23 tablemates there want to respond on the Smart  
24 Schools Bond Act, the trailers, or any of

1           these education issues, we're happy to get  
2           some more follow-up. We still have a long  
3           way to go on the trailers, particularly in  
4           the high school level, which I understand has  
5           never been properly counted. When you talk  
6           about 120 sites, I'm not sure, I think that  
7           may just be elementary and middle school.  
8           Maybe someone can clarify that for me,  
9           because apparently since high school kids  
10          only go to trailers for a single class, like  
11          a science class, that's not counted. And  
12          it's just wrong. So we really need to get a  
13          handle on the trailer issue still, moving  
14          forward, but it is progress that's 70 of them  
15          are gone, and we hope to see more progress,  
16          more progress, and get that Smart Schools  
17          Bond Act money there.

18                   MAYOR DE BLASIO: I appreciate it.  
19           And yes, we are hard at work on removing the  
20           next hundred. I want to do that as quickly  
21           as possible. We'll keep you updated on that.  
22           I think we can get you the 120 sites to  
23           confirm how high schools are treated. So  
24           we'll get you that list.

1                   On the Long Island City issue, I  
2                   agree. Again, a good challenge on one level  
3                   to have areas that are growing and doing so  
4                   well, but the infrastructure has to be there.  
5                   This is an area where, as a council member,  
6                   as public advocate, I was very critical of  
7                   the city government not adequately  
8                   recognizing the infrastructure needs.

9                   We have put more and more money into  
10                  infrastructure. One of the ways we did it  
11                  was with that capital stabilization reserve,  
12                  which allowed us to make sure we could keep  
13                  up our debt service payments. But I said the  
14                  other day when I did one of my presentations,  
15                  I think our constituents want infrastructure  
16                  spending, more than ever in the past, on  
17                  exactly what you described. As areas are  
18                  growing, we need to support them with all the  
19                  different pieces that people expect. We'll  
20                  keep making that investment on a capital  
21                  level because we know it's such a priority  
22                  for our neighborhoods.

23                  ASSEMBLYWOMAN NOLAN: But we do want  
24                  to see down the road whether the city will

1           reopen that firehouse or do some other  
2           responses to the explosion of population in  
3           what was once a factory area. So we're going  
4           to continue to follow up with you on that.

5                     And on that same line, there are a  
6           number of new housing developments -- you and  
7           I attended the groundbreaking for one, and  
8           much to both of our mutual surprise, there  
9           was an issue there that we were under the  
10          assumption when we passed a bill here in  
11          Albany, that that was going to be a labor  
12          union project, and that seems to have broken  
13          down. It's not design/build, it's not a  
14          union job. That's just unacceptable, I know,  
15          to both of us. And I would ask for some  
16          follow-up on that.

17                    When we were there that day, we spoke  
18          with people from the building trades who were  
19          extremely unhappy about that, as they should  
20          be, because that was never what was intended.  
21          So just generally, as we grow Long Island  
22          City and we grow the waterfront, we need to  
23          have a more comprehensive approach, whether  
24          it's through city planning or your office, to

1           come up with fire service, make sure that  
2           these buildings are being built properly,  
3           that these high rises are being built with  
4           the right labor force and not just a  
5           fly-by-night group, and just generally come  
6           up with the schools and the services that  
7           people will need in the future.

8           MAYOR DE BLASIO: Thank you.

9           ASSEMBLYWOMAN NOLAN: And thank you,  
10          and congratulations again, Senator. Thank  
11          you. And thank you, Chairman Farrell.

12          CHAIRWOMAN YOUNG: Thank you very  
13          much. Our next speaker is Senator Andrew  
14          Lanza.

15          SENATOR LANZA: Thank you, Madam  
16          Chair.

17          Good afternoon, Mayor de Blasio.

18          MAYOR DE BLASIO: Good afternoon.

19          SENATOR LANZA: It's great to see you.

20          I was not going to speak because I  
21          enjoy the opportunity of speaking to you and  
22          your staff and your administration on a  
23          regular basis concerning the needs of our  
24          shared constituents. However, this afternoon

1 much discussion has centered around my  
2 legislation concerning the property tax cap  
3 for New York City, and I thought it important  
4 that I speak publicly to some of the comments  
5 that have been made and also hopefully  
6 clarify some of the aspects of that  
7 legislation.

8           In your statement you talked about the  
9 affordable housing crisis that exists in New  
10 York City and the fact that New Yorkers are  
11 concerned about the cost of housing and  
12 whether they're going to be able to live in  
13 the City of New York. And that is a concern  
14 that I share with you, Mayor.

15           The middle class feel that concern as  
16 well. In your opening statement you  
17 discussed the chasm between the very, very  
18 wealthy -- I think you said for every  
19 multi-million-dollar condo that is built in  
20 New York City, there are more and more people  
21 who don't have a place to live which they can  
22 afford. In between that are the middle  
23 class, who are being squeezed.

24           And in response to Senator Avella you

1           talked about the middle class growing in New  
2           York City, and I'm not sure that is correct.  
3           I think your first statement is correct, that  
4           we have more wealthy and more poor. And the  
5           middle class I see leaving in leaps and  
6           bounds. I see that on Staten Island. And  
7           this has been going on long before you became  
8           mayor. People are leaving, people I grew up  
9           with are leaving to places like Delaware and  
10          Maryland and North Carolina and South  
11          Carolina and other places.

12                   And when you talk to them about why it  
13          is they've decided to leave, with their  
14          families, the place that they were either  
15          born or have called home, they universally  
16          tell me and will say that it is because the  
17          cost of living in New York City is too high  
18          for a family. And when you look at the  
19          components of the cost of living, especially  
20          of homeownership -- because as Senator  
21          Marchione pointed out, if you are a renter  
22          you pay that increase as well, it's passed  
23          down to you. But the components that factor  
24          into that cost of living are the property tax

1 in New York City, the income tax, the water  
2 bill that has been mentioned, the taxes on  
3 everything associated with homeownership,  
4 like the tax on heating and cooling your  
5 home, the electricity, the natural gas, the  
6 heating oil, the telephone bill, and it goes  
7 on and on. And it's one big basket that a  
8 family needs to pay if they are going to be  
9 able to afford to live in New York City.

10 Senator Krueger and I enjoy a healthy  
11 debate, usually on the floor of the Senate,  
12 over this legislation. I think we missed it  
13 today, Senator Krueger. I believe the bill  
14 has passed.

15 Let me tell you why I proposed and  
16 authored this legislation a few years ago.  
17 It was at that time that Senator Krueger  
18 joined me in passing a 2 percent property tax  
19 cap for the rest of the state. And I just  
20 thought that fairness dictates that the folks  
21 in New York City that we serve also enjoy  
22 that same protection. And so that's the  
23 genesis for this legislation, that New York  
24 City should live within its means and that



1 the homeowners and renters in New York City  
2 should be protected by the same cap that the  
3 rest of the state enjoys. I think -- not to  
4 get him in trouble -- but Assemblyman Cusick  
5 is the sponsor of this legislation in the  
6 Assembly.

7           You pointed out that we need to be  
8 able to address emergencies as they arise.  
9 In the wake of September 11th, the single  
10 largest increase in New York City property  
11 taxes -- I think was 18.5 percent, followed  
12 by another 7 percent -- in the history of the  
13 City of New York was enacted. I thought that  
14 went too far, and so do most of my  
15 constituents.

16           But nevertheless, Mayor, I want you to  
17 know that in this legislation there is an  
18 emergency pressure release valve, if you  
19 will. During an emergency, it can be  
20 overridden by a supermajority of the City  
21 Council and with the mayor's signature. So  
22 this legislation takes into consideration any  
23 eventual emergency.

24           Beyond that, you've talked about the

1 years in which the city did not spend within  
2 its means, and that is precisely what this  
3 legislation seeks to protect against. I  
4 commend you, Mayor, because you have acted to  
5 spend within the means that you have  
6 available right now. I don't know who the  
7 mayor is going to be in the future. We know  
8 it has happened in the past. And I think, as  
9 you say, and in your memorandum in opposition  
10 -- for folks who don't know, when you propose  
11 legislation around here you are inundated by  
12 pieces of paper. They are either pink, which  
13 means the people who wrote them oppose your  
14 legislation, or yellow, meaning they support  
15 your legislation. I received a pink piece of  
16 paper from the City of New York. And I only  
17 tease the mayor because I know we disagree on  
18 this point, because the city opposes this  
19 legislation.

20 But within that very memorandum it  
21 says that over the last 20 years since 1997,  
22 the city has requested that the state enact  
23 an even lower increase into law, generally 2  
24 percent. And you have touted the way in

1           which you have constrained city spending  
2           during your administration, and I commend  
3           you. All I am saying is that we need to  
4           codify that. We need to codify the  
5           responsible policy that you espouse and that  
6           you have employed so that future generations  
7           of people, homeowners and renters in New York  
8           City, can have that sense of security to know  
9           that in the same way that they need to live  
10          within their means, the city will.

11                        To Assemblyman Cusick's point, the  
12          certainty of knowing that you won't wake up  
13          in the City of New York one day to find out  
14          that property taxes are once again raised by  
15          25 percent. I think we can all agree that  
16          the specter of that possibility is something  
17          that provides uncertainty to homeowners and  
18          new families, and more and more of them are  
19          deciding to take their families or start  
20          their families outside of New York City,  
21          outside of New York State, and we've got to  
22          prevent that from happening.

23                        Because I think when you talk about  
24          the gentrification, I think yes, we have more

1 million and \$2 million and \$3 million homes,  
2 and we have more people who can't afford any  
3 home. And in the middle, what that tells  
4 you -- because it's in many respects a  
5 zero-sum equation -- is that the middle class  
6 are being squeezed.

7           MAYOR DE BLASIO: So, Senator, just a  
8 couple of responses.

9           I mean, first of all, it's always  
10 difficult to argue with you even when I  
11 disagree because of our long-standing  
12 friendship and because you were a member in  
13 the City Council. We were two of the fiscal  
14 watchdogs in the process there, coming from  
15 different parties and different ideologies,  
16 but we shared a common belief that we had to  
17 be responsible. And I appreciate what's  
18 motivating your legislation.

19           I would argue that, again, we -- first  
20 of all, we are seeing a number of people come  
21 into our city who I would certainly not  
22 define as rich. I don't think it's quite as  
23 black and white as that. Yes, there is a  
24 fundamental problem of income inequality. We

1 both recognize that. There are a lot of  
2 people who can afford the very expensive  
3 coops; that most of us can't relate to in  
4 terms of our personal finances. But we also  
5 have a lot of people coming into the city who  
6 I would define as middle class who are  
7 seeking opportunity in the city in a lot of  
8 the areas -- technology and film and TV and a  
9 lot of the healthcare, a lot of the areas  
10 that are booming. Which is why we have  
11 213,000 new jobs. Which is why our  
12 population is growing. We're at the  
13 all-time-highest population we've ever had,  
14 and it's growing.

15 So I don't think it's fair to say  
16 every net new resident is just a wealthy  
17 person. I think it's fair to say a lot of  
18 people coming in certainly are also  
19 middle-class folks. But that doesn't for a  
20 moment negate your point. There's a real  
21 squeeze on the middle-class residents we  
22 have, and we're trying to figure out how to  
23 help them in a lot of different ways.

24 The affordable housing plan has a very

1           substantial element to it that is  
2           moderate-income and middle-income housing.  
3           The classic scenario we often talk about, a  
4           family that is -- let's say two public  
5           servants, one's a cop, one's a teacher. A  
6           big portion of the affordable housing plan  
7           literally focuses on people with that kind of  
8           combined income, to give them opportunity for  
9           affordable housing as well.

10                   Everything we're doing in terms of  
11           public safety, infrastructure, everything  
12           that grows the economy also grows opportunity  
13           for better-paying jobs for middle-class  
14           people. The tech sector, 300,000-plus jobs  
15           now in the larger tech sector, much more  
16           likely to be the higher-paying middle-class  
17           jobs. So I think it's a mixed bag on that  
18           front.

19                   But I do get your underlying point. I  
20           would argue that you would expect of me not  
21           only balanced budgets but to protect the  
22           public safety, to improve the schools. I  
23           know how passionately you feel about public  
24           education. That's what these investments are

1 going towards.

2 And I do appreciate that there's in  
3 effect a circuit-breaker in the event of  
4 problematic times in your bill. But I also  
5 would say you and I have served in the  
6 City Council of New York City; a  
7 supermajority is not easy to come by. And no  
8 one likes to increase property taxes.

9 So what I'm trying to work with,  
10 practically speaking, is a responsible budget  
11 wherein I'm telling the people up front, I'm  
12 working every day to avoid a property tax  
13 increase. I don't belittle the effect of  
14 assessments. I know it's hitting people hard  
15 and we should all work together to think  
16 about different ways to address that. But  
17 one thing I'm adamant about is I will keep  
18 present budgets that do not involve a  
19 property tax increase, and that's one of the  
20 ways we're trying to help the middle class in  
21 New York City.

22 SENATOR LANZA: Quickly, two points,  
23 the first picking up on what Assemblyman  
24 Cusick brought up, and that is the

1 prescription drug/opioid addiction crisis in  
2 America and certainly here at home in New  
3 York City. I thank you for coming to Staten  
4 Island a short while ago to discuss some of  
5 the measures New York City is now going to  
6 put in place to combat this issue.

7 I can tell you, and I think we agree,  
8 we are not doing enough as a city, as a  
9 state, as a nation. Whenever there is a loss  
10 of life due to gun violence, for instance, we  
11 see press conferences from the most local of  
12 governments all the way to the White House  
13 and calls for change in policy. I'm not  
14 saying that's not appropriate; we should  
15 always look for ways to prevent the loss of  
16 life.

17 I tell you, Mayor, and these are the  
18 facts, drug addiction overdose is the  
19 number-one preventable cause of death in  
20 America right now, and I would like to see  
21 the same fervor, I would like to see the same  
22 attention. We need to do this. We need to  
23 come together. And one of the most noble  
24 things we can do as a society is to save



1 lives, and this is an opportunity for us to  
2 do that. So I look forward to working with  
3 you to build upon some of the measures that  
4 you've put in place already. We really need  
5 to do more if we're going to turn back the  
6 tide of this crisis.

7 And the last point, and I'll just  
8 leave it, I'll speak to you privately  
9 about -- I have some legislation I'd like to  
10 talk to you about. I know it's a very  
11 difficult decision, you've put a lot of  
12 thought into it, but the school closure  
13 decision on Staten Island, I think we could  
14 have used another day for cleanup. I think  
15 we should have erred to more caution in terms  
16 of whether or not we were ready to put  
17 second-graders and third-graders out into  
18 that storm. But I will talk to you privately  
19 about that. And I do have some ideas about  
20 some legislation.

21 But on the opioid addiction issue, if  
22 you would.

23 MAYOR DE BLASIO: Well, I certainly  
24 look forward to talking to you on the school

1 closure idea. I believe the way we're going  
2 about it is sound and does protect our kids'  
3 safety. And obviously we were blessed  
4 yesterday to have, thank God, a nice sunny  
5 day as part of the cleanup continued. But  
6 certainly look forward to talking to you  
7 about that.

8 On the opioid question, you know,  
9 we've only just begun to fight. I know you  
10 feel the same way; there's a lot more we have  
11 to do. Outside of your own family, one of  
12 your biggest fans in New York City is the  
13 First Lady of New York City, Chirlane McCray,  
14 my wife, who believes fundamentally in what  
15 you're doing and wants to partner with you on  
16 Staten Island and beyond. So we're going to  
17 be doing a lot more together.

18 SENATOR LANZA: Thank you, Mayor.

19 CHAIRMAN FARRELL: Thank you, Senator.  
20 Assemblyman Ortiz.

21 ASSEMBLYMAN ORTIZ: Thank you,  
22 Mr. Chairman.

23 Good afternoon, Mr. Mayor.

24 MAYOR DE BLASIO: Good afternoon.

1           ASSEMBLYMAN ORTIZ: First of all, let  
2 me just thank your staff during the weekend  
3 of the -- during the heavy snowstorm that we  
4 were facing, due to the fact that we had  
5 numerous phone calls in my office. My office  
6 was open Saturday and Sunday, just for the  
7 record.

8           MAYOR DE BLASIO: Good for you. We  
9 appreciate that.

10           ASSEMBLYMAN ORTIZ: As a result that  
11 we were getting so many phone calls of people  
12 who have no heat and no hot water. And I  
13 would like to thank your staff, HPD as well  
14 as your staff from the government affairs,  
15 Daniel Abramson and Brian Honan, for their  
16 persistent and continued talking back and  
17 forth with me during the weekend until we  
18 solved the problems in Red Hook. We had two  
19 buildings in Red Hook completely without  
20 heat; they came back in less than two hours.  
21 We have people in my district whose landlords  
22 was not giving the heat; they managed to talk  
23 to NYCHA and agreed, as well as to the  
24 landlords themselves, because I have the

1 phone number of the landlords. So we used  
2 your agency and your power to scare them and  
3 get it done.

4 So I guess I want to put that on the  
5 record for the job well done during this  
6 storm.

7 I do have a few questions; I'm going  
8 back to education. As you probably know,  
9 there was a study that was conducted by CDC  
10 back in 2013 where it stated that suicide is  
11 the third leading cause of death for  
12 Hispanics aged 15 to 24, and this includes  
13 females and males. In New York City,  
14 Hispanic teens attempt suicide at more than  
15 twice the rate of white youth.

16 My question to you is whether or  
17 not -- what is the plan that you have in  
18 place in order to address the issues of  
19 mental health, especially suicide, among  
20 teenagers in the school system?

21 MAYOR DE BLASIO: Well, I appreciate  
22 the question, Assemblyman. It's a real  
23 challenge, and one of the things we believe  
24 is that till now we have not had a holistic

1           mental health strategy for the city. The  
2           effort my wife has been working on, Thrive  
3           NYC, is at least a strong beginning towards a  
4           comprehensive mental health system and  
5           approach for the city.

6                     One of the things we're doing is  
7           focusing on children early. That means  
8           everything from making more resources  
9           available for mental health supports for the  
10          youngest children to focusing on the way we  
11          teach our teachers to approach mental health  
12          issues, straight on through to our community  
13          school approach, which puts mental health  
14          professionals in the schools directly so we  
15          can identify problems and act on them.

16                    We all know and there's many tragic  
17          examples of young people identified early on  
18          -- I sadly point out the example in Newtown,  
19          Connecticut, the young man who ended up  
20          killing so many schoolchildren and had  
21          evident mental health problems for years and  
22          years that went untreated. We have a chance  
23          to reach young people early, and that could  
24          be about stopping suicide or other types of

1 negative outcomes. So we believe the  
2 investments we're making are going to lead to  
3 a lot more young people being identified  
4 early and actually having the services they  
5 need.

6 We're also creating something called  
7 NYC Support, which will come online over the  
8 next year, which is literally a service  
9 through which people can call and get  
10 connected to healthcare services, and then  
11 there's an ongoing monitoring effort to  
12 support them in that, to make sure they  
13 actually get what they need on a timely basis  
14 and follow through.

15 That hasn't existed in the past,  
16 because we all know it's very hard for anyone  
17 to navigate the mental health opportunities  
18 that exist, especially for parents with  
19 children. The system is almost set up in a  
20 way that even if you heard about where  
21 services are, they're very, very hard to  
22 access. So we're trying to break through  
23 that fundamentally, and that I think will be  
24 one of the ways we start to address this

1 tragic reality of teen suicide.

2 ASSEMBLYMAN ORTIZ: Well, one of the  
3 things that I -- I have introduced a piece of  
4 legislation about mandating that we should do  
5 early assessment of mental health in the  
6 school system. I do believe, like you, and I  
7 do believe strongly that prevention, once we  
8 identify the problems that maybe some child  
9 might have, that that problem probably was  
10 not created by the child, was created by the  
11 parents. And we also have to realize that  
12 sometimes the parents have been stuck at the  
13 age of 6 or 7 or 10 years old.

14 So I do have a bill mandating that we  
15 should have a social worker, mental social  
16 worker in every school in the State of New  
17 York, a psychologist in the schools of  
18 New York as well, as well as define what the  
19 role of the psychologist and the guidance  
20 counselor is all about.

21 I would like for you and your staff to  
22 look at it and give me your recommendation.  
23 I think that -- again, I do believe in early  
24 intervention. I believe that if we can catch

1 the problem early enough, we will be able to  
2 have less of our youth to go to through the  
3 criminal justice path. And I hope that I can  
4 encourage you to do so.

5 Now, last year I was invited by  
6 default to be part of your announcement at  
7 the South Brooklyn Marine Terminal to be  
8 built, the port, in Sunset Park. One of the  
9 major issues that we are facing is the lack  
10 of communication with EDC. And the way that  
11 they conducted, the way that they conducted  
12 these two hearings to include people -- I was  
13 very happy to hear from them to ask for my  
14 recommendation, but then my recommendation  
15 was not really taken into consideration.

16 And my recommendation was very simple:  
17 Reach out to the community, talk to the  
18 community, make sure the community gets  
19 engaged. I even offered my office to make  
20 sure that we can do outreach together, the  
21 fact that I have a list of community groups  
22 and community organizations and constituents  
23 that can participate and be part of the  
24 process.



1                   So, you know, the lack  
2                   of communication regarding embracing more  
3                   people to participate in the process was  
4                   lacking.

5                   One of the biggest questions I have  
6                   is -- this is a rumor that is going out in  
7                   Sunset Park more and more often now and  
8                   coming more close to my office -- is that  
9                   there's a belief that this project and this  
10                  development will bring about 55,000 more  
11                  trucks into Sunset Park every year.

12                  As you know, I have the BQE that  
13                  everybody can cross through Sunset Park.  
14                  They pay the toll in Staten Island and they  
15                  pay the toll in Manhattan at the end of  
16                  the -- at the other side. We don't get no  
17                  money as a result of that, we just get the  
18                  environmental impact of the emission that is  
19                  coming out of the fumes of the cars.

20                  So my question is -- and if you don't  
21                  have the answer, you know, we can follow up  
22                  later. But my question is, is there going to  
23                  be any kind of environmental impact study and  
24                  also a trucking study, a vehicle study, about

1           how many trucks are going to be coming in and  
2           out of this facility once the facility is  
3           built?

4                       And the last question is regarding the  
5           jobs opportunity where the unions,  
6           longshoremen, feel that they've been left out  
7           of the process. And I've been trying to  
8           encourage them to be in the process, because  
9           I hope that the people of Sunset Park will  
10          benefit from these good-paying jobs that are  
11          coming as a result of this development that I  
12          will continue to support, I've been a  
13          supporter of that. I have no problem with  
14          the backlash that I'm getting. But I think  
15          it is very critical for me to assure the  
16          people in my community that these 5,000  
17          trucks that are coming through, it is true,  
18          it is not true, and what the city is doing to  
19          address that.

20                      And thank you, Mr. Mayor, for being  
21          here today.

22                      MAYOR DE BLASIO: Thank you. Thank  
23          you for raising the concerns, Assemblyman.

24                      First of all, I'd say I share your

1 enthusiasm for the potential of what we can  
2 do in terms of creating jobs in your  
3 district. And these in many cases, again,  
4 would be solid middle-class jobs in terms of  
5 the pay levels and the benefit levels.

6           There's a lot that has to be worked  
7 out till we get to that point. So by the  
8 time we get to the jobs being created and  
9 whatever trucks running, there's a lot of  
10 time to make the adjustments and to create  
11 the kind of balance we need. We all want the  
12 jobs. We all want high-quality jobs, we want  
13 them to maximally benefit Sunset Park and Red  
14 Hook and the surrounding communities that  
15 have a lot of economic need.

16           If that involves a certain amount of  
17 truck traffic, we obviously have to make sure  
18 it's a fair amount and it's managed properly  
19 and we look at any health or safety issues  
20 related. But there is time to do that.

21           I'll certainly -- I want to make sure  
22 you feel that you're being consulted, your  
23 community is being consulted. We certainly  
24 want to work with our labor partners. So

1 we'll double back with EDC to make sure that  
2 that process is consultative going forward.  
3 But I think the goal here is one that will  
4 greatly benefit your district.

5 ASSEMBLYMAN ORTIZ: Thank you.

6 MAYOR DE BLASIO: Thank you.

7 CHAIRMAN FARRELL: Thank you very  
8 much.

9 We're going to take a 10-minute break,  
10 and we will come back and continue.

11 MAYOR DE BLASIO: Thank you,  
12 Mr. Chair.

13 (A brief recess was taken.)

14 CHAIRWOMAN YOUNG: We're back after a  
15 break, and the next to question is Senator  
16 Diane Savino.

17 SENATOR SAVINO: Thank you, Senator  
18 Young.

19 Good afternoon, Mayor de Blasio.  
20 First I want to thank you for the  
21 coordination of your office with my office  
22 and others on Staten Island and Brooklyn with  
23 respect to the response to the storm. And I  
24 for once can say that I think we on

1           Staten Island overall were quite happy. So  
2           thank you for that.

3                     MAYOR DE BLASIO: Music to my ears,  
4           Senator.

5                     SENATOR SAVINO: I know, it's amazing.

6                     Not to belabor the point on the  
7           property tax issue, I would be remiss if I  
8           did not at least chime in on it. And while  
9           it is an undisputed fact that the city has  
10          not taken steps to raise the property tax  
11          rate, property taxes have gone up  
12          nevertheless. And homeowners are feeling it,  
13          and I just want you to understand the  
14          concerns that they have. And also it's the  
15          unfair way in which we assess properties in  
16          New York. It's a byzantine method.

17                    So while we may disagree on the issue  
18          of a property tax cap, I think the discussion  
19          has to continue so that we can provide some  
20          sort of relief for our middle class  
21          homeowners. We want them to stay and thrive  
22          in New York City. I just wanted to get that  
23          on the record. So you don't have to respond;  
24          I know your position on it.

1           I want to go to a couple of issues in  
2           your presentation, one on your housing plan.  
3           I know you have an ambitious housing plan to  
4           create 200,000 units of affordable housing,  
5           but with the collapse of the 421a and the  
6           tremendous opposition you're getting from  
7           community groups across the city, how are you  
8           going to achieve that goal of 200,000 units?

9           MAYOR DE BLASIO: Well, I would say a  
10          couple of things. First of all, we believe  
11          that the 421a reform we put forward made  
12          sense, actually represented an extraordinary  
13          consensus between City Hall, the real estate  
14          community, housing advocates. There was a  
15          real sense that this was the kind of balanced  
16          reform that was in the taxpayers' interest,  
17          would create more affordable housing, would  
18          stop subsidizing luxury housing, et cetera.

19          We believe that idea is alive and well  
20          and should be handled here in the Legislature  
21          as quickly as possible so we can have the  
22          kind of program that's actually fair and will  
23          help us to create a substantial amount of  
24          affordable housing.

1           But in the meantime, we have a number  
2           of efforts already underway that certainly  
3           throughout calendar year 2016 will yield a  
4           tremendous amount of affordable housing. So  
5           a lot of the development that was already  
6           moving and a lot of our preservation efforts,  
7           which have nothing to do with the 421a  
8           program, those will continue and in fact  
9           we'll intensify them as we work with the  
10          Legislature to find a way forward on a tax  
11          incentive program.

12           In terms of the response to mandatory  
13          inclusionary zoning, we believe mandatory  
14          inclusionary zoning is more pertinent than  
15          ever, given that 421a is now not on the  
16          table. And it's one of the best tools we  
17          have to get more affordable housing and  
18          demand fairness from developers, who  
19          obviously want the opportunity to build, and  
20          often build higher, in the city.

21           Yes, community boards have expressed  
22          real concern. I say, as a former City  
23          Council member, it never surprises me when a  
24          community board, in perfectly good faith,

1 expresses concern about any form of  
2 development. I think it's, you know, the  
3 assumption. But when you look at the City  
4 Council members, when you look at the views  
5 of other elected officials and major  
6 organizations in our city like AARP, which  
7 has a huge membership and fully supports our  
8 plan, I think the debate is more and more  
9 balanced in favor of the plan and I think we  
10 will be able to move forward.

11 SENATOR SAVINO: Hopefully so.

12 I want to turn to another issue. As  
13 you know, earlier this year Senator Klein and  
14 myself, joined by Councilmember Ritchie  
15 Torres and Councilman Mark Treyger -- who is  
16 somewhere in the room here, or he's stepped  
17 out -- we released a report on the New York  
18 City Housing Authority detailing what we  
19 called the worst slumlord in the state. And  
20 you know the conditions of NYCHA, the NYCHA  
21 developments. And we all know that they have  
22 suffered from years of neglect, there's no  
23 doubt about that.

24 So last year the city put up



1           \$100 million towards NYCHA. This year you're  
2           proposing the same thing, you're asking the  
3           state to match it. We did that last year.  
4           But the concern we have is that if we just  
5           give the money over the NYCHA, we're going to  
6           get the same result we've gotten not just --  
7           it's not your problem, it's happening with  
8           every administration. NYCHA seems to be the  
9           giant black hole that money goes to to  
10          disappear, and we never see actual  
11          improvements in the facilities, in the  
12          properties.

13                        So how can we make sure that the money  
14          is spent appropriately and goes towards the  
15          things that we know we need, whether it's  
16          mold remediation or, you know, safety and  
17          lighting and security and door locks and, you  
18          know, improvements in kitchens and bathrooms?

19                        MAYOR DE BLASIO: I would say that I  
20          understand why you feel what you feel about  
21          the history of the housing authority. I  
22          think you're right about the history of  
23          disinvestment. I think you were in the past  
24          too often right that money was not used well

1           enough.

2                       We have been very clear that I am  
3           taking personal responsibility for the  
4           situation at the housing authority. I talk  
5           regularly with the leadership. We have  
6           provided unprecedented financial support for  
7           the housing authority. We literally canceled  
8           a city tax on the housing authority, it was a  
9           pilot, going back to 1947. We canceled that  
10          so the housing authority could take those  
11          resources and put them towards repairs.

12                     As you know, for many years the  
13          housing authority was forced to pay  
14          separately for police coverage of its  
15          developments. We canceled that, put that  
16          money back towards repairs. Consequently,  
17          the amount of repairs has increased  
18          intensely.

19                     We changed the policy in terms of the  
20          scaffolding in many of the developments that  
21          were being left for no apparent reason for  
22          months or years on end; we ended that policy.  
23          We ensured that projects are moved on rapidly  
24          and then the scaffolding comes down. We're

1 changing a lot of things.

2 But the biggest thing is the  
3 NextGeneration NYCHA plan. Given the  
4 \$17 billion in capital needs that have gone  
5 unmet, we had to come up with a plan for the  
6 long term that would deal with the capital  
7 challenges, and we had to come up with a  
8 financial restructuring in terms of the  
9 expense side of the budget. We have that now  
10 with the NextGeneration NYCHA plan.

11 And we will keep doing everything we  
12 have to do, including the right kind of  
13 development on NYCHA land that focuses on  
14 affordable housing and also resources that  
15 actually go back to NYCHA for changes. And  
16 then we're putting our own city capital  
17 dollars in to address the roof issues. And  
18 again, a lot of the resources that come out  
19 of the other approaches within NextGen NYCHA  
20 will go to issues like fixing roofs, fixing  
21 mold, safety systems, et cetera.

22 So I think NYCHA is changing rapidly,  
23 and this plan, with each passing year, will  
24 have more and more impact. That being said,

1 we need help from the state. That first  
2 \$100 million has still not arrived. We're in  
3 the fiscal year still; we have not seen the  
4 money. We need your support and your  
5 colleagues' support in ensuring that money  
6 arrives. It will help, obviously, hundreds  
7 of thousands of people. And then I think  
8 there's a big question, when we look forward  
9 to next year, what will be the status of the  
10 federal government on the question of  
11 housing. And there could be some big changes  
12 next year in the composition of the federal  
13 government that might lead to a reopening of  
14 the housing discussion and, we'd like to  
15 believe, a chance to get some of the support  
16 that would actually relieve some of this  
17 pressure.

18 SENATOR SAVINO: We live in hope on  
19 that.

20 I want to move to homeless policy.  
21 You and I have been around long enough by now  
22 that we remember when the Department of  
23 Homeless Services was created, back in 1993  
24 by the City Council in response to the

1 lawsuit and also, if I remember, Muzzy  
2 Rosenblatt. Do you remember Muzzy  
3 Rosenblatt?

4 MAYOR DE BLASIO: Yes. Memorable  
5 name.

6 SENATOR SAVINO: Right. He convinced  
7 Mayor Dinkins that if we had a separate,  
8 free-standing agency to focus on homeless  
9 policy, that that would be the best way to  
10 deal with the homeless crisis. Which is very  
11 similar to the crisis we're seeing now,  
12 thousands of people undomiciled, living in  
13 the streets, you know, the city not getting  
14 the best value from the shelters that they  
15 were using or putting people up in hotels.  
16 Very similar situation.

17 I would say after 22 years of this  
18 experiment, I actually believe that we'd be  
19 better off if we put DHS back into HRA, under  
20 the auspices of, you know, the commissioner  
21 of HRA, Steve Banks. What's your opinion on  
22 that?

23 MAYOR DE BLASIO: We have a 90-day  
24 review that's well underway now, Commissioner

1 Banks, working with First Deputy Mayor  
2 Shorris and our new deputy mayor,  
3 Dr. Palacio, and we're going to look at a  
4 number of options of how to improve the work  
5 of DHS and the coordination between DHS and  
6 HRA.

7 I've certainly heard some -- and, you  
8 know, you and others suggest a potential  
9 re-merging. All options will be on the  
10 table. I don't want to bias the discussion  
11 by saying we have a preference, because we're  
12 going through a careful operational review.  
13 But one thing I can guarantee is at the end  
14 of this process, we are going to have a  
15 better operation, a different operation.

16 And I agree with you that Commissioner  
17 Banks has done an outstanding job, as part of  
18 this review and before, in addressing these  
19 very difficult issues.

20 The changes now, I would say -- and  
21 you're an expert, you've paid a lot of  
22 attention to this issue for a long time. We  
23 needed a whole different level of supportive  
24 housing. For the first time, only in the

1 last few months, with the city's announcement  
2 of 15,000 units and now the Governor coming  
3 forward with 20,000 units, this is the first  
4 time literally in our history we've talked  
5 about the real numbers we need. That's a  
6 great blessing, and I commend the Governor  
7 for that. We look forward to following  
8 through on that.

9 We never had the right kind of  
10 preventative programs -- or we had them only,  
11 maybe more accurately, for a very brief  
12 period of time. We never had the right kind  
13 of rental subsidy programs for a sustained  
14 period of time. We rarely had the right kind  
15 of anti-eviction programs.

16 We've now taken all of those tools and  
17 put them on the playing field simultaneously,  
18 well resourced and for the long haul. And  
19 we've told landlords all over the city that  
20 these subsidy programs are -- we're going to  
21 keep them for the long haul because we need  
22 to do it right.

23 The preventative programs have reached  
24 91,000 people -- not all of them would end up

1 in shelters, but some of them for sure would  
2 have, and that's helped 22,000 folks who have  
3 been moved out of shelter into housing. That  
4 shows that the subsidy efforts are working.  
5 And for the first time ever, we're going to  
6 have HomeStat doing consistent outreach,  
7 working individual by individual to get  
8 people off the streets, 500 new Safe Haven  
9 beds, more homeless and runaway youth beds  
10 than ever before, growing as needed each  
11 year.

12 So I'd like to believe that despite  
13 the fact this is a historic problem, for the  
14 first time the city is arraying the tools  
15 necessary to actually turn this problem  
16 around.

17 SENATOR SAVINO: Hopefully. And, you  
18 know, I'm also a big supporter of the  
19 Governor's intervention here and his  
20 willingness to partner with the city to  
21 create what I believe that both of you know  
22 very well, it's that continuum of care for  
23 the homeless. As you and I know,  
24 homelessness doesn't happen overnight to



1 people. It's usually a slow, steady descent  
2 into it. It's not just income insecurity,  
3 it's a combination of things. There are  
4 addiction issues and domestic violence and,  
5 you know, mental illness, and all of those  
6 things lead to further income insecurity and  
7 housing insecurity.

8 So hopefully there will be real  
9 coordination between the city and the state  
10 to address those issues. And I'm just going  
11 to say this again, I think HRA is the agency  
12 that really should oversee this, because many  
13 of these clients are cross-systemized.  
14 They're already being serviced by HRA  
15 caseworkers as well. So to the extent that  
16 you have broad case management, you're able  
17 to really service a family.

18 MAYOR DE BLASIO: Appreciate it.

19 SENATOR SAVINO: Thank you.

20 CHAIRMAN FARRELL: Thank you.

21 CHAIRWOMAN YOUNG: Thank you, Senator.

22 CHAIRMAN FARRELL: Assemblyman Colton.

23 ASSEMBLYMAN COLTON: Thank you,

24 Mr. Chair.

1                   Good afternoon, Mayor.

2                   MAYOR DE BLASIO: Good afternoon.

3                   ASSEMBLYMAN COLTON: I would like to  
4 ask you a few questions on a topic which is a  
5 very high priority to me, and I'd like to go  
6 from the earliest to the highest levels of  
7 it.

8                   I believe that CUNY is an institution  
9 which is very important to New York as an  
10 economic engine, both to the city and to the  
11 state. Up to 1976, the history was that  
12 there was a 50/50 split in terms of the  
13 operating expenses of this great institution.  
14 And then during the city's fiscal crisis at  
15 that point, the state stepped up to the plate  
16 and the city's share was reduced to what now  
17 I understand is a token of 1 or 2 percent of  
18 the operating costs.

19                   I believe that CUNY -- very  
20 passionately -- is extremely important,  
21 especially to all of our young adults in  
22 terms of giving them what they need in order  
23 to be able to overcome economic difficulties.

24                   Now, in this particular time we have

1 the city and the state, both their economic  
2 climates are a lot better. Obviously we need  
3 to reserve money and we need to make sure  
4 that they stay in good condition. But would  
5 it not be reasonable for the city to show its  
6 willingness to step up to the plate and to  
7 increase their share as a symbol of the  
8 importance of this institution to young  
9 people throughout the city and the state, and  
10 as a way, you know, to show its willingness  
11 and its priority to making sure that young  
12 people continue to have all the benefits of  
13 CUNY? Would it not be unreasonable {sic} to  
14 raise it more than the 1 or 2 percent of the  
15 operating expenses?

16 MAYOR DE BLASIO: I'm going to let --  
17 Assemblyman, Dean Fuleihan will go over the  
18 overall financial reality and the  
19 contributions we make.

20 The City of New York contributes in  
21 substantial ways to CUNY. In fact, in the  
22 last two budgets we've added resources to  
23 CUNY in a strategic manner. We believed  
24 fundamentally in the ASAP program as a tool

1 to make sure that young people who went into  
2 CUNY succeeded, and we thought that was a  
3 good investment on top of any other  
4 obligations that we had. We believed  
5 fundamentally that STEM programs should be  
6 supported, so we put a growing amount of  
7 resources into supporting two-year STEM  
8 programs because we knew that would help a  
9 lot of our young people go right into  
10 technology jobs that are now growing in the  
11 city, even with a two-year degree.

12 So we have certainly made targeted  
13 investments in CUNY. We have already made  
14 clear to the state that we will pay our  
15 proportionate share in terms of the labor  
16 agreement that we hope will be struck. We  
17 believe that folks who work, members of PSC  
18 CUNY deserve a new labor deal. We obviously,  
19 in terms of the city workforce, are very  
20 proud of the fact we have 95 percent of our  
21 union members now in either a ratified  
22 contract or an agreement. We think the PSC  
23 CUNY members should be covered by a new  
24 contract; we've already made very clear we

1 will pay our appropriate share of that.

2 So there's many ways in which we  
3 contribute to CUNY. I think, given the other  
4 needs that I've outlined, the challenges we  
5 face -- pension costs, Health and Hospitals  
6 costs, everything we're trying to invest in  
7 in terms of public safety, education,  
8 et cetera -- and the fact that our reserves  
9 could easily be wiped out by an economic  
10 downturn, I don't think it's right to take  
11 state obligations and increasingly put them  
12 on the City of New York.

13 But I'd like Dean just to summarize  
14 the city's ongoing contributions to CUNY.

15 DIRECTOR FULEIHAN: Right. When the  
16 takeover occurred, CUNY's senior colleges  
17 were put on the exact same footing as SUNY  
18 senior colleges. The community college piece  
19 was divided so that the city would pay a  
20 third, tuition would do a third, the state  
21 would do a third. And that's the exact same  
22 arrangement as all community colleges across  
23 the state, except in all local community  
24 colleges in SUNY, actually the local

1 government controls the local board of  
2 trustees, where we have one-third  
3 representation on the whole piece.

4 So we do pay actually 34 percent,  
5 tuition pays about 40 percent, and the state  
6 pays the remainder of the difference. So we  
7 do make more than the actual statutory  
8 commitment to the community colleges. And  
9 then we pay half of the capital on the  
10 community colleges.

11 ASSEMBLYMAN COLTON: All right. I  
12 just think that in the sense of partnership,  
13 and in making it clear the priority that CUNY  
14 has to New York City and to New York State,  
15 that it would be not unreasonable to think  
16 about increasing the percentage, when of the  
17 operating costs it's so -- 1 or 2 percent  
18 is -- you know, it seems very low.

19 MAYOR DE BLASIO: Again -- I'm sorry  
20 to interrupt, Assemblymember, I just want to  
21 make sure -- because I think Dean kind of ran  
22 through that. We're paying half the capital  
23 costs of the community colleges, and repeat  
24 again --

1                   DIRECTOR FULEIHAN: -- 34 percent of  
2                   the operating cost of the community colleges,  
3                   the biggest governmental contribution.  
4                   Tuition pays 40, and the remainder is paid by  
5                   the state.

6                   MAYOR DE BLASIO: And please just  
7                   reiterate how that compares to what other  
8                   localities do around the state with their  
9                   community colleges.

10                  DIRECTOR FULEIHAN: We're at the high  
11                  end of what most localities do around the  
12                  state in their community college  
13                  contribution.

14                  ASSEMBLYMAN COLTON: I think one of  
15                  the reasons why New York City does generate  
16                  so much revenue to the state is because of  
17                  the importance of CUNY. And, you know, I  
18                  think -- but that also means it's important  
19                  to New York City. So I think as a gesture it  
20                  is not unreasonable. There has to be  
21                  negotiation, there has to be discussion. For  
22                  example, the Governor has said we need to  
23                  find administrative efficiencies with CUNY  
24                  and SUNY. You know, is it reasonable that

1 the state funds CUNY 36 million and funds  
2 SUNY 14 million? So there's room here for  
3 maneuvering. And I just think that, you  
4 know, the city has to, you know, engage in  
5 that.

6 On another topic which is also very  
7 important, the area of pre-K. Last year the  
8 Governor stepped up and he made a commitment  
9 to provide state funding to New York City for  
10 over \$300 million. And that has continued,  
11 he's proposing that be continued again this  
12 year.

13 Also, under the Smart Bonds issue,  
14 which the Governor proposed and the  
15 Legislature passed and the voters approved, I  
16 believe we're going to have -- New York City  
17 will be eligible for some \$783 million in  
18 funding.

19 One of the things that I think I want  
20 to emphasize, in association with  
21 Assemblymember Cathy Nolan, is the importance  
22 of the transportable units, those units  
23 being, you know, replaced. But also a very  
24 big issue in my district is pre-K seating.



1 We have serious problems with that. There  
2 isn't enough, for example. And even where  
3 it's found, there are problems. In  
4 District 20 a location was found for pre-K  
5 seating, and it's in the middle of a heavy  
6 truck zone and there's a lot of community  
7 opposition with parents on that.

8 So what efforts, what plans has the  
9 city made to try to get more pre-K seats in  
10 the public schools? And how do we do that?

11 MAYOR DE BLASIO: A couple of  
12 different things, Assemblyman. So the effort  
13 to reach the level that we are at now,  
14 68,500-plus young people in pre-K -- and  
15 again, that was 20,000 when I started my  
16 administration. So we've added almost 50,000  
17 kids per year now.

18 That happened -- an extraordinary  
19 effort, and I commend all of my colleagues  
20 who pulled that off, and I thank again  
21 everyone here and everyone in the Legislature  
22 for providing the funding. That required a  
23 heavy emphasis on existing community-based  
24 organizations, existing schools of various

1 types, including religious schools, and it's  
2 been a very, very effective effort.

3 At the same time, we want to develop  
4 more capacity. So, for example, in our  
5 capital plan there are additional pre-K  
6 centers, stand-alone pre-K centers in some  
7 neighborhoods. We continue to work closely  
8 with the archdiocese and the diocese in terms  
9 of buildings that they have available coming  
10 into our domain, either by lease or by  
11 purchase. And we also make adjustments  
12 constantly.

13 The locations we had this year were  
14 the ones that we thought were the best able  
15 to provide the best-quality pre-K for our  
16 kids. But if we find that a location ended  
17 up to not be as good as we want it to be, we  
18 can make adjustments for next year because we  
19 actually had additional locations being  
20 offered. Not always geographically exactly  
21 where we wanted them, but we still have  
22 choices to work with.

23 We would love to work with you and  
24 your office, if we think there's a location

1           that should be better, to see if there's  
2           another site in the community that would be a  
3           better alternative.

4                     ASSEMBLYMAN COLTON:  Yeah, because  
5           this is a very important priority, I think  
6           from the pre-K level all the way up to higher  
7           education.  And I really think the city has  
8           to put a big effort into that.

9                     There are a couple of other areas I  
10          had, but I'm going to leave that for now  
11          because my time is just about up.  So thank  
12          you, Mr. Mayor.

13                    MAYOR DE BLASIO:  Thank you.

14                    CHAIRMAN FARRELL:  Senator.

15                    CHAIRWOMAN YOUNG:  Thank you,  
16          Assemblyman.

17                    Our next speaker is Assemblyman  
18          Espaillat.

19                    SENATOR ESPAILLAT:  Good afternoon,  
20          Mr. Mayor.

21                    MAYOR DE BLASIO:  Good afternoon.

22                    SENATOR ESPAILLAT:  Well, first let me  
23          start out by trying to dispel something that  
24          has been really alluded to here with regards

1 to CUNY and what seems to be a perception  
2 that the rest of the state is going to be  
3 saddled disproportionately with the  
4 operational costs of CUNY. When in fact, you  
5 know, traditionally -- and I've been here 20  
6 years -- it's the other way around. The city  
7 produces far more revenue for the state than  
8 it gets back in the budget. That was the  
9 basis for the Campaign for Fiscal Equity  
10 lawsuit, that many felt that the city was  
11 giving more in revenue, that the windfall of  
12 revenue from the city, coming from the city,  
13 was so much more than we got back for  
14 schools.

15 And just recently, when we had the  
16 settlement on -- the Attorney General's  
17 office had settlement money distributed here  
18 to the state, although the offenses may have  
19 been committed in the city, it was really  
20 more upstate and outside of the city that  
21 benefited from the investment in these close  
22 to maybe 5-point-something billions of  
23 dollars.

24 So I want to dispel the notion that

1 the city is saddling the rest of the state.  
2 First of all, it perpetuates this  
3 upstate-versus-downstate scenario which I  
4 think is damaging to all of us.

5 But let me also just begin with the  
6 CUNY piece and say that in traditional  
7 Shakespearean Albany logic, a cut is a cut by  
8 any other name. And so every time we see  
9 mergers, we know that at the end of the day  
10 it may mean a cut. When we see downsizing,  
11 we know that at the end of the day, when the  
12 rubber meets the road, that may be a cut.  
13 When we see administrative efficiencies and  
14 reform, we know that at the end of the day  
15 this could very well be a cut.

16 So I am concerned and I want to ask  
17 you, what in fact will be hurt? Let's say  
18 those \$485 million were cut right now. What  
19 kind of services, operations will be  
20 compromised and hurt within the CUNY system  
21 right now if this were to happen today?

22 MAYOR DE BLASIO: Well, let me start  
23 by saying, again, let's acknowledge an  
24 unusual situation here. This item appeared

1 in the budget, was not, you know, part of any  
2 previous discussion, and then the next day  
3 the Governor offered a clarification, which  
4 again I very much appreciate. The  
5 clarification said that it would not cost the  
6 city a penny, and alternative means would be  
7 worked on -- which again will start hopefully  
8 as early as next week. And we'll see what  
9 that yields.

10 So what I can say to you is I believe,  
11 based on what we are hearing now, that there  
12 will not be a cut. But let's take your  
13 theoretical question. Clearly we have a CUNY  
14 system that is trying to reach a lot of young  
15 people and give them opportunity and  
16 straining to do that. And if you were to  
17 take half billion dollars out, it would mean,  
18 you know, any number of potentially negative  
19 scenarios. Obviously a lot fewer kids being  
20 served in one way or another. And let's face  
21 it, the kinds of things we're trying to do,  
22 like the investment in STEM education so kids  
23 can get, young people can get the education  
24 and go straight in the workforce, that would

1 be undercut fundamentally.

2 Or, you know, if you think about other  
3 areas of the city budget, if you tried to  
4 move those cuts elsewhere, where would you  
5 cut? Would you cut from education? Would  
6 you cut from police? So I think it's fair to  
7 say that this would be a very, very major  
8 impact.

9 But again, we're going to take the  
10 Governor on his word and follow through in a  
11 very transparent fashion on that so that  
12 these cuts will not be seen and will not have  
13 an impact on our young people.

14 SENATOR ESPAILLAT: Well, let me just  
15 share with you, Mr. Mayor, that I will be  
16 looking forward to monitor the situation to  
17 ensure that these efficiencies or  
18 administrative reforms don't actually turn  
19 into a cut, because I think that would be  
20 very damaging to the CUNY system if that is  
21 the case.

22 And so I will monitor the situation,  
23 and if we talk about trimming the fat, as  
24 it's often called, or some minor

1 administrative changes, that's acceptable.  
2 But I know that I've been here long enough to  
3 know that a cut is a cut. And so I am deeply  
4 concerned that that will impact, dramatically  
5 impact CUNY, which continues to be a beacon  
6 of hope and opportunities. CUNY is the  
7 Harvard, the Yale, the Cornell of our  
8 working-class and middle-class communities.  
9 And so to potentially absorb a cut of this  
10 magnitude puts a hit on the future of the  
11 city and the State of New York.

12 On another matter, Mr. Mayor, let me  
13 commend you for your interest in tackling the  
14 affordability problem in the city,  
15 particularly when it comes to affordable  
16 housing. And your administration has  
17 proposed mandatory inclusionary zoning as the  
18 model to address the issue of affordability  
19 in housing in the City of New York. And  
20 whereas that may yield some affordable units,  
21 many people across the city -- community  
22 boards, myself and others -- are concerned  
23 that this particular model, whereas it may  
24 yield some affordable units, it could also



1           unleash market forces and gentrification to a  
2           level that many working-class and  
3           middle-class families will be hurt.

4                     In my particular district we have  
5           already begun to see speculation.  
6           Yesterday's New York Times published an  
7           article that highlighted the Rockaways and  
8           East Harlem as two neighborhoods that have  
9           seen how affordable housing can be built.  
10          You yourself were at a ribbon-cutting  
11          ceremony in my district where Broadway  
12          Housing opened up a full 100 percent  
13          affordable housing community.

14                    Why not build affordable housing? Why  
15          can we not build 100 percent affordable  
16          housing that guarantees poor people, working  
17          people, that are really the ones hurting in  
18          the housing crunch? Because I think by  
19          engaging in the 70/30, 80/20 model, we are  
20          exposing communities like the one that I  
21          serve that have 90 percent of the housing  
22          stock, rent-stabilized, privately owned  
23          buildings, subject to the market. And  
24          landlords and owners who come in and buy off

1 tenants, it would unleash a whole series of  
2 practices that eventually result in losing  
3 more affordable housing that you have  
4 produced.

5 And so this is the essence of the  
6 fear. I don't think it's just like a frenzy  
7 in the community boards that, you know, we  
8 see maybe regularly on a host of issues.  
9 This is a deep-seated concern that  
10 communities have across the City of New York.  
11 It has manifested itself in the Bronx,  
12 unanimously in Queens, and even in Manhattan.  
13 God knows we never agree on anything in  
14 Manhattan.

15 But it's deep-seated, and I am  
16 concerned that the mandatory inclusionary  
17 zone, although well-intended to produce X  
18 amount of affordable housing units, that it  
19 will in fact result in the displacement of  
20 hundreds and thousands of families that are  
21 living in working-class communities around  
22 these developments that will witness a  
23 dramatic shift in the values of those  
24 properties, and subsequently there goes the

1 rent.

2 So I am concerned about this. I would  
3 like to see from the city good faith and that  
4 you come to these neighborhoods and you build  
5 affordable housing. It's been done in the  
6 past. The New York Times said yesterday that  
7 it was done successfully in the Rockaways and  
8 East Harlem. And it's been done in my  
9 district. Why not start that way and not  
10 with the mandatory inclusionary zoning?

11 MAYOR DE BLASIO: Well, I appreciate  
12 the question, Senator, because you're getting  
13 to the heart of the matter on many levels.

14 First of all, I want to be clear on my  
15 view of the community boards' response. I'm  
16 not trying to in any way stereotype it. I'm  
17 saying I do think community boards have a  
18 history of being dubious of all types of  
19 development. I don't think that's an unfair  
20 statement; I think everyone who's worked with  
21 community boards -- I spent eight years  
22 working closely with the community boards in  
23 my district when I was a councilman -- we  
24 know that's a pretty consistent reality.

1           At the same time, I agree with you,  
2           whether it's community boards or community  
3           activists or clergy people, they're speaking  
4           up out of deep concern and fear about  
5           displacement. And I've tried to speak  
6           bluntly to it, and I started that process a  
7           year ago in my State of the City speech  
8           because, honestly, here's what I think is the  
9           bigger picture. I don't think the issue of  
10          gentrification has been honestly discussed in  
11          this city over 10 or 20 years as it has been  
12          growing as a phenomenon. I don't think there  
13          was a honest debate about what it meant,  
14          about the impact it was having, about what we  
15          could do about it, what was the role of  
16          public policy, what should we do differently.  
17          None of that happened.

18                 And in the previous administration,  
19                 with all due respect to them, there was I  
20                 think a kind of laissez-faire approach  
21                 wherein market forces dominated the entire  
22                 playing field. As you know, a lot of this  
23                 city is in an as-of-right status where  
24                 developers have the right to work within the

1 existing zoning and can do a lot with it.  
2 The areas that are now being discussed for  
3 rezoning are relatively few in the scheme of  
4 things. A lot of rezoning happened in the  
5 previous administration already.

6 And what we found in the previous  
7 approach was that there were not particularly  
8 stringent demands put on developers in terms  
9 of affordable housing, and even some of the  
10 plans that were agreed to with communities  
11 were not honored. So that has bred a lot of  
12 cynicism, rightfully, in communities about  
13 any affordable housing plan.

14 I think it's fair to say I have a very  
15 different approach. I think I've proven that  
16 on many levels. What I saw -- and maybe it  
17 has to do with personal experience -- what I  
18 saw happen in my neighborhood in Brooklyn and  
19 in surround neighborhoods, I can certainly  
20 say this about Bed-Stuy, I can say this about  
21 Bushwick, I can say this about a lot of  
22 places -- is in the absence of a policy, the  
23 market forces simply created displacement.  
24 They didn't need rezonings, it just kept

1           happening and happening -- with no  
2           compensating impact in favor of the  
3           community. So if you literally say if we  
4           just walked away now, we said let the market  
5           determine all of this, you would see more and  
6           more people displaced, you would not see new  
7           affordable housing built in appreciable  
8           numbers. Because if we just took the part  
9           out of our plan that did not benefit from  
10          some type of private-sector activity, it  
11          would be a much, much smaller number. We'd  
12          never get to 200,000 units.

13                 So we would have a lot less affordable  
14          housing being built, we'd still have a lot of  
15          people being displaced, we wouldn't have the  
16          opportunity to do a lot of good things in  
17          communities through rezonings. And, you  
18          know, you know as well as I do, rezoning is  
19          an opportunity to do a lot of the capital  
20          improvements to a community, a lot of the  
21          things that have been unaddressed previously  
22          can be addressed, and we're very committed to  
23          it.

24                 We've put a very substantial allotment

1           in our capital budget to address  
2           infrastructure needs with rezonings, and that  
3           was not true in the past. We've tried to be  
4           up-front about the fact. If communities need  
5           new schools, parks, whatever it happens to  
6           be, that's going to be factored into the  
7           rezoning process. We obviously have a heavy  
8           emphasis on creating local jobs.

9                        So I would say it this way. I think  
10           it's a pretty stark contrast. Let the market  
11           decide, period. You'll get most of the same  
12           unfortunate outcomes from our community  
13           residents without any of the compensating  
14           positive factors. Under our plan, you will  
15           get an unprecedented amount of affordable  
16           housing, you'll get job creation which will  
17           be as much as possible targeted to local  
18           residents, you'll get community improvements  
19           and capital improvements.

20                       The other part of the equation, which  
21           you know very well -- and we all grapple  
22           with -- is the units that are going out of  
23           rent regulation. And I know and all your  
24           colleagues have fought to strengthen rent

1 regulation. I know you've found a certain  
2 amount of resistance in that process. But we  
3 still lose a lot of units even with the  
4 recent improvements, which we appreciate. We  
5 lose a lot of units out of rent regulation,  
6 we lose a lot of units out of Mitchell-Lama.  
7 If we had not stepped in with our housing  
8 plan to stop 5,000 units at Stuy Town and  
9 Peter Cooper from being privatized, we would  
10 have lost 5,000 more -- almost a thousand  
11 units at the Riverton in Harlem we would have  
12 lost had we not stepped in.

13 So I argue that there has to be an  
14 interventionist approach by the city  
15 government to the maximum extent possible,  
16 and that's the best, the best strategy we  
17 have at this moment to preserve affordable  
18 housing.

19 SENATOR ESPAILLAT: You know, I  
20 commend your model. I'm not saying that we  
21 should not have an intervention of some kind  
22 of regulatory practices to get more for the  
23 development that's going on in New York City.

24 What I'm saying to you is that in many



1 neighborhoods that may be a blessing, because  
2 in East Harlem, where you have the highest  
3 concentration of NYCHA buildings, people that  
4 are protected for two, three, four  
5 generations, maybe that's not so bad -- they  
6 have the ability to cushion the blow. But in  
7 a neighborhood with 90 percent plus  
8 apartments that are rent-stabilized,  
9 privately owned, where 25 percent of the  
10 leases are preferential rent leases, that  
11 means that the landlord has not been able to  
12 get the rent that they want, therefore they  
13 issue a lease for less rent that doesn't  
14 guarantee any rent stabilization rights or  
15 privileges to the tenant. That landlord is  
16 going to go out there -- once you've built  
17 those towers through mandatory inclusionary  
18 zoning, that landlord is going to go out  
19 there and try to get that market rate, and  
20 that tenant is out. That's one out of four  
21 in that immediate area where you're proposing  
22 that in our district.

23 So what I'm saying is city government  
24 and state government -- which proposes

1           \$20 billion for housing, \$10 billion for  
2           affordable housing, \$10 billion to deal with  
3           the homeless issue -- should not get out of  
4           the affordable housing business as we knew it  
5           that really helped communities in the past.  
6           You know, Mayor Koch rebuilt the Bronx, you  
7           know, when it burnt. You know, Freddie  
8           Ferrer, the borough president, did a  
9           fantastic job at ushering that in. You know,  
10          we need that kind of energy again to save  
11          neighborhoods.

12                     I think that you're well intended,  
13          this is a well -- I'm not saying that you --  
14          I think it's better than what we had in the  
15          past. But it doesn't cut the mustard, not  
16          for neighborhoods where people are having a  
17          tough time making ends meet. And I propose  
18          that you get back into the affordable housing  
19          business as well.

20                     MAYOR DE BLASIO: Just a final  
21          comment.

22                     I believe, again, that a lot of  
23          neighborhoods -- I would not underestimate,  
24          if you look at the neighborhoods that have no

1 rezoning activity but are seeing those  
2 preferential rents you point to, that in many  
3 neighborhoods it is already being swept away  
4 just by market activity alone.

5 If it was a zero-sum, if you were --  
6 for example, if all those preferential rents,  
7 you know, being kept low, if that was all  
8 there was to it, don't do rezoning and  
9 they're all going to stay low, that would be  
10 an interesting discussion. I don't believe  
11 that's what's happening. I think the market  
12 dynamics are already sweeping past that, and  
13 if we don't intervene there'll be nothing  
14 left in terms of affordability. And we have  
15 to use every tool we have to create it.

16 So I respect deeply your position, I  
17 just want you to hear that we believe that,  
18 you know, that cow's out of the barn already.

19 SENATOR ESPAILLAT: Well, I thank you,  
20 Mr. Mayor. And I hope that we can continue  
21 to have this discussion in regards to  
22 affordability.

23 MAYOR DE BLASIO: Absolutely.

24 SENATOR ESPAILLAT: Thank you.

1                   MAYOR DE BLASIO: Thank you.

2                   CHAIRWOMAN YOUNG: Thank you.

3                   SENATOR KRUEGER: Assembly?

4                   CHAIRMAN FARRELL: Thank you.

5                   Assemblyman McDonald. Is he there?

6                   Oh, very good. Oh.

7                   (Laughter.)

8                   CHAIRMAN FARRELL: In his place,  
9                   Mr. Titone will make a very quick speech.

10                  (Laughter.)

11                  CHAIRMAN FARRELL: He's not really  
12                  doing this.

13                  ASSEMBLYMAN TITONE: I know I'm not  
14                  really permitted to speak, but I just wanted  
15                  to really thank you publicly for increasing  
16                  the ferry service on Staten Island. Very  
17                  much appreciate it, Mayor. Thank you.

18                  MAYOR DE BLASIO: Thank you very much.  
19                  It was the right thing to do.

20                  CHAIRMAN FARRELL: All right. We  
21                  close on this, then.

22                  MAYOR DE BLASIO: And ferry service  
23                  kept going all through the storm. We're  
24                  proud of that fact.

1 ASSEMBLYMAN TITONE: Well, we still  
2 have some parking to do there.

3 MAYOR DE BLASIO: We will. We will.

4 CHAIRWOMAN YOUNG: Assemblyman Farrell  
5 was quite accurate about the briefness of  
6 Assemblyman Titone's --

7 CHAIRMAN FARRELL: I wish the other  
8 side would understand that.

9 CHAIRWOMAN YOUNG: We have a lot of  
10 questions.

11 Next it would be Senator Squadron.

12 SENATOR SQUADRON: Thank you. I will  
13 take a lesson from Assemblyman Titone, but  
14 not the one you'd like me to.

15 I would like to join him on thanking  
16 you for ferry service expansions throughout  
17 the city and the investment the city is doing  
18 in that.

19 By the way -- actually a good segue  
20 into my questions -- is the state budget  
21 helping with the ferry expansions throughout  
22 New York City? No? Zero dollars from the  
23 state for ferry expansions?

24 MAYOR DE BLASIO: That's all us.

1                   SENATOR SQUADRON: And last year the  
2                   state put in, as Senator Savino mentioned,  
3                   \$100 million for NYCHA. This year how much  
4                   is the city expecting to get from the state  
5                   for public housing capital?

6                   MAYOR DE BLASIO: So again, with the  
7                   \$100 million that was in the last budget of  
8                   the state, in the current fiscal year for  
9                   NYCHA we still have not seen a dime. We  
10                  would very much like that money to come in so  
11                  we can do more to fix public housing  
12                  developments. We welcome a plan from the  
13                  state. We're ready to get to work doing this  
14                  work, and we have --

15                  SENATOR SQUADRON: Once -- sorry to  
16                  cut you off. But once you get the hundred  
17                  million, is NYCHA's fiscal need satisfied  
18                  then or is it --

19                  MAYOR DE BLASIO: No, no. Not at all.  
20                  Not at all.

21                  But the point being we made a  
22                  commitment last year when I was here with you  
23                  that we would do a hundred million each year,  
24                  current fiscal year, next two as well. We

1           have that in our new budget. We asked that  
2           the state match that, because the need -- as  
3           I said, there's a \$17 billion capital need at  
4           NYCHA for the buildings that cover 400,000  
5           people. But that first hundred million still  
6           has not arrived. And we believe -- you know,  
7           we have some strong views on the best use of  
8           that money, but we also obviously respect the  
9           Legislature's prerogatives. Whatever the  
10          ultimate decision of the state on how best to  
11          use it, we're ready to implement it. We're  
12          ready to put that money to work immediately.  
13          But we'd ask your help in making sure it  
14          shows up as soon as possible.

15                 SENATOR SQUADRON: Great. And again,  
16          the city made a three-year, \$100 million a  
17          year commitment --

18                 MAYOR DE BLASIO: Yes.

19                 SENATOR SQUADRON: -- and so far the  
20          state has not this year proposed a hundred  
21          million equal.

22                 MAYOR DE BLASIO: That's right.

23                 SENATOR SQUADRON: At its high-water  
24          mark, the Advantage, Work Advantage

1 anti-homelessness program, the state was  
2 giving the city I think \$35 million in  
3 operating funds for that program?

4 MAYOR DE BLASIO: We'll check that.

5 And again, while Sherif and Dean check  
6 that question, let me emphasize I appreciate  
7 your sense of history, because not only was  
8 the state contribution to Advantage  
9 substantial, but Advantage was working.

10 And about the time Advantage ended, we  
11 went from approximately 37,000 people in our  
12 shelter system just in the following two and  
13 a half years to 50,000 plus. So really one  
14 of the biggest factors in the increase in our  
15 shelter population was the absence of  
16 Advantage. And, you know, it's going to take  
17 a long time to recapture that ground and  
18 reverse that trend. This is why we're  
19 concerned now to make sure that homelessness  
20 funding for the city is equitable and does  
21 address some of the things that were cut in  
22 the past so we can actually turn this corner.

23 Do you have an answer on the --

24 DIRECTOR FULEIHAN: We'll get it.



1                   MAYOR DE BLASIO: We're checking that  
2                   dollar figure.

3                   SENATOR SQUADRON: And I think it's an  
4                   important one. The Advantage Program needed  
5                   to be fixed, but -- and the supportive  
6                   housing capital dollars are absolutely  
7                   wonderful that are being proposed by the  
8                   state, by the Governor.

9                   But, you know, the total statewide  
10                  Homeless Prevention Program now I think is  
11                  less than \$35 million, which means that's a  
12                  cut for the city.

13                  Earlier you mentioned the BQE triple  
14                  cantilever, which is in my district. So far  
15                  is there any state capital funding allocated  
16                  for the fixing of the BQE cantilever so that  
17                  it doesn't fall into Brooklyn Bridge Park and  
18                  bounce into the harbor?

19                  DIRECTOR FULEIHAN: Not that we know  
20                  of at this point.

21                  SENATOR SQUADRON: Okay, none. Thank  
22                  you.

23                  Resiliency, I want to really thank the  
24                  administration again for the commitment

1           you've made, Mr. Mayor, and the  
2           administration more broadly, \$115 million,  
3           almost, from the city alone, support on the  
4           federal application that got us \$176 million  
5           from HUD because of the leadership of the  
6           city to get a barrier that protects Lower  
7           Manhattan, I think the third or fourth  
8           largest business district in America, Lower  
9           Manhattan. We talk about having tax dollars  
10          and having revenue; we need Lower Manhattan  
11          to be working to have revenue in every corner  
12          of the state from Chautauqua County to  
13          Suffolk County.

14                 So I would just ask, of the  
15          \$301 million we now have to protect from  
16          Montgomery Street around to Battery Park  
17          City, how much of that has the state  
18          allocated?

19                 MAYOR DE BLASIO: We'll have to check  
20          that one too for you. We'll get that for  
21          you.

22                 SENATOR SQUADRON: I believe it's  
23          8 million.

24                 MAYOR DE BLASIO: Okay, we'll

1 double-check -- well, you seem to be ahead of  
2 us.

3 SENATOR SQUADRON: Great. The Rikers  
4 Island population, obviously Rikers is rife  
5 with problems and I urge the administration  
6 to continue aggressive reform there, not rest  
7 on its laurels. But one of the drivers of  
8 that is a broken speedy trial law in New York  
9 State that essentially strips the accused --  
10 not the convicted, but the accused -- of  
11 their constitutional speedy trial rights.

12 If we reformed the speedy trial laws,  
13 we believe the Rikers population could come  
14 down significantly. Just as an example, what  
15 would the city save if the state fixed speedy  
16 trials and the Rikers population, for  
17 example, went down 25 percent?

18 MAYOR DE BLASIO: Well, you may have  
19 the exact estimate yourself; I can see that  
20 you're well prepared.

21 There's no question -- look, I think  
22 you're exactly right that that reform would  
23 make a big difference both in terms of  
24 justice and in terms of the cost at Rikers.

1 We've tried in many ways -- you know, our way  
2 of addressing the mass incarceration crisis  
3 has been to try to get at the root of the  
4 matter with Rikers to work on efforts to  
5 ensure that people don't end up in Rikers who  
6 don't need to. That's some of the bail  
7 reform efforts that we're working on, for  
8 example. And obviously appropriate  
9 diversionary programs for folks who have  
10 committed low-level, nonviolent offenses. We  
11 believe fundamentally in that. And working  
12 with the court system to improve the timing  
13 of trials so people are not there any longer  
14 than they have to be.

15 Unquestionably, everything that will  
16 help us drive down the population not only  
17 saves costs, it will reduce violence, it will  
18 allow us to focus on a deepening of the  
19 reforms we've made. So we can get you exact  
20 dollar figures that could be projected, but  
21 there's no question that's exactly in the  
22 direction we need to go to break the back of  
23 what's been, you know, many, many years of a  
24 cycle of violence at Rikers that's

1           unacceptable.

2                   SENATOR SQUADRON: Look, just in  
3           summary, like each of these issues are  
4           critical issues that impact New York City  
5           uniquely in the state. They also speak to  
6           this idea that because New York City is as  
7           fiscally healthy as it is right now, the  
8           state doesn't need to worry about it and in  
9           fact should start trying to figure out how  
10          to, you know, damage it even further.

11                   There have been cuts to the state  
12          support over a number of years. We talked  
13          about AIM funding earlier; we just talked  
14          about these on critical, really city-specific  
15          issues -- not unique, but city-specific  
16          issues. And so I would just urge that you do  
17          continue to be responsible with your budget,  
18          you do shore dollars away for a rainy day  
19          fund. Goodness knows in the history of  
20          New York City we've seen that; we saw that  
21          eight years ago, we saw that through the  
22          nineties off and on.

23                   But also I want you to know that from  
24          the state perspective, this idea that you're

1 a piggy bank can't work. What we need to be  
2 doing is figuring out how to save you money  
3 so that you can save more money, and also so  
4 that the areas where we are providing state  
5 aid, we can provide less so that we can send  
6 it to other parts of the state that are in  
7 desperate need of it and could use the  
8 economic development and the support in other  
9 ways.

10 Just briefly, one thing the state did  
11 do last year is increase the funding for  
12 Nurse-Family Partnership, one of the  
13 evidence-based maternal home visiting  
14 programs, in combination with Healthy  
15 Families New York, the kind of -- a big  
16 combination. This year the current proposal  
17 is to reduce that funding again.

18 I just want to be very clear. If we  
19 are able to produce the funding in the state,  
20 because the city has been a long-time  
21 supporter of this program, is the city  
22 willing to match us dollar for dollar with  
23 city dollars in any amount of money that we  
24 increase the Nurse-Family Partnership

1 program?

2 MAYOR DE BLASIO: One, I want to do  
3 two things. I want to give Dean and Sherif  
4 an opportunity to gather themselves for that  
5 answer; I want to go back a step on your  
6 previous question.

7 You make a very powerful point. There  
8 are actions that the state can take that will  
9 save the city money, will be in everyone's  
10 interests. We had a very, I think,  
11 respectful and informed discussion earlier  
12 about how the city and state interrelate and  
13 what our relationship is. Well, one of the  
14 things that is good for everyone, speeding up  
15 trials, avoiding longer stays in Rikers, is  
16 in everyone's interest. The same as having  
17 effective preventative efforts in terms of  
18 homelessness.

19 You know, long ago, when I was the  
20 chairman of the General Welfare Committee in  
21 the Council, I talked about the fact that  
22 when you prevent a family from going into  
23 shelter, for example, with a thousand-dollar  
24 rental subsidy -- that's \$12,000 a year -- if





1 the contribution.

2 SENATOR SQUADRON: You will not reduce  
3 the contribution if the state -- I appreciate  
4 that.

5 DIRECTOR FULEIHAN: And just on the  
6 Advantage Program, the state contribution was  
7 \$75 million, the federal contribution, which  
8 flows through the state, was also an  
9 additional 75 million, and the city  
10 contribution was 75 million.

11 SENATOR SQUADRON: Thank you very  
12 much.

13 And the mayor's point, to the budget  
14 director I would point out that a proposal I  
15 long ago made called Prevention-Based  
16 Budgeting would make it a lot easier to  
17 balance the budget while also funding  
18 evidence-based proven programs to prevent  
19 homelessness, to prevent incarceration,  
20 through home visiting and other programs. So  
21 I would urge you take a look at that as well.

22 Thank you very much.

23 MAYOR DE BLASIO: Thank you.

24 CHAIRWOMAN YOUNG: Thank you, Senator.

1                   The next speaker is Senator Perkins.

2                   SENATOR PERKINS: Thank you very much.

3                   So I want to first express my  
4                   appreciation for your presence and your  
5                   indulgence with us, and also for what you've  
6                   been doing so far in representing us as the  
7                   mayor. And I think I did the right thing by  
8                   supporting you.

9                   MAYOR DE BLASIO: Thank you.

10                  SENATOR PERKINS: It's always a good  
11                  thing when you hit the number --

12                  MAYOR DE BLASIO: You're a visionary.

13                  SENATOR PERKINS: -- when you hit the  
14                  number, so to speak. I'm not a visionary,  
15                  but I think I got lucky with this one.

16                  But I'm concerned, I'm very concerned,  
17                  because as a native New Yorker, you know, we  
18                  have a little extra pride about ourselves  
19                  because of this here great city. And it's  
20                  not simply because of the bridges, like the  
21                  Brooklyn Bridge or the statues, like the  
22                  Statue of Liberty or other iconic features  
23                  that are world-renowned, but actually, most  
24                  importantly, because of its public education

1 system.

2 MAYOR DE BLASIO: Amen.

3 SENATOR PERKINS: You know, this was  
4 the opportunity that for many of us allowed  
5 us to be where we are today, and even for  
6 many others, other places are doing great.

7 But what's happening is that which was  
8 sort of the crown jewel of all the jewels in  
9 our New York City ego has sort of come under  
10 hard times in terms of bragging rights, so to  
11 speak. Ergo, charter schools -- you  
12 understand? -- and the infiltration of those  
13 schools overwhelming attention from the  
14 public schools without even necessarily  
15 measuring up in terms of what they're  
16 actually providing; nevertheless, being  
17 promoted and applauded, most importantly,  
18 with more and more money.

19 And my concern is are we abandoning  
20 our public education commitment and fooling  
21 ourselves into saying that this other  
22 arrangement, which is a privatized model, is  
23 the way to go?

24 MAYOR DE BLASIO: No. I understand



1 at the heart of the matter. To fix our  
2 traditional public schools -- again, the  
3 mother lode here of our education system --  
4 we have to do a lot in the way of new  
5 investments: Early childhood, particularly  
6 in the vein of pre-K; a very focused effort  
7 to bring kids to reading level by third  
8 grade -- that's part of our Equity and  
9 Excellence plan -- after-school programs for  
10 every middle school child for free,  
11 unlimited; algebra for all for middle school  
12 kids; AP classes for all, every high school;  
13 computer science for all throughout the  
14 curriculum at all grade levels; 130 community  
15 schools; renewal schools -- these are all  
16 part of a fundamental change in our approach  
17 to our public education system.

18 So I think the answer to your question  
19 is in our city we are doubling down on our  
20 commitment on our public schools, and we have  
21 to transform them for the 21st century. And  
22 I believe that model is going to be much more  
23 effective than looking to other models which  
24 so far have obviously been, one, limited in

1 terms of the number of people they reach, but  
2 two, as you said, different models, some very  
3 successful, some not so successful, some very  
4 collaborative, some not so collaborative,  
5 some that were very inclusive of English  
6 language learners, special ed kids, et  
7 cetera, some not so.

8 We like the traditional public school  
9 model because it's always inclusive. That's  
10 a statement of fact. It is always inclusive  
11 of all children. And more and more we  
12 believe our traditional public schools are a  
13 place where a lot of innovation is occurring  
14 and a lot of progress is occurring.

15 SENATOR PERKINS: So let me say this.  
16 In the state budget for 2014-2015, at the  
17 very last moment a number of changes were  
18 added with respect to charter schools,  
19 particularly as they operate in the city.  
20 These changes, which were executed with  
21 little or no public input or transparency,  
22 weakened your mayoral control over decisions  
23 concerning how to use and allocate precious  
24 space in public school buildings; forbade the

1 city for charging rent to charters;  
2 grandfathered in old collocations, thus  
3 immunizing them from any changes; and  
4 essentially forced the city to approve all  
5 new collocations or pay for space elsewhere  
6 out of pocket. To your credit, your office  
7 strongly opposed these changes, as did I, but  
8 they were nevertheless approved.

9 So two years later, I'm wondering what  
10 has been the impact on the ground of these  
11 policies.

12 MAYOR DE BLASIO: I'll start, and  
13 maybe Dean or Sherif want to add.

14 Look, we did oppose that change. We  
15 have been able to work with the rules to  
16 maximize what we think is fair to make sure  
17 that if there's a proposal that we think is  
18 not going to work or isn't appropriate, that  
19 we do have, in effect, due process rights  
20 around it. And we certainly want to work,  
21 going forward, to rationalize that.

22 But I think the bottom line is that we  
23 continue with an overall reform agenda for  
24 our public schools. That's where the vast

1 majority of our energy of course has to go.  
2 That is moving forward. We ask the support  
3 of the Legislature in continuing that  
4 progress.

5           And obviously I believe -- and I think  
6 you're right to say -- there's different  
7 elements of the mayoral control equation, and  
8 sometimes there is a discussion that's not  
9 the literal question of mayoral control but  
10 still can affect the level of control, like  
11 that decision you refer to. I'm a bit of a  
12 purist on this point. Mayoral control of  
13 education is how we fix the school system.  
14 My predecessor and I didn't agree on a lot of  
15 things, but on that we fundamentally agree.  
16 And it should not be diminished in any way,  
17 shape or form; it should be reinforced so we  
18 can actually get to the work of doing these  
19 fundamental things -- getting our kids to  
20 reading level, making sure high school  
21 graduation actually means college-ready.  
22 That's what we're trying to focus on right  
23 now.

24           SENATOR PERKINS: So I know that you



1           opposed some of these changes. But how much  
2           control do you have over charter schools,  
3           particularly from a budgetary point of view?

4                   MAYOR DE BLASIO: Look -- again, I'll  
5           start and would ask Dean and Sherif to fill  
6           in any blanks. There are obviously state  
7           rules governing what kind of allotment  
8           charter schools get, and we respect --

9                   SENATOR PERKINS: Are any of those  
10          rules undermining your control over your  
11          schools?

12                   MAYOR DE BLASIO: I think what I would  
13          say is the basic rules per se are not my  
14          central concern. The decision-making about  
15          our buildings and the ability to make just  
16          decisions about each application -- we  
17          approved plenty of applications from charters  
18          that we thought fit in a building  
19          appropriately. There's others we thought did  
20          not. That has to be the prerogative of the  
21          City of New York under a mayoral-control  
22          system. That should not be compromised.

23                   Additional funding requirements, like  
24          I mentioned, in the current budget proposal

1 by the Governor that would add to the  
2 obligations of the City of New York and no  
3 other locality in the state, clearly are not  
4 fair, from our point of view.

5 So the point from my point of view is  
6 not to add additional onerous costs or  
7 regulations onto the city that would  
8 undermine our ability to make the right  
9 decisions for our schools.

10 SENATOR PERKINS: My concern is -- so  
11 I guess -- I'm trying to understand that --  
12 first, who pays the rent on these charter  
13 schools, you or Eva Moskowitz or whoever the  
14 operator is? How does --

15 DIRECTOR FULEIHAN: Under the  
16 agreement two years ago, we pay -- there's a  
17 collocation process. If the collocation  
18 process fails and the charter is able to find  
19 alternative space, then we pay the rent up to  
20 I believe it's \$40 million, at which point it  
21 is a shared expense with the state. And so  
22 far we're about \$20 million -- so far we've  
23 committed about \$20 million.

24 SENATOR PERKINS: So how is that

1           \$20 million commitment being used,  
2           explicitly?

3                     DIRECTOR FULEIHAN: We are paying at  
4           this point about \$20 million.

5                     SENATOR PERKINS: Towards?

6                     DIRECTOR FULEIHAN: Towards those  
7           charters. We reimburse them for the rent,  
8           and it's approximately \$20 million.

9                     SENATOR PERKINS: So we pay the rent?

10                    DIRECTOR FULEIHAN: Yes.

11                    MAYOR DE BLASIO: Under the agreement  
12           from two years ago. Again, that was not our  
13           choice, but that's what was --

14                    SENATOR PERKINS: That's not your  
15           choice.

16                    MAYOR DE BLASIO: Yes.

17                    SENATOR PERKINS: So it sounds more  
18           like you -- it's not your choice. What would  
19           you prefer?

20                    MAYOR DE BLASIO: We would go back to  
21           the system before that.

22                    SENATOR PERKINS: To what?

23                    MAYOR DE BLASIO: We would go to the  
24           structure before that.

1                   SENATOR PERKINS:  Would you explain  
2                   that again so we can see, for the record,  
3                   what the difference is between what you'd  
4                   prefer and what's being imposed on you?

5                   DIRECTOR FULEIHAN:  Prior to that, the  
6                   city had the opportunity to make its own,  
7                   completely its own decision.  This created a  
8                   process which had, as the mayor pointed out,  
9                   a due process stage in it where we could  
10                  negotiate with the charters and then there  
11                  were -- if that didn't work, there were other  
12                  options that could be used.

13                  SENATOR PERKINS:  So we're happy about  
14                  this arrangement?  You think we should, as a  
15                  Legislature, reinforce this arrangement by  
16                  more opportunities for this --

17                  MAYOR DE BLASIO:  Again, we think the  
18                  previous arrangement, the arrangement before  
19                  two years ago, was better.  I believe in  
20                  mayoral control --

21                  SENATOR PERKINS:  For the sake of the  
22                  record, when you say it was better, better  
23                  means what?  Specifically.

24                  MAYOR DE BLASIO:  Okay, I'll start and

1 Dean will fill in the blanks.

2 Let me just put this in the larger  
3 rubric. I, like I think any mayor, I would  
4 imagine any county executive in this state,  
5 believe that we have to have the freedom to  
6 make local decisions effectively and use our  
7 resources effectively. We are always  
8 concerned about mandates that tie our hands.

9 The structure two years ago and  
10 before, gave us the freedom to make these  
11 decisions more effectively. The current  
12 structure has added additional limitations.  
13 Although again, as you heard, we've broadly  
14 been able to find ways to work with it, we  
15 don't think it's the right way to go. We  
16 think things before were better.

17 Dean can define that.

18 DIRECTOR FULEIHAN: Right.

19 But I will just add, Senator, what the  
20 mayor identified in his original testimony  
21 was the piece that we are focused on in the  
22 current budget was the additional obligation  
23 that was only falling on New York City, on  
24 charter school tuitions, and that's about

1           \$30 million in the current budget. And  
2           that's the piece we actually focused on in  
3           the testimony.

4                   MAYOR DE BLASIO: Right. That's the  
5           new problem.

6                   DIRECTOR FULEIHAN: And that is only  
7           in New York City.

8                   MAYOR DE BLASIO: Right. That is a  
9           new problem that we're very concerned about  
10          that's in this budget now.

11                   SENATOR PERKINS: And how does the  
12          Governor respond to this problem that's being  
13          imposed on you?

14                   MAYOR DE BLASIO: How has --

15                   SENATOR PERKINS: The Governor.

16                   MAYOR DE BLASIO: He proposed it.

17                   SENATOR PERKINS: So he's not  
18          cooperating with you, is that what you're  
19          saying?

20                   MAYOR DE BLASIO: I'm not going to  
21          characterize it. It's a proposal --

22                   SENATOR PERKINS: Forgive my language.  
23          I didn't mean to put it that way.

24                   MAYOR DE BLASIO: -- we don't agree

1 with. No, it's a proposal we don't agree  
2 with.

3 SENATOR PERKINS: You don't agree with  
4 it.

5 MAYOR DE BLASIO: Absolutely not. I  
6 said that in my testimony.

7 SENATOR PERKINS: Well, I just want to  
8 reiterate, you know, because I might not have  
9 heard it. Was it like written?

10 MAYOR DE BLASIO: Yes, it's in the  
11 budget proposal.

12 SENATOR PERKINS: Will you send my  
13 office a copy of your concerns? And we'll  
14 move on.

15 MAYOR DE BLASIO: Yes, absolutely.

16 SENATOR PERKINS: Again, have you as  
17 the mayor and the superchancellor, so to  
18 speak, had an opportunity to determine, as  
19 per this experiment called charter schools --

20 MAYOR DE BLASIO: Say again?

21 SENATOR PERKINS: As per this  
22 experiment that we've come to know as charter  
23 schools, which was designed, intended and  
24 proposed at the time to be not a second

1 department of education but laboratories, so  
2 to speak, that would provide the opportunity  
3 for us to learn how to teach our children  
4 better, and those lessons would be replicated  
5 throughout the district -- has any of that  
6 part of the proposal that was originally been  
7 brought forward been actually fulfilled in  
8 terms of what did the charter school movement  
9 teach you as the mayor, or other mayors, how  
10 to better --

11 MAYOR DE BLASIO: I think it's a  
12 decidedly mixed bag. I think it's a very  
13 fair and important question. Yes, the  
14 charter school movement started with the  
15 promise of innovation and sharing of best  
16 practices and creating good --

17 SENATOR PERKINS: Sharing with who, by  
18 the way?

19 MAYOR DE BLASIO: With the traditional  
20 public schools.

21 SENATOR PERKINS: Okay. Just so we  
22 know.

23 MAYOR DE BLASIO: No, very fair point.  
24 And so I think the fact is that



1 history has proven to be a real mixed bag.

2 One of the things Chancellor Farina  
3 has done, and I agree with her entirely, is  
4 she's reached out to a number of charter  
5 schools that want to have a close working  
6 relationship with our traditional public  
7 schools, that want to share best practices  
8 both ways -- because, by the way, we believe  
9 in a lot of our traditional public schools  
10 real innovation is happening that can help  
11 charters, and vice versa.

12 I would say there is a mixed bag in  
13 the charter movement: Some schools doing  
14 great and important work that is yielding  
15 innovations that the traditional public  
16 schools can use and are being shared very  
17 openly and productively with the traditional  
18 public schools, often on a district basis.  
19 Others where that's not happening, where the  
20 innovation either is not occurring or it's  
21 not being shared or the student body is not  
22 representative, et cetera.

23 SENATOR PERKINS: Let me interrupt for  
24 a second, because --

1                   SENATOR KRUEGER:  Senator Perkins --  
2           Senator Perkins, I'm sorry, you're at zero,  
3           so we just have to let the mayor close up and  
4           go on to the next --

5                   SENATOR PERKINS:  Just if you don't  
6           mind, Madam Chair, Senator Krueger, Senator  
7           Krueger, let me finish what I'm saying,  
8           because I did wait a while to be here.  But  
9           -- so I think --

10                  SENATOR KRUEGER:  No, I know, we've  
11           all been here --

12                  SENATOR PERKINS:  I don't -- and I  
13           don't think -- am I being irrelevant or out  
14           of order --

15                  SENATOR KRUEGER:  Just close it up  
16           here.  Just close your sentence, okay?

17                  SENATOR PERKINS:  Okay, but don't --  
18           but I just don't want to be rushed through  
19           what I've waited so long to share, because  
20           it's important.  The heart of the movement is  
21           in my district, as you know.

22                  MAYOR DE BLASIO:  Yes.

23                  SENATOR PERKINS:  So I'm not going  
24           to -- just here to, you know, deal with this.

1           It's a big thing for me. It's the biggest  
2           thing that one could imagine when you have a  
3           district where the public schools are not  
4           doing well and then you bring in another  
5           whole entity that is not transparent and  
6           accountable.

7                         So I'm just trying to understand, have  
8           you done a report or has anybody done a  
9           report on the successes of the charter  
10          schools that have been made available to you  
11          or any other city entity that could be  
12          replicated in our public schools so that our  
13          children could get the benefit of those  
14          particular lessons at all?

15                        MAYOR DE BLASIO: I think you're  
16          raising another important point, and I  
17          certainly understand --

18                        SENATOR PERKINS: Could you -- I  
19          can't -- could you say that again, please?

20                        MAYOR DE BLASIO: I'm sorry. I think  
21          you're raising a very important point. And I  
22          think, knowing your district well, your  
23          district has gone through a particularly  
24          tough experience during this last decade or

1           so.

2                       There is not, to the best of my  
3           knowledge, a coherent, consistent approach --  
4           certainly not one that we inherited -- for  
5           looking at what the innovations were coming  
6           out of the charters and figuring out how they  
7           can work with the traditional public schools.

8                       Honestly, I believe in the previous  
9           administration that was not the world view.  
10          It was not that the traditional public  
11          schools are going to be the great core of our  
12          school system and where we're really going to  
13          make a difference for our children, and that  
14          the charters were providing obviously  
15          important options for some kids but also  
16          they're supposed to be that laboratory, that  
17          innovative force that you talk about. I  
18          certainly don't know of any effort to bring  
19          that concept together and figure out how to  
20          systematically help the traditional public  
21          schools.

22                      So what we're trying to now, in  
23          effect, through the Equity and Excellence  
24          plan, is find the charters that do want to be

1           those district partners with traditional  
2           public schools and cross-fertilize  
3           productively. As I said, some are very  
4           willing to do that and are good partners in  
5           that, some are more resistant or have a  
6           different approach. But where we can work  
7           together, we will.

8                         So has it been made systematic ever?  
9           I would say, from my experience, no.

10                        SENATOR PERKINS: Okay.

11                        SENATOR KRUEGER: Mr. Mayor, can we  
12           ask you if you have a staff person who can  
13           follow up with Senator Perkins after the  
14           hearing?

15                        MAYOR DE BLASIO: Absolutely. I'll  
16           follow up personally -- given our  
17           long-standing history, we will set a time to  
18           follow up directly.

19                        SENATOR PERKINS: I appreciate you  
20           doing that. And I hope you will be --

21                        CHAIRWOMAN YOUNG: Thank you, Senator  
22           Perkins.

23                        SENATOR PERKINS: -- as detailed as  
24           possible. But this is a very, very big issue

1 for us in my district. And I understand,  
2 Senator Krueger, how you may feel, and I  
3 respect your chairmanship, but I have a right  
4 to ask these questions about my district --

5 SENATOR KRUEGER: No, I know, Senator  
6 Perkins, but unfortunately --

7 SENATOR PERKINS: -- and other people  
8 have had more time than I have.

9 SENATOR KRUEGER: No, everybody's  
10 stuck with the 10-minute clock. We've been  
11 careful about that.

12 SENATOR PERKINS: Well, then I'd ask  
13 one final question --

14 MAYOR DE BLASIO: We'll follow up.

15 SENATOR KRUEGER: We'll follow up  
16 afterwards. Thank you.

17 CHAIRWOMAN YOUNG: Senator Persaud is  
18 the next speaker, please.

19 SENATOR PERSAUD: Thank you very much.

20 Thank you, Mr. Mayor, for being here.

21 I just want to first commend your staff for  
22 the open lines of communication during the  
23 storm that we had.

24 MAYOR DE BLASIO: Thank you, Senator.

1                   SENATOR PERSAUD: But looking forward,  
2                   what are your plans for -- because it seems  
3                   as though we're -- there's a climate change  
4                   and the -- more frequent occurrences of these  
5                   natural disasters are occurring, especially  
6                   in my community where it's -- you know, the  
7                   water is just coming in every time you look  
8                   around. What are your plans for upgrading  
9                   the equipment and what plans do you have,  
10                  long-term plans do you have in place?

11                  MAYOR DE BLASIO: Well, Senator, I  
12                  know your district, obviously, and your  
13                  district has been vulnerable in the light of  
14                  climate change. So I'd say when it comes to  
15                  snow on the one hand versus flooding issues  
16                  or hurricane issues, I think we have two  
17                  different realities.

18                  On snow, I feel the city's response,  
19                  of course, was very strong. We're going to  
20                  learn each time, we're going to make  
21                  adjustments each time. I think we learned a  
22                  lot even from the last few blizzards. We  
23                  certainly learned a lot from the 2010 storm,  
24                  where I think the city did not have its

1 assets properly in position. You know, I  
2 think the MTA, again, I agree with and  
3 appreciate the way they handled things,  
4 getting the buses in at the right time,  
5 et cetera. So in terms of snow response,  
6 we're learning a lot and I think we have a  
7 very strong capacity to address these kinds  
8 of blizzards.

9 In terms of hurricanes and coastal  
10 issues, the resiliency work is increasing all  
11 the time. It's been a very good working  
12 relationship with the Army Corps of  
13 Engineers, obviously our Parks Department and  
14 others. That's of course going to happen  
15 year by year. A lot of federal money coming  
16 in, a lot of city and state efforts as well.  
17 That will be ongoing work, meaning in the age  
18 of climate change, resiliency work will  
19 essentially never end. We will keep at it  
20 all the time, improving resiliency.

21 And we want to figure out, obviously  
22 working with you, what other things we can  
23 do. I think there's some real DEP issues in  
24 your neighborhood that we could work on



1           together. So I would look forward to  
2           figuring out a plan with you and our  
3           DEP commissioner, Emily Lloyd.

4                     SENATOR PERSAUD: Okay. But you also  
5           need to work with Sanitation to upgrade the  
6           equipment that they have. You really need to  
7           upgrade some of the equipment.

8                     MAYOR DE BLASIO: Just for clarity,  
9           what do you mean specifically?

10                    SENATOR PERSAUD: The snow movers.  
11           They're kind of ancient. You know, they've  
12           passed their prime.

13                    MAYOR DE BLASIO: Well, we're going to  
14           keep investing in them, I assure you.

15                    SENATOR PERSAUD: But they did a  
16           better job being prepared this time.

17                    Another thing, the state has decided  
18           to not add additional funding for Summer  
19           Youth, because we're looking at the minimum  
20           wage increase. So the funding is just flat.

21                    What is the city doing? Because we --  
22           you look at many -- most of the kids who are  
23           applying for Summer Youth are not receiving  
24           jobs. And we have a situation in the city,

1 especially in the lower-income areas, where  
2 there's a spike in violence. And you can  
3 correlate the spike in violence with the kids  
4 having nothing to do.

5 What is the city doing to help --  
6 DYCD, some of the other agencies -- to fund  
7 Summer Youth?

8 MAYOR DE BLASIO: We had an increase  
9 in our local funding this last summer, so we  
10 had a substantial increase in the number of  
11 summer jobs. We just sat down with the  
12 Council members when I announced my  
13 preliminary budget. We're going to look to  
14 the Executive Budget in May for further  
15 determinations on summer jobs. Clearly  
16 there's immense interest in the Council in  
17 building on the number we had last year.

18 So I'm not going to make a formal  
19 announcement, but I can simply say we're very  
20 focused on it, the Council is very focused on  
21 it. Everyone's interested in raising that  
22 bar if we can find a way to do it. Obviously  
23 as I -- I want to come back to where I  
24 started the testimony: We're going to be

1 watching the overall economic indicators very  
2 closely in the next few months because  
3 there's a lot of warning signs that will  
4 cause us to have to be very smart about how  
5 we spend money. But it is certainly our goal  
6 to go farther when it comes to summer jobs.

7 SENATOR PERSAUD: Thank you. I just  
8 want to make sure that we understand it. We  
9 have to be smart in the way we're spending  
10 money, but spending money on our youth is  
11 really important. That's the smartest thing  
12 that we can --

13 MAYOR DE BLASIO: Well, with your  
14 help, with your help, you're talking to the  
15 guy who focused on pre-K and after-school for  
16 middle school kids. So I'm there.

17 SENATOR PERSAUD: My last question is  
18 about the rise in crime. What plans do you  
19 have in place for this upcoming summer?

20 MAYOR DE BLASIO: Wait, say that  
21 again, I'm sorry?

22 SENATOR PERSAUD: The increase in  
23 violence, especially the increase in gun  
24 violence within districts.

1                   MAYOR DE BLASIO: Well, I'd like to  
2                   reframe that in my view. We always take very  
3                   seriously violence in any community, and we  
4                   know there is a scourge of gun availability  
5                   and gun violence. But I want to emphasize,  
6                   these numbers I'm about to indicate represent  
7                   human lives. When I say overall serious  
8                   crime is down 5.8 percent over two years,  
9                   shootings were down from 2014 to 2015, gun  
10                  arrests went up 10 percent, this is all  
11                  indicative of a city that's getting safer  
12                  even though there are serious challenges  
13                  still to be addressed.

14                 In the course of this year, 2,000 more  
15                 officers will be on patrol, between the 1300  
16                 new that we are bringing on the force and the  
17                 700 or so that are being civilianized from  
18                 desk jobs to patrol.

19                 All of these pieces are going to  
20                 increase our ability to get at the root of  
21                 the problem, which as Commissioner Bratton  
22                 and Chief O'Neill always say, is several  
23                 thousand particularly violent felons that are  
24                 still out there, many associated with gangs

1           and crews. The focus, more and more, is on  
2           the real violence-doers, that core set of  
3           violent criminals, and we're doing better at  
4           getting at them -- you know, getting the  
5           evidence, building cases about them, getting  
6           the arrests, getting the guns off the  
7           streets. That's going to intensify.

8                     But I think the simplest way I can say  
9           it is 2,000 more cops on the street is going  
10          to make a huge difference.

11                    SENATOR PERSAUD: Thank you very much.

12                    MAYOR DE BLASIO: Thank you.

13                    CHAIRWOMAN YOUNG: Thank you, Senator.  
14                    Senator Kennedy.

15                    SENATOR KENNEDY: Thank you, Mayor,  
16          very much for being here. Thank you for your  
17          leadership.

18                    MAYOR DE BLASIO: Thank you.

19                    SENATOR KENNEDY: And for your  
20          patience. I know it's been a long testimony  
21          today --

22                    MAYOR DE BLASIO: Patience is a  
23          virtue, Senator.

24                    SENATOR KENNEDY: It certainly is.

1 Over four hours, and I appreciate all of your  
2 comments.

3 I just had a couple of different  
4 thoughts, you know. Going way back several  
5 hours in the testimony, there were a couple  
6 of colleagues from upstate that touched upon  
7 a couple of initiatives I want to ask you  
8 about. The first has to do with the property  
9 tax cap for New York City.

10 You know, there's been a lot of  
11 positioning, a lot of rhetoric, a lot of  
12 conjecture up here, and legislation proposed  
13 and whatnot. I just want to hear again, you  
14 know, your comments on the property tax cap  
15 for the City of New York and, you know,  
16 furthermore, if you believe -- because I have  
17 a feeling I know what your answer may be --  
18 if you feel that a study to get to the root  
19 of this thing to back up our position on --

20 MAYOR DE BLASIO: The last part of the  
21 question, I'm sorry? I believe --

22 SENATOR KENNEDY: Do you believe --  
23 are you open to some sort of a study to that  
24 effect on a property tax cap for New York

1 City if in fact that is necessary?

2 MAYOR DE BLASIO: I don't agree with  
3 it philosophically. And practically as well.  
4 I always want to --

5 SENATOR KENNEDY: What -- what is  
6 that?

7 MAYOR DE BLASIO: I always want to  
8 learn more, but I want to explain the "why"  
9 in this.

10 SENATOR KENNEDY: On the property tax  
11 cap itself? I'm sorry.

12 MAYOR DE BLASIO: Yes. I just don't  
13 believe that it's a productive tool in terms  
14 of what we're doing.

15 So again, when you combine the  
16 particular challenges that the city faces --  
17 which I don't think I have to document --  
18 New York City has a whole host of very, very  
19 intense challenges that have developed over  
20 decades. That had a lot to do with the  
21 quality of life in our city, the safety of  
22 our city, fairness and decency in our city.  
23 You know, these challenges didn't occur  
24 overnight, but they're ours. Whether it is

1 the affordability crisis, the homelessness  
2 crisis, the safety challenges -- which I'm  
3 thrilled at how well NYPD has done on, but  
4 there's more to come, obviously. The threat  
5 of global terror that is aimed at New York  
6 City in a way that's true of only a few  
7 places in the United States of America. We  
8 have a particular set of challenges.

9 We also know that in a downturn  
10 scenario we're vulnerable in a way that's  
11 overwhelming because, again, we know that the  
12 federal and state partners will be  
13 compromised in such a scenario and we know  
14 that our fixed costs don't change. If we're  
15 going to keep our streets safe, if we're  
16 going to deal with a tremendous amount of  
17 human need, we have to keep doing that,  
18 downturn or no downturn.

19 So from my point of view, anything  
20 that limits our capacity arbitrarily could  
21 undermine the fundamentals of our city but  
22 also undermine our ability to do the thing  
23 which I think we're doing well now -- and I  
24 want to give my predecessors credit and I



1           want to give the people in New York City  
2           credit -- the fact that we're economically  
3           stronger, after some decades where we were  
4           really in decline, we are strong -- we have  
5           to maintain that. For the good of our  
6           people, for the good of the people of the  
7           whole state, we have to keep that going.

8                         So I don't want anything that inhibits  
9           our ability to do that. I am sensitive to  
10          the fact -- I am a homeowner in Brooklyn. I  
11          understand people are going through some real  
12          challenges in terms of the cost of living and  
13          that property taxes are part of it. We're  
14          certainly going to always look at ways that  
15          we can address the challenges of our  
16          homeowners. But a cap I think is a  
17          problematic approach.

18                        As I mentioned to Senator Lanza, I  
19          know he's offering it in very good faith.  
20          But even the circuit-breaker, or the override  
21          capacity, is one that I think would be an  
22          imperfect tool given the reluctance that  
23          elected officials have, obviously, when it  
24          comes to taxation.

1                   So I think we're going to certainly  
2                   engage in fiscal discipline, we're going to  
3                   engage in ways of helping our homeowners, but  
4                   that would not be the one I'd choose.

5                   SENATOR KENNEDY: Do you feel strong  
6                   enough in that, Mayor, to put a study forward  
7                   to back up that plan that you have put in  
8                   place?

9                   MAYOR DE BLASIO: Again, I'm being  
10                  careful in my answer because I think that is  
11                  very much an eye-of-the-beholder question.  
12                  I'm always happy to have this conversation  
13                  with you. But there's no scenario that I can  
14                  envision where we would want to tie our hands  
15                  in terms of our ability to maintain the  
16                  standard of living of the people in New York  
17                  City and the safety of the people in New York  
18                  City.

19                  If we had a different world, which  
20                  maybe was true 40 years ago, let's say,  
21                  50 years ago, where there was a federal  
22                  government ready, willing and able to come in  
23                  in the event of crisis -- and that was very  
24                  true in that time frame; not true today --

1           maybe I'd have a different world view. But I  
2           have no illusion of that fundamental reality  
3           changing any time soon, so I have to very  
4           carefully protect the interests of my city,  
5           and that's why I can't see any scenario where  
6           I would agree with that.

7                         SENATOR KENNEDY: Understood.

8                         What about comparing, if you compare  
9           property tax caps -- so if that's off the  
10          table, the potential -- I know it's been  
11          offered, and there's been talk about this --  
12          the potential for a Medicaid cap. Your  
13          thoughts on that as well.

14                        MAYOR DE BLASIO: I think we've got  
15          two dynamics happening simultaneously that  
16          have to be addressed.

17                        Again, I've spoken to the Governor's  
18          proposal, and I have affirmed that I  
19          appreciate the Governor's clarification that  
20          it won't cost the city a penny. But we  
21          understand there are real challenges in the  
22          Medicaid system in general. As I said, I  
23          appreciate that the Governor, when he first  
24          came into office, focused on some of the

1 fundamental reforms needed.

2           And then we have -- so there's that  
3 ongoing issue, but then we have a whole  
4 different related issue of our Health and  
5 Hospitals Corporation, which will need  
6 substantial reform. So we'll absolutely  
7 engage the Governor in ways that we can look  
8 at reforms and efficiencies vis-a-vis  
9 Medicaid in general in the city, but  
10 specifically we have to engage in a process  
11 very quickly of coming up with a reform plan  
12 for our health and hospitals, our public  
13 health and hospitals. That has to happen  
14 under any event. The two to some extent  
15 interrelate.

16           But what I can tell you is, having  
17 just gone through the process with our  
18 Housing Authority -- and remember, our  
19 Housing Authority houses over 400,000 people.  
20 And there was not a reform plan previously to  
21 deal with its financial reality; we put that  
22 in place -- we'll take the situation with  
23 Medicaid, the situation with our Health and  
24 Hospitals Corporation head-on. It's our

1 obligation to do so. We'll present a plan,  
2 certainly I'm sure it will be part of the  
3 conversation here, as with our City Council.  
4 But we're dealing with a series of changes  
5 that really represent a lot of history,  
6 unfortunately, coming home and, you know,  
7 having a very big impact now -- \$17 billion,  
8 in the case of the Housing Authority, that  
9 should have spent over many years. It  
10 wasn't. We have to deal with that problem  
11 now. Medicaid issues that have only been  
12 exacerbated by changes in state and federal  
13 policy, no matter how well-intentioned.  
14 That's what's happening, and it's happening  
15 to public health systems all over the county.  
16 So we've got to make a series of big changes.  
17 They'll be tough, but it's our obligation to  
18 do them.

19 SENATOR KENNEDY: Thanks, Mayor. One  
20 other item, and I suppose that this has --  
21 look, every initiative that comes out of New  
22 York City, as you know, has a major impact  
23 not just on this state but this country. And  
24 one of the issues that I think has had an

1 impact on all of us for generations, and you  
2 talk about, you know, where the city has come  
3 from over the course of the last several  
4 decades. And the city's a much different  
5 place than it was back in '03 when the bonds  
6 were refinanced.

7 But I want to go back to 1975, before  
8 I was born. And we're going to be paying  
9 these bonds off well into 2030 to 2034, as it  
10 stands today. And as you had mentioned  
11 earlier, we're going back hours in your  
12 testimony, so forgive me for having --

13 MAYOR DE BLASIO: Ancient history.

14 SENATOR KENNEDY: Forgive me for  
15 having waited so long to get back to this,  
16 but I think it's important to talk about that  
17 refinancing. That, you know, it was the  
18 state, back again in '03, that picked up the  
19 refinancing during a new crisis -- again,  
20 before your administration -- and these  
21 bonds, these STAR-C bonds were refinanced,  
22 saving about \$600 million. But as far as I'm  
23 concerned, again, as an outsider of the  
24 City of New York, as an upstater, these are

1 funds that the state, including us upstate,  
2 helped to pay for.

3 And, you know, with a lot of these  
4 cash-strapped cities, including my own and  
5 other upstate cities, when it comes to AIM  
6 funds -- and I know we've discussed that  
7 before, and I heard your testimony about AIM  
8 funding -- don't you feel that it would be  
9 more appropriate to take that funding and  
10 reinvest it into other cash-strapped cities  
11 and municipalities like the ones in upstate  
12 that are really in dire need right now?

13 MAYOR DE BLASIO: Again, Senator, I  
14 know this is -- we're all providing, I hope,  
15 a positive lesson here in a responsible,  
16 positive public dialog between people who  
17 happen to come from different regions,  
18 different parties. You know, this is  
19 actually what I think the people would like  
20 to see more and more of all over the country.

21 You're raising a perfectly fair  
22 question. What is fairness in this equation?  
23 I again have spent a lot of time, I've been  
24 very blessed to spend a lot of time in

1 Western New York, working in public service.  
2 The profound needs -- profound hope, I  
3 believe, great attributes to Western  
4 New York, and profound needs. When we hear  
5 about initiatives to help upstate, I applaud  
6 them, I applaud them, because we're all in  
7 this together.

8           So the question then becomes what's  
9 fair in each and every one of the decisions  
10 we look at. My point of view is, first of  
11 all, when you talk about the AIM money -- so  
12 \$300 million-plus at the time it was cut; as  
13 Dean reminds me, \$500 million not long before  
14 that. We can do the math any way we want.  
15 If we take the \$300 million, say it was cut  
16 five years ago, that's \$1.5 billion that  
17 would have come to New York City. That's  
18 gone. If you take the \$500 million figure,  
19 it obviously goes to \$2 billion or more.

20           How about the money that was agreed to  
21 by the Court of Appeals, the highest court in  
22 the land, a decade ago that would have led to  
23 many billions more for my public schools that  
24 clearly are not where they need to be? And



1 no one's -- I know you feel the same about  
2 your public schools -- no one's -- I don't  
3 want to in a bad way compare scars. We're  
4 all trying to fix problems that were handed  
5 to us by history. We're all trying to serve  
6 our people. But if I've got 30 percent of my  
7 kids reading at third-grade level, I can't  
8 say to you that I don't need the resources to  
9 fix that problem fundamentally. By my  
10 account, by the highest court in this state,  
11 we should have had many billions more to deal  
12 with that problem.

13 So we've lost a lot in these  
14 transactions. On this one, we believe  
15 fundamentally it is a ironclad understanding,  
16 it was affirmed by the Court of Appeals on  
17 the MAC bond issue. Once something is  
18 written in stone like that and we are  
19 depending on it, we need it, and then that  
20 helps us make up for the sudden \$600 million  
21 that our actuary just put on our current  
22 budget out of nowhere, which will go on every  
23 year in the future. The problem with Health  
24 and Hospitals -- which again, no matter how

1 well intentioned, did stem from, in part,  
2 state and federal policy changes.

3 I could go on and on with all the  
4 unanticipated problems or the infrastructure  
5 challenges, et cetera. It doesn't make any  
6 sense for me to say agreed-upon dollars we're  
7 just going to give away when we have this  
8 level of need.

9 SENATOR KENNEDY: Well, to your  
10 point -- and I know I'm down to zero, so this  
11 will be just the last comment, Mayor. Look,  
12 there's much that I agree with you on. This  
13 one, I disagree with you on. I believe if  
14 we're going to focus on those education  
15 funds, those AIM funds, those other areas,  
16 that we should do so. But, you know, I think  
17 a lot of folks get aggravated about the shell  
18 game that's played. And, you know, there's  
19 \$600 million on the table. And just from my  
20 perspective -- again, as an upstater, as a  
21 Western New Yorker -- after this refinancing,  
22 I believe that that funding could be utilized  
23 in our area of the state as much as anywhere  
24 else in the state, including the City of

1 New York.

2 MAYOR DE BLASIO: I know you're saying  
3 that in good faith, and I just want to  
4 respond in good faith.

5 The CFE decision, which was also aimed  
6 at helping Buffalo, for example, and other  
7 upstate cities, if I -- and I say this with  
8 absolute respect, if we all could restart  
9 that discussion productively, then it might  
10 be possible to talk about different  
11 trade-offs. But I have to say, over the last  
12 couple of years I've been mayor, I've  
13 presented the concern, I understand that  
14 people have felt like it's something they  
15 couldn't really entertain, for better or for  
16 worse. But we're not having that  
17 conversation, let's be straightforward about  
18 that.

19 If we were having a conversation about  
20 restoring the AIM money that was supposed to  
21 be a one-year pause, and now it should come  
22 back on the table, if that conversation were  
23 going on, we would be having -- we could have  
24 a more holistic conversation, perhaps. But



1           Thank you, Mayor. I do have a couple  
2           of additional questions, and then we'll  
3           close.

4           So as you pointed out, I've been very  
5           involved in housing issues, we worked  
6           together on housing issues. And I agree with  
7           you -- I want to go to page 6 of your  
8           testimony, because I had a question there.  
9           You talk about the bond cap allocation being  
10          a vital resource for the city, and I fully  
11          agree with your assessment regarding that.

12          And you also pointed out that last  
13          year the city's Housing Development  
14          Corporation efficiently used all of its state  
15          bond cap allocation to fund its projects.  
16          Which is true, but then you go on to say that  
17          HDC couldn't even get started on almost 1200  
18          affordable apartments across the five  
19          boroughs simply because it did not receive  
20          enough in bond cap allocations from the  
21          state.

22          And so my question is, isn't the HDC  
23          amount an amount that is determined and  
24          requested by the city, and so if you ran out

1 of money, did you ask for too little?

2 MAYOR DE BLASIO: No. In fact, we  
3 asked for more. I'll start, and my  
4 colleagues may have more sense of the  
5 details, but I'll give you the overview.

6 We certainly asked for more. And we  
7 understand that there's a statutory amount  
8 and then, beyond that, a pretty consistent  
9 history of additional resources coming in in  
10 terms of where the projects could be most  
11 effectively achieved.

12 Look, that's -- again, this is not a  
13 Democrat or Republican or upstate or  
14 downstate thing. We all want the taxpayers'  
15 money used well. So we would rather see  
16 resources go to a project ready to go than be  
17 held for something that's not ready to go, or  
18 a project that is going to yield more  
19 affordable housing versus less.

20 In this instance, those units were  
21 ready to go, the state was quite aware of it.  
22 We had requested the additional authority,  
23 and we were told it was not going to be made  
24 available. Even though we think it could

1 have been made available.

2 We were obviously working in good  
3 faith to keep moving these efforts forward.  
4 We don't want to add additional layers that  
5 we think will only slow down a structure that  
6 right now needs to move as quickly as  
7 possible because of the desperate need for  
8 affordable housing.

9 CHAIRWOMAN YOUNG: And I agree with  
10 you, there's a desperate need for affordable  
11 housing. And actually I'd like to applaud  
12 you for your goal of developing 200,000 new  
13 units of affordable housing.

14 MAYOR DE BLASIO: Thank you.

15 CHAIRWOMAN YOUNG: I think it's  
16 absolutely necessary for the future of the  
17 city.

18 But I do want to point out a couple of  
19 things because as you know -- I think you  
20 know this -- that it's extraordinarily  
21 expensive to live and to work and to do  
22 business in the city, and it's the result of  
23 several dynamics, and you've pointed some of  
24 them out today. One of them has to do with

1 the tax burden that we have in the city. And  
2 I want to applaud -- Senator Lanza had to go  
3 to another hearing, but I want to applaud  
4 Senator Lanza for his focus on property tax  
5 relief for the middle class in his district,  
6 for seniors on fixed incomes.

7 And you've pointed out that you are  
8 opposed to a property tax cap. You just made  
9 that very clear to Senator Kennedy during  
10 your remarks. But at the same time, when  
11 you're saying you're not raising property  
12 taxes, as Senator Avella pointed out, maybe  
13 that's not happening, but assessments are  
14 going up year after year. And as a result of  
15 the assessments going up, then we have the  
16 net effect of property taxes going up.  
17 That's a real impediment in so many ways to  
18 growth in the city.

19 And as a result, based on that, based  
20 on, you know, exorbitant land costs, based on  
21 the high cost of doing business, whether it's  
22 regulatory, a lot of extra bureaucracy and so  
23 on, all those things drive up costs in the  
24 city. And so it has exacerbated the housing



1 shortage that we have in the city.

2 And so as a result of that, I would  
3 suggest that there's a structural problem  
4 that you're dealing with with regulatory  
5 systems, with tax systems, with the cost of  
6 land. And have you considered what you could  
7 do as mayor to tackle that structural problem  
8 that you have? Because that is actually  
9 contributing in such a big way to the housing  
10 shortage that you face right now.

11 MAYOR DE BLASIO: I appreciate the  
12 question, and I think you're right, that  
13 there are some really big factors at play  
14 here.

15 Now, I would argue we have -- I used  
16 to use the phrase "A tale of two cities." I  
17 still use it sometimes, and I'll use it in  
18 this case, because we have it in this sense.

19 One, there are some exceedingly  
20 positive factors that are actually  
21 complicating things. Right? The increased  
22 value on our land and on our buildings, our  
23 real estate values just continuing to grow,  
24 is obviously a blessing on so many levels and

1 indicates economic strength. The fact that  
2 the city is growing physically in terms of  
3 population, growing in terms of job growth,  
4 these are wonderful things. But they also  
5 put immense pressure on the affordable  
6 housing equation. So in that sense the  
7 success you want creates some real unintended  
8 consequences.

9           If the question is do we need to  
10 rethink some of the elements of our tax  
11 structure, I think that's a fair point,  
12 because there's always been a certain amount  
13 of inconsistency and lack of clarity in the  
14 New York City property tax system. It's  
15 something that will have to be done very  
16 carefully, very intelligently. It's  
17 something that would take a lot of work. But  
18 I've said long ago I recognize there are  
19 challenges and problems in our tax system  
20 that have to be looked at.

21           At the same time, the thing I can do  
22 right now -- and we're all, you know, here to  
23 think about how we can practically help  
24 people -- what I can do right now is make

1           sure there is not a property tax rate  
2           increase, which is one thing I think would  
3           unify all the homeowners of New York City, is  
4           that that would be an added burden. We've  
5           avoided that for now three budgets in a row,  
6           and we're going to keep avoiding that.

7                     But in terms of coming back at these  
8           underlying issues -- you know, ways that we  
9           can help our seniors, ways that we can create  
10          more consistency in our tax system and more  
11          consistency across the different parts of the  
12          city -- these are real issues. I'm certainly  
13          going to be looking at them. I've been  
14          thinking about ways we could approach them.  
15          The one thing you'll appreciate, that will  
16          take a big, complicated structural fix, and  
17          it will take time to sort that out, for sure.

18                    CHAIRWOMAN YOUNG: I think you're  
19          right for sure on that point, because every  
20          time property taxes go up, there is an  
21          impact, for example, on rental housing also.  
22          And tenants in market-rate apartments, you  
23          know, have their costs go up because the  
24          property taxes go up because the assessments

1 go up. Tenants who live in rent-regulated  
2 apartments, the costs go up for owners and  
3 then the owners aren't able to fix their  
4 buildings. So there is an impact on tenants,  
5 there's an impact on homeowners, there's an  
6 impact on businesses, there's an impact on  
7 the ability to develop more affordable  
8 housing. So I think that those are very,  
9 very dire issues that need to be looked at.

10 And so as a result of the heavy costs  
11 associated with doing business in New York  
12 City, the only economic development tool that  
13 we have is the 421-a program, which as you  
14 know provides incentives and benefits to  
15 develop affordable housing units. And so I'd  
16 just say that we need to take a look at that  
17 again because right now there's nothing to be  
18 able to develop affordable housing, and that  
19 is a critical issue that needs to be  
20 addressed. And I'm sure you would agree with  
21 that.

22 MAYOR DE BLASIO: I agree, and we  
23 would appreciate -- and we know you've worked  
24 closely with us, and we'd appreciate deeply

1           your help and your leadership, because we  
2           think there is a solution available, given  
3           the plan we put forward, which had widespread  
4           support. We think there's a way to reach  
5           that plan or something like it, and move  
6           forward. But the bottom line is we have a  
7           need to keep the right kind of development  
8           forward so we can create that affordable  
9           housing. There's no reason for it to stall  
10          if by good decisions here in Albany we can  
11          keep it moving.

12                   CHAIRWOMAN YOUNG: Yup. So thank you  
13          for that.

14                   You also talked about, you know, rent  
15          control, rent regulation and units going out  
16          of the system. But the reason those units  
17          are going out is that the people living in  
18          them have actually hit a certain income  
19          threshold. So these are people with higher  
20          incomes that are going out of the system, and  
21          I'm sure you would agree with me that those  
22          kinds of assistance through rent regulation  
23          really should go to people who truly need it.  
24          And so we have programs like the Senior

1 Citizen Rent Increase Exemption program that  
2 actually freezes the rent for people who are  
3 seniors on fixed incomes who can't afford to  
4 pay their rent because it's so much of their  
5 income every year. And, you know, in 2014  
6 the Legislature actually changed the amount  
7 from \$29,000 per year up to a threshold of  
8 \$50,000 a year, which actually has helped a  
9 lot of seniors in New York City.

10 The same with the similar program for  
11 people with disabilities with a freeze on  
12 rent. And you probably know that I sponsor  
13 legislation to do the same for all tenants  
14 who make \$50,000 a year or less and pay a  
15 high amount of their income toward rent. And  
16 I'd like to see that move forward, because I  
17 think that's a much more positive solution  
18 than the current system.

19 With that being said, I noticed after  
20 we had passed that in 2014 there was an  
21 article in the New York Times, I think it was  
22 May 20th, that said that the city needs to do  
23 a better job on getting the information out  
24 to people who qualify for the SCRIE and the

1 DRIE programs. And then there was a  
2 follow-up, I was very interested, right after  
3 Christmas, on December 31st of 2015, there  
4 was a follow-up article about a senior in a  
5 rent-controlled apartment who was concerned  
6 because her rent may be going up because she  
7 wasn't under the same freeze as the Rent  
8 Guidelines Board. But the point was is that  
9 she qualified for SCRIE, and I noticed that  
10 right away in that article.

11 And I guess the question is, what is  
12 the city doing to help those people, and  
13 should there be a better focus on making sure  
14 the word gets out to those renters?

15 MAYOR DE BLASIO: Well, first of  
16 all -- and I'll turn to Dean and Sherif in a  
17 second, but let me first say thank you for  
18 your leadership in adjusting that income  
19 level. That was absolutely crucial for  
20 people all over the state, and certainly in  
21 the city as well. And we appreciate that  
22 deeply because that reflected the reality of  
23 people's lives, to have SCRIE and DRIE  
24 adjusted that way.

1                   We do engage in very energetic  
2                   outreach efforts. We're trying to improve  
3                   upon them and strengthen them. We know a lot  
4                   of our colleagues, local elected officials,  
5                   do as well, and they're key partners in that.  
6                   So I agree with you, the last thing I want to  
7                   see is anyone having that right and not  
8                   taking advantage of it. We've tried to on  
9                   many fronts do a better job, because I think  
10                  previously New York City government was not  
11                  sufficiently communicative with its people.  
12                  So we've tried to fix that on many, many  
13                  fronts.

14                  In terms of SCRIE and DRIE directly,  
15                  Dean or Sherif?

16                  DIRECTOR FULEIHAN: Right, we will  
17                  come back to you with specifics. We do  
18                  recognize that, and we are taking -- the  
19                  mayor's right, he has directed us to take  
20                  much more active outreach on SCRIE, on DRIE,  
21                  and actually on the EITC as well.

22                  CHAIRWOMAN YOUNG: I think you'd be  
23                  helping a lot of very needy people as a  
24                  result of that.



1           And as you also know, we fundamentally  
2           philosophically disagree about price controls  
3           and rent control. And, you know, on our side  
4           of the equation we believe that it has  
5           exacerbated the housing shortage in New York  
6           City. It was supposed to be temporary from  
7           1943, and it's still in place. And, you  
8           know, better solutions -- we all want more  
9           affordable housing. Better solutions would  
10          be a free market system, developing more  
11          affordable housing, and actually having a  
12          system that addresses the most needy people  
13          who can't afford to live. So that's  
14          something that we continue to work on --

15                 MAYOR DE BLASIO: Senator, if I may,  
16                 just -- despite there may be some  
17                 philosophical differences, in addition to  
18                 thanking you for the partnership on many  
19                 fronts, I would say we also have put a very  
20                 clear focus in our affordable housing plan on  
21                 promoting the creation of market-rate rental  
22                 housing. We all know the reality of the new,  
23                 higher-priced condos that have become such a  
24                 big part of the housing landscape.

1                   We think -- I think this may be a  
2                   point where there's some agreement -- that a  
3                   robust market-rate rental market is very good  
4                   for the overall availability of affordable  
5                   housing. So we have a series of actions that  
6                   are part of our overall plan to support and  
7                   encourage that development as well for the  
8                   good of all.

9                   CHAIRWOMAN YOUNG: Okay, thank you for  
10                  that, Mayor.

11                  And just one final question, going  
12                  back to the questioning at the beginning.  
13                  You know, so we have the budget in place for  
14                  New York City through the state right now for  
15                  this year. And when you compare the budget  
16                  for this year with the proposed budget from  
17                  the Governor for 2017, which one is better,  
18                  which one would you prefer to see, if you had  
19                  to compare the two?

20                  MAYOR DE BLASIO: I have to honestly  
21                  say to you that there's so many unclear  
22                  points in the current budget, there's so many  
23                  unanswered questions, that I can't in good  
24                  faith give you a perfect comparison. Maybe

1           when we've gotten all the facts I can answer  
2           that better.

3                       Obviously almost a billion dollars  
4           that at this moment we're assured will not be  
5           manifested as a cut, we need that to be  
6           ratified as we go forward. That's an area of  
7           tremendous concern. But overall, there's  
8           just a lot of elements of this budget that we  
9           don't have the full facts on. We deeply  
10          appreciate, as I said, the very first words  
11          of my testimony, there's some elements of  
12          this budget -- on the supportive housing, for  
13          example -- that I am exceedingly appreciative  
14          for. But there's a lot of other areas where  
15          until we get answers, I can't give you an  
16          honest comparison.

17                      CHAIRWOMAN YOUNG: I appreciate that  
18          answer. But I will say to you that in this  
19          budget, from what I can see, there are  
20          significant investments in the city across  
21          the board -- you know, transportation,  
22          supportive housing, all kinds of things that  
23          are very beneficial to the city. So we'll  
24          continue to go through the process, but I

1 believe that when we look at things side by  
2 side, at the end of the day, you would prefer  
3 this budget over last year's because of those  
4 significant investments.

5 So thank you very much for your  
6 testimony today.

7 MAYOR DE BLASIO: Thank you, Madam  
8 Chair.

9 CHAIRWOMAN YOUNG: Really appreciate  
10 it.

11 MAYOR DE BLASIO: Thank you very much.

12 SENATOR KRUEGER: Thank you,  
13 Mr. Mayor.

14 CHAIRMAN FARRELL: Thank you.

15 (Pause.)

16 CHAIRMAN FARRELL: Next, New York City  
17 Comptroller Scott Stringer.

18 COMPTROLLER STRINGER: How're you  
19 doing? Thank you.

20 CHAIRMAN FARRELL: I just wanted you  
21 to remember who you are.

22 COMPTROLLER STRINGER: Well, thank  
23 you, Chairman Farrell and Senate Republican  
24 colleagues, Democrats, Republicans -- first

1 of all, I want to lay aside my remarks and  
2 just simply say, based on the mayor's  
3 impressive performance today, a four-hour  
4 marathon --

5 CHAIRMAN FARRELL: Five hours.

6 COMPTROLLER STRINGER: -- I think that  
7 he gets everything he asks for, so --

8 (Laughter.)

9 COMPTROLLER STRINGER: So let me try  
10 to fill in some of the mayor's talking points  
11 and -- it really is great to be here, because  
12 I really do welcome the chance to speak to  
13 you today about the Governor's proposed  
14 Executive Budget.

15 And as someone who has served in the  
16 Legislature for 13 years, I understand that  
17 this is not the beginning. This is actually  
18 the beginning of a conversation that we're  
19 going to have for many, many months, and I  
20 want to thank everybody for sitting through  
21 this very long hearing. And I look forward  
22 to working with all of you to advance a  
23 budget that is equitable and sound.

24 The Governor's proposed budget makes a

1           number of critical investments in both human  
2           and physical infrastructure that will lay the  
3           foundation for continued economic growth  
4           across the State.

5                        So first, I stand with the Governor in  
6           supporting an increase in the minimum wage to  
7           \$15 an hour. Raising the minimum wage is one  
8           of the most effective tools we have to attack  
9           income inequality and will place our state  
10          firmly back in a leadership role on this  
11          vital issue.

12                       As my office has found, a phased-in  
13          \$15 minimum wage would put an additional  
14          \$10.2 billion into the pockets of  
15          1.46 million workers in New York City alone.  
16          That's real money that can help provide  
17          working families a pathway to the middle  
18          class so they can pay for college, make a car  
19          payment, or just put food on the table.

20                       Likewise, I strongly support the  
21          Governor's proposal for a permanent extension  
22          of the Earned Income Tax Credit to  
23          non-custodial parents. Since 2012, the EITC  
24          has pulled 70,000 New York City households

1 out of poverty, and in 2014 it returned some  
2 \$4.1 billion to New Yorkers -- an average of  
3 over \$2,300 per tax filer. That's called  
4 making work pay. And I would argue and urge  
5 this Legislature to go even further by  
6 doubling New York City's EITC, expanding  
7 eligibility to childless workers, and  
8 lowering the age floor to 21.

9 In addition to raising wages for  
10 low-income New Yorkers, I support the  
11 Governor's push for paid family leave.  
12 According to a survey by my office,  
13 80 percent of New Yorkers support a paid  
14 family leave system funded by a small  
15 employee payroll deduction, such as the Paid  
16 Family Leave Insurance Act, which passed the  
17 Assembly last year.

18 Governor Cuomo has also issued a  
19 series of proposals that support New York's  
20 historic legacy as a land of immigrants.  
21 From certifying UVisa applications for more  
22 immigrant victims of crime, to making the  
23 Task Force to Combat Worker Exploitation  
24 permanent, we will continue to show that New

1 York is open to all.

2 Finally, the proposed budget makes key  
3 investments to aid one of our most vulnerable  
4 groups: our homeless population. Last night  
5 58,000 city residents, including 23,000  
6 children, slept in our homeless shelters,  
7 with thousands more choosing to sleep on our  
8 streets.

9 In December, my office completed an  
10 audit that found more than half of shelter  
11 units for children and families were plagued  
12 by peeling paint, roaches, rats, and the  
13 chill from broken windows. Earlier this  
14 month, we analyzed every single building  
15 housing homeless families with children, from  
16 shelters and hotels to so-called "scatter  
17 site" housing. We found that two-thirds of  
18 sites had unaddressed violations that  
19 threaten life, health, and the safety of  
20 residents.

21 This is our invisible city, and we  
22 will continue to shine a light on these  
23 conditions and demand change. That's why we  
24 welcome the Governor's increased support for



1 combating homelessness. And we look forward  
2 to seeing improvements as we continue to  
3 monitor shelters in New York City, just as  
4 State Comptroller Tom DiNapoli and Buffalo  
5 Comptroller Mark Schroeder do the same in  
6 other parts of the State. We may not be able  
7 to fix homelessness in a day, but we can  
8 ensure that our shelters are safe, clean, and  
9 livable, and that's what we intend to do.

10 At the same time, we must also do more  
11 to address the underlying causes of  
12 homelessness, including the lack of  
13 affordable housing in our communities.

14 For decades, the New York City Housing  
15 Authority has been a bastion of affordability  
16 throughout the five boroughs. But despite  
17 the fact that NYCHA is home to over 400,000  
18 New Yorkers, it has a capital shortfall of  
19 \$17 billion. That's why today I am renewing  
20 a call I made two years ago to create a new,  
21 dedicated revenue stream for NYCHA, using  
22 surplus funds from the Battery Park City  
23 Authority.

24 Battery Park City generates a surplus

1 every year. As part of a settlement  
2 agreement between the city and the state, a  
3 portion of those dollars have been directed  
4 to affordable housing and other city capital  
5 needs since 2010. We now have an opportunity  
6 to direct those dollars explicitly toward  
7 NYCHA, our largest source of affordable  
8 housing.

9 I know there is support in the  
10 Legislature for this idea. But we could do  
11 this without legislation. Under the terms of  
12 the existing settlement agreement, all that  
13 is required is a unanimous vote by the mayor,  
14 the governor, and the city comptroller -- and  
15 I vote yes. I hope that you can help us,  
16 talking to our mayor and governor, to get  
17 this done.

18 NYCHA residents shouldn't have to wait  
19 any longer for roofs to be fixed, mold to be  
20 eradicated, and doors to be secured. We  
21 should make this happen this year. This  
22 excess money would total more than  
23 \$400 million over 10 years, and provide the  
24 first new source of recurring revenue for

1 NYCHA in years. That is our way of saying we  
2 can find new sources of revenue, we don't  
3 only have to be reliant on what has always  
4 been.

5 Now, recent discussions concerning  
6 CUNY and Medicaid have raised the prospect of  
7 efficiencies in each system. I am pleased  
8 that Governor Cuomo and Mayor de Blasio have  
9 been discussing these vital programs and have  
10 committed to making no cuts. Funding CUNY is  
11 essential. We should be investing more in  
12 higher education if we truly want to keep New  
13 York a global center of commerce and  
14 innovation.

15 No place represents those aspirations  
16 better than CUNY, where three quarters of  
17 undergrads come out of New York City public  
18 schools; 42 percent are the first generation  
19 of their families to attend college; and  
20 where a quarter of students are African  
21 American, 29 percent are Latino, and 19  
22 percent are Asian. These are the future  
23 leaders of our city and our state, and they  
24 deserve our support.

1           In recent years, CUNY has faced a  
2           number of challenges from rapidly rising  
3           enrollment to annual tuition increases. In  
4           addition, their appropriation from Albany has  
5           not kept pace with the state's own operating  
6           budget. An analysis by my office shows if  
7           aid to CUNY had grown at the same rate as the  
8           state's operating budget over the last seven  
9           years, the system would have an additional  
10          \$637 million on hand today. Colleges and  
11          universities play a key role in making New  
12          York City a vibrant place to live and work.  
13          We should be doubling down on the economic  
14          engine of CUNY.

15                 We also need to recognize that CUNY's  
16          staff are the lifeblood of these  
17          institutions, and, unlike most other state  
18          workers, have been without a contract for  
19          five years.

20                 We need to put CUNY on a solid,  
21          sustainable path forward. Because when we  
22          invest in higher education, we win. When we  
23          invest in students, we win. And when we  
24          invest in teachers, we definitely win. And I

1 think we should now work towards that issue  
2 in this coming budget cycle.

3 Now, I recognize as a former  
4 legislator that budgets are fluid, and I have  
5 been assured that negotiations are  
6 progressing between the city and the state  
7 over Medicaid efficiencies. But I want to  
8 make it clear: Our Medicaid system covers  
9 one out of every three New Yorkers, many of  
10 whom have no healthcare at all if not for  
11 this system. Any shifting of costs has to be  
12 examined through the prism of these patients.

13 If New York City had to pay for all  
14 the growth in its Medicaid costs, it could  
15 add up to \$300 million to fiscal year 2017,  
16 it would climb to \$735 million by fiscal year  
17 2020. These additional burdens come at a  
18 time when the New York City Health and  
19 Hospitals Corporation is already facing  
20 significant financial challenges.

21 As my office found in our "Holes in  
22 the Safety Net" report, New York City Health  
23 and Hospitals treated over 430,000 uninsured  
24 patients in 2014. That included many

1 undocumented residents who are ineligible for  
2 Medicaid coverage or subsidies under the  
3 Affordable Care Act.

4 Mayor de Blasio has acted fast. He  
5 has recently announced plans for a broad  
6 restructuring of HHC and in the meantime has  
7 dedicated over \$300 million in dedicated  
8 funds to keep the system's doors open to all.  
9 Reducing state Medicaid support will make it  
10 that much harder for the mayor to continue  
11 his efforts to put Health and Hospitals on a  
12 stable path. These hospitals are vital  
13 pieces of our safety net and deserve to be  
14 protected.

15 Finally, I want to address the STAR-C  
16 bond financing. In 2003 the state helped the  
17 city, then in the grips of the post 9/11  
18 recession, by assuming the remaining  
19 Municipal Assistance Corporation bonds, bonds  
20 that helped New York City emerge from the  
21 fiscal crisis. Ultimately the city issued  
22 so-called STAR-C bonds to pay off the MAC  
23 debt. In 2014, the mayor's Office of  
24 Management and Budget and my office, the

1           comptroller's office, worked together and  
2           took the opportunity to refinance the STAR-C  
3           credit with lower interest rates. That  
4           allowed the city to achieve savings of over  
5           \$600 million, money that was reinvested to  
6           support vital city services. This was one of  
7           the many fiscally wise decisions made by the  
8           city in the aftermath of the Great Recession  
9           to refinance debt at lower interest rates.

10                    Cities and localities should be  
11           encouraged to refinance their debt when  
12           opportunities arise. However, the proposed  
13           budget does the opposite by diverting  
14           \$600 million of savings from the city to the  
15           state over the next three state fiscal years.  
16           It sends the wrong message to localities: If  
17           you do the right thing, if you fix  
18           strategically, if you come up with a plan and  
19           you invest wisely, you work with the  
20           comptroller, treasurer, city manager, mayor,  
21           however your government structure is, the  
22           first thing that's going to happen is you  
23           become a victim of your own success. I urge  
24           you to leave our funding alone in this

1           regard.

2                     I look forward to the successful  
3           resolution of these budgetary issues, as well  
4           as other critical pieces of the Governor's  
5           budget. That includes an extension of mayoral  
6           control, which I support. Mayors need to be  
7           held responsible for the performance of our  
8           schools, so we need to give them the tools  
9           required to get the job done. It's all part  
10          of rebuilding the foundation of New York  
11          City.

12                    It's easy to forget that just 40 years  
13          ago the City faced the prospect of a  
14          crippling financial crisis, a burgeoning drug  
15          epidemic, and a rapidly declining population.  
16          Many believed that we were in a downward  
17          spiral that would culminate in the death of  
18          the Great American City. In the years that  
19          followed, however, something truly amazing  
20          happened. The public and private sectors  
21          came together to invest in New York's future,  
22          pumping billions of dollars into  
23          infrastructure. We laid the foundation for  
24          the city's economic revival, and today we've



1 got over 4 million private-sector jobs -- the  
2 most ever -- record tourism and tax receipts,  
3 and a diverse, growing population. And  
4 that's good for all of us, because as goes  
5 the city, so goes the state.

6 But believing in the inevitability of  
7 New York's rise today is as foolhardy as  
8 believing in our demise 40 years ago. In the  
9 past few months alone, we've seen plenty of  
10 storm clouds: A slowdown in China's economy  
11 that has sent oil and commodity prices  
12 crashing down, while raising the risks of a  
13 world-wide economic slump; a seven percent  
14 drop in the S&P 500 index since the beginning  
15 of the year, a fresh reminder that the city's  
16 finance industry generates approximately 15  
17 percent of its tax revenue. Jobs have been  
18 cut at the Bank of America, Morgan Stanley,  
19 Citi, Barclays, and Deutsche Bank. We also  
20 must continue to wrestle with some of our  
21 most intractable problems: homelessness,  
22 affordable housing, and true wage stagnation.

23 But that's the historic opportunity  
24 before us today. Thanks to a brighter

1 economic outlook, we now have a chance to  
2 attack those tougher, long-term challenges.  
3 For years now, we've had to scramble from one  
4 crisis to another: 9/11, the Great  
5 Recession, Hurricane Sandy. New York always  
6 comes back. But now we as a city and a state  
7 have a chance to really pay down our  
8 principal and get at the root of our  
9 toughest, long-term challenges. We can house  
10 the homeless. We can educate every child.  
11 We can create good jobs at good salaries.  
12 And we can make sure that New York City  
13 continues to be the economic engine that  
14 powers the Empire State.

15 To do that, we need to come together  
16 as a city and a state and invest in our  
17 futures. Because when we do that, we all  
18 win. You see, it's not about upstate and  
19 downstate -- you have yours, I want mine.  
20 This is about a partnership. And for many of  
21 us who represent the 8.5 million people in  
22 the city, we are here today to tell you,  
23 especially those of you not from New York  
24 City, that we do respect our partnership, we

1 do respect the give-and-take, we do respect  
2 your priorities. We just ask you to respect  
3 ours as well.

4 Thank you for giving me this  
5 opportunity, and it truly is great to be back  
6 with many of you that I have known and, of  
7 course, Chairman Farrell, with you always.  
8 So thank you.

9 CHAIRMAN FARRELL: Thank you very  
10 much.

11 Assemblyman Benedetto.

12 ASSEMBLYMAN BENEDETTO: Thank you,  
13 Mr. Chairman.

14 And Mr. Comptroller, welcome to  
15 Albany. Thank you for your patience as well.

16 COMPTROLLER STRINGER: I enjoyed every  
17 minute of it.

18 ASSEMBLYMAN BENEDETTO: I'm sure you  
19 did.

20 COMPTROLLER STRINGER: I know I have  
21 issues.

22 (Laughter.)

23 ASSEMBLYMAN BENEDETTO: The Mayor,  
24 throughout his comments here today,

1           continually stressed that yes, we're going to  
2           have a surplus of money, we're going to put  
3           them into reserves, reserves for the bad  
4           times in the future. And that, towards the  
5           end of your comments here, you kind of  
6           recognized that the future is not always  
7           bright.

8                         Do you care to comment on the mayor's  
9           proposal, the mayor's building up of some  
10          reserves? And is the mayor putting aside  
11          enough for the future?

12                        COMPTROLLER STRINGER: You know, some  
13          of you may think that we have too much of a  
14          cushion. I would argue with the mayor that  
15          we have to actually put more away. We should  
16          put away -- we should look at putting away 12  
17          to 18 percent in terms of our budget outlays.  
18          We have to get the cushion up more. And I'll  
19          tell you why. After 9/11, any cushion we had  
20          was wiped out. Hurricane Sandy -- wiped out.

21                        This is such a unique city and it's so  
22          massive and big that it may seem like a lot  
23          of cushion, but it's really not. So I think  
24          that to protect our city and our state we

1           need more of a cushion. I think we're about  
2           1.6 billion short.

3                   Obviously, you know, as comptroller I  
4           have a certain perspective on the fiscal end.  
5           The mayor is grappling with a lot of what he  
6           has to do budgetarily and has different  
7           priorities, and so we also will have a give  
8           and take between the City Council and the  
9           mayor on some of these budget priorities.

10                   ASSEMBLYMAN BENEDETTO: Thank you very  
11           much for your honesty.

12                   Thank you, Mr. Chairman. I'm fine.

13                   CHAIRMAN FARRELL: Thank you very  
14           much.

15                   Senator?

16                   CHAIRWOMAN YOUNG: Thank you very  
17           much.

18                   And welcome, Comptroller Stringer.  
19           It's good to see you again.

20                   As you may recall, because it was so  
21           long ago, we did serve together in the  
22           State Assembly. So it's always great to see  
23           you.

24                   COMPTROLLER STRINGER: We served

1 together on the Housing Committee.

2 CHAIRWOMAN YOUNG: That's true.

3 COMPTROLLER STRINGER: And I want to  
4 congratulate you on your new role.

5 You were always great on the  
6 committee, and I always knew that when you  
7 voted yes, I had to vote no, and we'd both  
8 keep coming back here. So that's great.

9 CHAIRWOMAN YOUNG: Some things never  
10 change.

11 (Laughter.)

12 CHAIRWOMAN YOUNG: So I'd like to call  
13 on my colleague, Senator Marchione, who has  
14 some questions.

15 SENATOR MARCHIONE: Hi. Do you run,  
16 in the City of New York, youth programs where  
17 you hire youth in the summer?

18 COMPTROLLER STRINGER: Yes.

19 SENATOR MARCHIONE: And can you tell  
20 me how many youth you hire?

21 COMPTROLLER STRINGER: I don't have  
22 that available to me right now.

23 I don't do the hiring. You know, as  
24 comptroller, I do the oversight. But the

1 city has many programs that hire young  
2 people.

3 SENATOR MARCHIONE: So you have a  
4 budget, then, for those youth?

5 COMPTROLLER STRINGER: Well, there  
6 would be a budget line, yes.

7 SENATOR MARCHIONE: So you don't know  
8 what that budget line is?

9 COMPTROLLER STRINGER: I didn't bring  
10 that information with me.

11 SENATOR MARCHIONE: Okay. I'd like to  
12 know that.

13 You're proposing a \$15 an hour minimum  
14 wage. Are you prepared to pay the youth in  
15 the City of New York \$15 an hour? Do you  
16 have those monies in the budget to pay youth  
17 \$15 an hour? And do you have an age that you  
18 hire throughout the city?

19 COMPTROLLER STRINGER: I don't think  
20 we've gotten that far, you know. We're  
21 phasing in the \$15 minimum wage.

22 But it certainly would be a great goal  
23 so that when young people, whatever their  
24 age, spend time at a summer job that they can

1           actually get a real wage.  Maybe they can put  
2           some of that money away and buy schoolbooks  
3           or pay for a lunch while they're going to  
4           class.

5                        SENATOR MARCHIONE:  I'm not saying  
6           that the money wouldn't be good for them.  
7           What I'm asking is, have you prepared to put  
8           those monies in?  Because even though it's  
9           going to be phased in, you're going to face  
10          it if it gets passed this July.  And you're  
11          phasing in in New York City much faster than  
12          what we're phasing in in our --

13                       COMPROLLER STRINGER:  I believe that  
14          we should ensure that people can earn a  
15          livable wage, and \$15 an hour is a reasonable  
16          wage for the City of New York.

17                       And we did a study, because I know  
18          people last year asked me this question and  
19          now you're asking me again, but I cannot tell  
20          you how much a minimum wage increase to \$15  
21          would mean to the New York City economy.

22                       We would pump \$10 billion into  
23          communities all over the city.  The economic  
24          engine that that would create, not just



1           benefiting individuals but benefiting our  
2           local business community, making sure that  
3           people have the extra dollars to go into  
4           stores, go into restaurants, support local  
5           businesses, I think would be a pretty  
6           important aspect of our economic strategy.

7                    SENATOR MARCHIONE: But you still have  
8           to have it in the budget no matter how well  
9           it's going to be spent throughout the city.  
10          You still have to have it. I can't pay  
11          something I don't have in my pocket, if I'm a  
12          small business. You don't have it, you can't  
13          pay it either.

14                    Could you look into your budget and  
15          let me know whether you have increased your  
16          youth budget, how many youth you do have, and  
17          whether you're preparing for a \$15 an hour --

18                    COMPTROLLER STRINGER: We'll certainly  
19          get back to you.

20                    SENATOR MARCHIONE: Thank you.

21                    CHAIRWOMAN YOUNG: Thank you, Senator.

22                    CHAIRMAN FARRELL: Thank you.

23                    Assemblywoman Malliotakis. I have to  
24          read it.

1 ASSEMBLYWOMAN MALLIOTAKIS: Every time  
2 he says my name, it's different.

3 (Laughter.)

4 COMPTROLLER STRINGER: Hi, Nicole.

5 ASSEMBLYWOMAN MALLIOTAKIS: Thank you,  
6 Mr. Comptroller, for being here and being  
7 patient.

8 I just had two quick questions. You  
9 recently came to my district to do a couple  
10 of hearings, one on Sandy oversight. You had  
11 initially, before the hearing, had issued a  
12 report that about \$17 million were paid to  
13 consultants and that there was a lot of waste  
14 in the system. There were also some double  
15 billings to some of the contractors -- or  
16 consultants, rather.

17 I just wanted to get an update on what  
18 your findings were and what improvements have  
19 been made at the city level to try to make  
20 this more efficient and streamlined.

21 COMPTROLLER STRINGER: You know, we  
22 did this audit two ways. We actually held  
23 hearings -- I think you were there -- in each  
24 of the impacted areas of Sandy, not just on

1           Staten Island but throughout the city. And  
2           we took testimony from New Yorkers in every  
3           part of the area -- South Brooklyn, Coney  
4           Island.

5                     And it was amazing to me that people  
6           were coming to our hearings testifying to the  
7           fact that their paperwork and financial  
8           documents had been lost. And we heard this  
9           over and over again, if you remember. And we  
10          couldn't quite understand how you could come  
11          to Build It Back and just have paperwork  
12          lost, no intake person that followed your  
13          case -- all the basic issues.

14                    So we launched our audit while we were  
15          having these hearings, and at the conclusion  
16          we said Build It Back was an unmitigated  
17          disaster. Thousands of people got hurt in  
18          the process. The paperwork was lost because,  
19          basically, at the first hint of trouble --  
20          meaning a hurricane coming -- the city's  
21          response was go hire the consultants: Go  
22          hire PMG, go hire Solix, go hire URS, and  
23          they will take care of everything. They will  
24          set up the computer        system, which they

1           didn't, they will set up a way for people to  
2           engage Build It Back -- that never happened.

3                     And so basically the only people who  
4           benefited from setting this up were the  
5           actual consultants. It was truly a scandal.

6                     And I think it's a lesson to all big  
7           cities that we have to build out -- the  
8           lesson is we have to build out OEM and  
9           emergency services for the disasters that  
10          will definitely come our way. And we have  
11          been too lax, because we think we can hire  
12          consultants to get us out of the next big  
13          storm or the next attack, and what our audit  
14          showed was that can't happen.

15                    I will tell you, while we haven't gone  
16          back and audited, we are monitoring Sandy and  
17          the Build It Back. And while you can look at  
18          a better process, I still think we can't  
19          account for thousands of people. And until  
20          we can account for thousands of people --  
21          Staten Island, Coney Island, throughout our  
22          city -- Lower Manhattan -- then I think we  
23          are not whole. And I will not say that we  
24          are doing better.

1           The other thing that we also did, we  
2           just finished an audit that you'd be  
3           interested in -- I know, Diane, you'll be  
4           interested in this -- that even though we  
5           were told that NYCHA was coming up with a  
6           plan so that the next disaster they would be  
7           ready for, I went in and audited NYCHA.

8           There's no plan. If, God forbid,  
9           something happened, it would be just like the  
10          same.

11          And so -- I know you're shocked at  
12          this -- but we should also look at our  
13          different agencies and make sure that they're  
14          actually creating emergency plans that are  
15          realistic. I can tell you, and I'll send  
16          this to you if you want, our NYCHA audit  
17          showed that we're no better today with  
18          NYCHA's planning process than we were on the  
19          day the storm hit.

20          ASSEMBLYWOMAN MALLIOTAKIS: The other  
21          question I had is regarding to your Red Tape  
22          Commission. You also came to Staten Island  
23          and also in Brooklyn -- in all the boroughs,  
24          actually -- and listened to the concerns of

1 the small business community.

2 It seems that small businesses are  
3 sort of being hit at every level, whether  
4 it's the city, the state, or federal. Some  
5 of the policies coming out of City Hall, I  
6 believe, are hurting the small business  
7 community in the city.

8 What were some of the results of that  
9 Red Tape Commission, and what recommendations  
10 have you made to the City Council and the  
11 administration to make changes?

12 COMPTROLLER STRINGER: So we're  
13 looking at -- so this commission, as you've  
14 said, we've had hearings in all five  
15 boroughs. And it's not just the  
16 comptroller's staff doing this, we've  
17 actually put together a very good blue-ribbon  
18 commission of people with varied backgrounds  
19 taking a look at many of the agencies'  
20 relationships with small businesses -- fines  
21 and fees and taxes and, you know, the  
22 well-documented history of businesses  
23 opening, politicians rushing to the  
24 ribbon-cutting, and then the next day the

1 agencies start coming in: You know, you have  
2 a fruit fly in the vodka bottle, and we're  
3 going to shut you down for three days. You  
4 know, there's an ant on the floor two blocks  
5 away, it must have been you, and we're going  
6 to fine you. I'm making light of this, but  
7 everybody's talked to small business owners.

8 I think we've lost sight of the fact  
9 that many small business owners open their  
10 business with their life savings. They just  
11 can't go to Citibank and say "I need a  
12 million-dollar loan." Most people can't get  
13 that. So they save and save, work three jobs  
14 to have their entrepreneurial dream, and the  
15 day they open, it's not market forces very  
16 often that determine their economic success,  
17 it's the sheer brunt of the agencies that  
18 determine their future.

19 So the Red Tape Commission, we are  
20 looking at all of these agencies, looking at  
21 it in a critical way. I don't want to  
22 announce the findings today, but I think this  
23 is going be one of those bipartisan  
24 moments -- Republican/Democrat,

1 liberal/conservative -- that I hope that we  
2 can generate a real consensus that we need to  
3 take a sledgehammer to the bureaucracy that  
4 is just dragging down so many mom-and-pop  
5 stores and killing the entrepreneurial spirit  
6 of our millennials, the next generation. All  
7 they want to do is create and, you know, they  
8 have a whole set of problems in terms of  
9 office space and dealing with connectivity  
10 and those issues.

11 ASSEMBLYWOMAN MALLIOTAKIS: I  
12 appreciate that, and I appreciate you doing  
13 this commission. When are the findings going  
14 to be announced?

15 COMPTROLLER STRINGER: I would like --  
16 I'm hoping in the spring. We're working on  
17 the report now, and it's a collaborative  
18 effort, so we're working with all the  
19 commission members.

20 We also have an online survey, so in  
21 addition to the hearings we held, we actually  
22 have reached out to hundreds of businesses  
23 with an online survey which is gathering more  
24 data and -- actually, I should make a pitch



1 to get you the link, because we certainly  
2 would want to hear from more people on Staten  
3 Island. So maybe I can set that up. And we  
4 can also show you what we're asking, the  
5 questions.

6 ASSEMBLYWOMAN MALLIOTAKIS:  
7 Absolutely. Any way we can help in -- or  
8 talk to the chambers of commerce locally, let  
9 us know.

10 COMPTROLLER STRINGER: That'd be  
11 great. Thank you.

12 ASSEMBLYWOMAN MALLIOTAKIS: Thank you.

13 COMPTROLLER STRINGER: Thank you.

14 CHAIRMAN FARRELL: Questions?

15 CHAIRWOMAN YOUNG: Thank you, yes.  
16 Senator Krueger.

17 SENATOR KRUEGER: Hello,  
18 Mr. Comptroller. It's nice to see you up  
19 here instead of in our island of Manhattan.

20 COMPTROLLER STRINGER: And nice to see  
21 you there.

22 SENATOR KRUEGER: Thank you.

23 So in your testimony, where I don't  
24 really have any disagreements, just one

1 clarification --

2 COMPROLLER STRINGER: Yeah.

3 SENATOR KRUEGER: -- you're proposing  
4 the Battery Park City money be dedicated to  
5 NYCHA, and you estimate \$400 million over 10  
6 years, so we'll say \$40 million a year. I  
7 agree NYCHA desperately needs the money. But  
8 what won't we be spending it on instead?  
9 Because what do we use it for now?

10 COMPROLLER STRINGER: Well, it would  
11 be for -- it would take away -- I shouldn't  
12 say take away, but it would redirect money  
13 from other housing programs and earmark it to  
14 NYCHA. And basically, there's a big pot of  
15 money for other housing subsidy programs and  
16 capital monies, and they tend to do okay,  
17 especially capital.

18 But everyone has talked about helping  
19 NYCHA, but no one's willing to direct monies  
20 to actually help NYCHA. And I think this  
21 would be a way of us saying that we are going  
22 to find a new revenue stream. We've never  
23 had one in modern history that I'm aware of.  
24 And I believe the city can certainly make up

1 the difference of any existing program.

2 I've come here to tell you our  
3 finances are strong, I'm not afraid to say  
4 that. This is our one shot where we could  
5 take Battery Park City money and put a marker  
6 down on NYCHA.

7 SENATOR KRUEGER: And last year when  
8 you testified, you had just recently released  
9 or were about to release something you called  
10 the Fair Share report, and you went into some  
11 details about the state's declining  
12 commitment to New York City with its budget  
13 monies.

14 Is there anything that has changed  
15 since that time other than the new proposals  
16 in the Governor's budget that would decline  
17 monies even more?

18 COMPTROLLER STRINGER: We made the  
19 point that when you lose AIM and you lose  
20 other programs that we used to have in  
21 New York City, whether it's the commuter tax  
22 or AIM, that we're not doing well. And  
23 considering that we're sending so much more  
24 to the state than we're getting back -- I

1 think one of the things, when you stay at a  
2 hearing for four hours and you listen much of  
3 the time, the one takeaway I've had -- I did  
4 do that -- the one takeaway I've had through  
5 this is that someone asked a question and  
6 said, Well, you know, New York City had the  
7 benefit of a program in the 1970s or in the  
8 1990s, say, and that program never expired.  
9 And that's true. And I was listening, but  
10 then I wanted to scream out: But there are  
11 other programs that we did lose. And some  
12 were more beneficial to the city economically  
13 than others.

14 The commuter tax is a wonderful  
15 example of the billions and billions of  
16 dollars that we used to get, to rely on, that  
17 simply disappeared in a midnight deal that we  
18 never got back.

19 So yes, we certainly have gotten  
20 funding from the state -- we thank you, we  
21 know that this doesn't happen easily -- but  
22 we've also lost money through the budget  
23 process as well. And so I just ask you to  
24 take that into consideration.

1                   I'll resend you that report for your  
2                   deliberations, because it's something that I  
3                   should probably have brought back this year.

4                   SENATOR KRUEGER: I found it online  
5                   while we were listening to the four and a  
6                   half hours with Mayor de Blasio.

7                   So thank you, and --

8                   COMPTROLLER STRINGER: We all had a  
9                   lot of time to --

10                  SENATOR KRUEGER: We did. We had a  
11                  lot of time to do research and listen to each  
12                  other.

13                  COMPTROLLER STRINGER: A very good  
14                  hearing, Senator. Yeah.

15                  SENATOR KRUEGER: Because that report  
16                  shows that the city received \$1.2 billion  
17                  less in state revenue in fiscal year 2014  
18                  compared to 2009. And the yearly decline  
19                  from \$12.1 billion to \$10.9 billion between  
20                  2009 and 2014 -- these are fiscal years --  
21                  the state's operating funds grew by almost 16  
22                  percent, but contributions to the city  
23                  continued to be reduced.

24                  COMPTROLLER STRINGER: Right.

1                   SENATOR KRUEGER: And so you show that  
2                   the city would have had an additional \$3.1  
3                   billion to meet its expenses in fiscal year  
4                   2014 if we hadn't been reducing state funds  
5                   to the city so much.

6                   So I appreciated having that on the  
7                   record, because I did want to go on the  
8                   record that some people seem to believe  
9                   New York City is taking more money than  
10                  historically it has, or is actually using  
11                  more state money than it's actually  
12                  contributing to the state, and I know that  
13                  your work has shown that is not true.

14                  COMPTROLLER STRINGER: Nothing is  
15                  farther from the truth. We have always paid  
16                  a whole lot more. And, you know, I would  
17                  argue that we're actually happy to do it,  
18                  because we recognize a strong New York State  
19                  is also good for New York City. And so when  
20                  we can be helpful, we don't expect money in,  
21                  money back. When we come here, it's because  
22                  we have specific needs that you don't want to  
23                  -- you don't want to create a tipping point  
24                  in New York City, because it limits our

1 ability to help the state financially.

2 SENATOR KRUEGER: I agree with you.

3 And I do think, to repeat what I think

4 Senator Marchione said earlier, we are one

5 state and we all rise or fall together.

6 So I do agree that the city actually

7 has been a significant contributor to the

8 upstate economy, and I just didn't want today

9 to end without reflecting that fact.

10 COMPTROLLER STRINGER: And let's put

11 it on the record today -- and Senator

12 Moynihan rest in peace -- but you know what

13 we've given to Washington that we don't get

14 back. And maybe Congress will finally

15 recognize that, you know, we can't carry the

16 country and carry the state.

17 SENATOR KRUEGER: And you talked about

18 the CUNY issues within your testimony. Did I

19 miss your touching on education funding?

20 In the past we've spent so much time

21 talking about fair funding through the CFE

22 lawsuit decision, which of course would

23 affect the entire state. Where are we in

24 that realm at this point?

1                   COMPTROLLER STRINGER: Well, obviously  
2 we haven't gotten the full dollars from CFE.

3                   We did not get -- CUNY did not keep  
4 pace with state spending, as we revealed  
5 today, a \$637 million difference. That's  
6 pretty significant. That's over a half a  
7 billion dollars that CUNY did not get.  
8 Despite the lack of funding, that is an  
9 incredible institution. But you have to  
10 invest capital money, you have to invest  
11 programmatic money, you have to invest in the  
12 professors, you have to invest in the  
13 students. And when we do that, and I would  
14 say that for SUNY and CUNY, we turn out some  
15 of the best and the brightest, the most  
16 diverse school population that go on to do  
17 great things for the world, and I think that  
18 we should make that a priority in the budget.

19                   SENATOR KRUEGER: Thank you very much  
20 for your testimony.

21                   COMPTROLLER STRINGER: Thank you.

22                   CHAIRWOMAN YOUNG: Thank you, Senator  
23 Krueger.

24                   CHAIRMAN FARRELL: Thank you.



1                   CHAIRWOMAN YOUNG: Senator Savino.

2                   CHAIRMAN FARRELL: Oh, no, I have one.

3                   CHAIRWOMAN YOUNG: I'm sorry, do you  
4                   have one? Excuse me. I thought you were  
5                   done.

6                   CHAIRMAN FARRELL: No. I thought so  
7                   too.

8                   Mr. McDonald.

9                   (Laughter.)

10                  CHAIRWOMAN YOUNG: You told me you  
11                  were done.

12                  COMPTROLLER STRINGER: We have three  
13                  and a half hours to go.

14                  SENATOR SAVINO: I'll only take up  
15                  two.

16                  (Laughter.)

17                  CHAIRMAN FARRELL: Mr. McDonald.

18                  CHAIRWOMAN YOUNG: I'm sorry, Senator  
19                  Savino, we have an Assemblymember who is up  
20                  who we were not aware of. So you're next,  
21                  after that.

22                  ASSEMBLYMAN McDONALD: I'll be quick,  
23                  Comptroller.

24                  And for reference, I replaced your

1 colleague Ron Canestrari, so I represent five  
2 cities: Cohoes, Watervliet, Rensselaer,  
3 Troy, and the City of Albany. And being a  
4 former mayor, I think you'll understand some  
5 of the context of my questions.

6 The mayor earlier, when you sat  
7 through the five-hour presentation, had  
8 referenced a \$600 million increase in our  
9 pension costs. And the one question I meant  
10 to ask, but stepped out: Is the fund 90  
11 percent, 100 percent funded? Where is the  
12 pension fund in regards to its  
13 responsibilities?

14 COMPTROLLER STRINGER: New York State?  
15 New York City pension fund?

16 ASSEMBLYMAN McDONALD: New York City.  
17 Yeah, not New York State.

18 COMPTROLLER STRINGER: So we're  
19 roughly -- we're at \$155 billion. We're the  
20 fourth-largest pension fund in the United  
21 States. We're actually the 14th largest in  
22 the world. We protect the retirement  
23 security of 710,000 people, so it really is  
24 an incredible responsibility that we have.

1 We're about 71 percent funded.

2 ASSEMBLYMAN McDONALD: Okay.

3 COMPTROLLER STRINGER: We are in a  
4 strong position.

5 There's a lot more that we have to do.  
6 You know, our pension fund is made up of five  
7 boards. We've better aligned our pension  
8 fund. Thanks to the hard work of the  
9 trustees, we are now going to have one  
10 investment meeting -- people should know that  
11 today we are releasing a report by an  
12 independent consultant talking about the  
13 Bureau of Asset Management, that I run, and  
14 the wholesale reform that's needed to bring  
15 the system into the 21st century. And we are  
16 slowly but consistently working with the  
17 trustees to create the opportunity so that  
18 when the economy is good we can take  
19 advantages, you know, take advantage of the  
20 markets and all that we have to invest in,  
21 and then when there are tough times we have  
22 enough risk officers and a risk plan in place  
23 to hedge against a tough economy. And that  
24 is my goal as comptroller.

1 ASSEMBLYMAN McDONALD: You earlier --  
2 and I agree with that -- when they were  
3 talking about how much reserve should New  
4 York City have --

5 COMPTROLLER STRINGER: How many what?

6 ASSEMBLYMAN McDONALD: How much  
7 reserves New York City should have. And  
8 every wise comptroller will say there's never  
9 enough reserves, and you gave a very  
10 appropriate answer.

11 What's your goal in regards to the  
12 pension? Where do you want to be in three to  
13 five years, percentage-wise? Or is that --

14 COMPTROLLER STRINGER: In terms of the  
15 cushion for the city?

16 ASSEMBLYMAN McDONALD: In regards to  
17 the pension fund. In regards -- you know,  
18 you're at 71 percent right now; the state is  
19 running at a little bit higher rate. What's  
20 the goal of the city pension fund?

21 COMPTROLLER STRINGER: You know,  
22 rather than get to the end game, which of  
23 course is to be fully funded in a perfect  
24 world, my goal is that we reduce the reliance

1 of taxpayer dollars going into the pension  
2 fund to make up shortfalls.

3 I think it's critical that we hit our  
4 actuarial target. It's very critical to us  
5 that we get there, and we get there making  
6 sure that our asset classes are -- you know,  
7 our different asset classes are much more  
8 moderate. I wouldn't quite -- I never want  
9 to use the word "conservative," but actually  
10 I find myself more conservative recognizing  
11 that we don't have to hit it big, our goal is  
12 to be responsible long-term investors, hit  
13 our 7 percent, do it in the way that  
14 safeguards these individuals' retirement.

15 You know pensions, the average pension  
16 is under \$40,000. This is people's total  
17 retirement. That and Social Security in New  
18 York City doesn't even pay the rent. So it's  
19 a very crucial part, I think it's actually  
20 the biggest of our job, is to think about  
21 this every day.

22 ASSEMBLYMAN McDONALD: I agree, and I  
23 appreciate what you're doing.

24 The other is more of a comment. I

1 know you went to great pains to put it in  
2 your presentation; obviously the mayor was  
3 asked questions about it several times with  
4 the STAR-C bond refinancing. And, you know,  
5 and I appreciate your comments, and probably  
6 the first thing I did when I was the mayor  
7 was went through and refinanced all my old  
8 debt too -- all we could do -- and it brought  
9 about appreciable savings.

10 By the same token, I think the  
11 challenge here -- and it's just a comment,  
12 and mostly I'm saying it for the people who  
13 are taking notes, not you -- is that many of  
14 our cities are struggling financially.  
15 Fortunately, many of them have not gone to  
16 that depth of debt that the city has seen.  
17 And at the same token, they're all looking  
18 for solutions. They're all looking for ways  
19 to avoid going into debt. You know, you'll  
20 be hearing from the mayor of Albany, the  
21 mayor of Troy very soon, and they're very  
22 much on that decline. And unfortunately  
23 there's not a lot of resources being directed  
24 to prevent that from happening.

1                   So I think when Senator Kennedy was  
2                   grilling the mayor and a few others, they  
3                   were appropriate. I share that concern. We  
4                   need all of New York State to be successful.  
5                   I understand there's always going to be  
6                   friction between the city and the state -- we  
7                   won on this one, we lost on this one. It's a  
8                   very large scorecard. At the end of the day,  
9                   I just hope that everybody has an open mind  
10                  to recognize the fact that you need to make  
11                  sure that we're all strong financially.

12                 COMPTROLLER STRINGER: You know, one  
13                 of the things I learned in my 13 years in  
14                 Albany is that the world does not only  
15                 revolve around your local district. Right?  
16                 There's a much bigger world out there. You  
17                 have Magnarelli in Syracuse and people who I  
18                 serve with who represented big cities with  
19                 just the same struggles and challenges New  
20                 York City faces.

21                 I actually think these hearings,  
22                 though there's -- obviously there's a certain  
23                 ideology, there's a certain natural  
24                 upstate/downstate friction -- at the end of

1 the day, if the state is doing badly and only  
2 New York does well, it's not good for New  
3 York. People stay away from our state. The  
4 tourists don't come. We are so linked  
5 together, even though we don't always see it  
6 right away -- and I would hope that in this  
7 budget process -- I come here as comptroller  
8 fighting for my city, but it is not at the  
9 expense of Syracuse, of Rochester, the Big 5,  
10 it's not against any city or town.

11 We've got to do this together, and I  
12 think you heard that from the mayor today.  
13 He came here today not talking only about us,  
14 but making sure that we could figure out a  
15 way to get everyone where we need to be.

16 Look, some years there will be a  
17 crisis in your community that will allow us  
18 to take away from our city. That has  
19 happened time and time again. It's going to  
20 happen again. We're here to tell you that we  
21 do have some real issues in New York City  
22 that we have got to deal with to keep the  
23 engine going. It's education, it's  
24 homelessness -- these are issues beyond the



1           glittering city. I just want to take you  
2           back to our invisible city: 58,000 people,  
3           23,000 children, and they're going to be  
4           sleeping in shelters. No child should sleep  
5           in those situations.

6                     We're going to inspect, we're going to  
7           blow the whistle, but we also need the  
8           programmatic money and the strategy to clean  
9           them up. And if we clean them up, we're  
10          going to make taxpayers out of these  
11          children, we're going to educate them,  
12          they're going to have productive lives, and  
13          then we can dismantle -- you know, the goal  
14          is to dismantle our shelter system.

15                    Wouldn't it be great if we only needed  
16          one shelter? Right? Maybe one shelter per  
17          borough, and that's just because we need to,  
18          you know, keep -- bad things happen. Right  
19          now we've got an absolute mess, years in the  
20          making -- the mayor's right, it didn't happen  
21          overnight -- and now's the time for us to  
22          tackle it for the sake of the whole state.

23                    ASSEMBLYMAN McDONALD: Thank you for  
24          the good work that you're doing. I do have

1 to say, from an upstater perspective, all  
2 your efforts, particularly the homeless  
3 shelter, was very eye-opening and it really  
4 brought the crisis to the forefront.

5 COMPROLLER STRINGER: Thank you.

6 Thank you.

7 Did we serve together?

8 ASSEMBLYMAN McDONALD: What's that?

9 COMPROLLER STRINGER: Did we serve  
10 together?

11 ASSEMBLYMAN McDONALD: No. I just got  
12 here three years ago.

13 COMPROLLER STRINGER: It's nice to  
14 meet you.

15 CHAIRMAN FARRELL: Thank you.

16 Senator?

17 CHAIRWOMAN YOUNG: Thank you.

18 Senator Savino.

19 SENATOR SAVINO: Thank you, Senator  
20 Young.

21 Can I call you Scott? It's easier  
22 than "Comptroller Stringer."

23 COMPROLLER STRINGER: Yes. Fine.

24 SENATOR SAVINO: I want to pick up

1           where Assemblyman McDonald left off on the  
2           pension issue.

3                       I know that part of the problem with  
4           the city having to put up another  
5           \$600 million is basically the actuarial  
6           assumptions are somewhat wrong. You know,  
7           we're dealing with a system that was designed  
8           when 55 was old and 65 was dead, and  
9           unfortunately our retirees are living longer  
10          than we assumed they would. So I'm going to  
11          assume that's going to be a problem going  
12          forward.

13                      So what steps --

14                      COMPTROLLER STRINGER: You kind of  
15          hope that's a --

16                      SENATOR SAVINO: Yeah. I mean, it's  
17          likely. You know, people are living longer,  
18          and they're going to be continuing to collect  
19          pensions, so there has to be some way for the  
20          system to adapt to that so that we don't have  
21          these shortfalls.

22                      Is there something that you guys are  
23          working on now that will help deal with that?  
24          I see Tim is writing furiously there.

1                   COMPTROLLER STRINGER: So Tim  
2 Mulligan -- who is our excellent deputy  
3 comptroller for budget who I probably forgot  
4 to introduce, but everyone knows him so well  
5 because you call him all the time. And he's  
6 served the city, so thank you, Tim.

7                   In the new tables that the actuary has  
8 issued, a lot of future growth is built into  
9 the table, Tim reminds me. So I think that's  
10 helpful.

11                   But we're going to have to think about  
12 retirement beyond the pension --

13                   SENATOR SAVINO: Sure.

14                   COMPTROLLER STRINGER: And we have to  
15 figure out retirement not just for people who  
16 are city or state workers. And we are  
17 collaborating to come up with ways to create  
18 retirement plans for every citizen. You  
19 know, everybody in this country can have a  
20 secure retirement.

21                   SENATOR SAVINO: Well, I totally  
22 agree. I know the Governor has a proposal on  
23 it, I have a piece of legislation that would  
24 allow for it. And I've often said that many

1 people would have a pension and many  
2 employers would provide pensions if they  
3 could afford to maintain a plan. It's  
4 incredibly expensive to develop one.

5 And I do think that we are probably  
6 missing out on the opportunity for small  
7 employers, or even medium-sized ones, to  
8 utilize the New York City or New York State  
9 pension system as a vehicle of investments,  
10 separating the funds, of course, to protect  
11 the taxpayer. But it's something that we  
12 really need to look at.

13 COMPROLLER STRINGER: So let me --  
14 without letting the cat out of the bag, we  
15 have been researching and working on this  
16 issue with experts from literally around the  
17 world on this issue. Give me some time, we  
18 need some -- many months. But we are working  
19 with a lot of folks -- and obviously you've  
20 talked about this -- to come up with a  
21 retirement plan that works for everybody.

22 SENATOR SAVINO: And the other -- on  
23 the pension issue, I mean, the New York Times  
24 has the report or an article about the report

1           that was released today, the independent one.  
2           But their headline is rather alarming to the  
3           average individual, it says --

4                        COMPTROLLER STRINGER: Which one, I'm  
5           sorry?

6                        SENATOR SAVINO: "New York City's  
7           Pension System in Danger of Operational  
8           Failure." Now, to the average reader that  
9           might seem like there's some sort of crisis  
10          impending in the pension system, but I don't  
11          believe that's the case.

12                      What my understanding is -- it's a  
13          couple of things they've uncovered. One,  
14          something we've known for a long time, that  
15          the money managers that operate within the  
16          pension system have been taking millions of  
17          dollars in fees and not really producing  
18          anything, and that there's also this issue of  
19          the Bureau of Asset Management.

20                      So I know your predecessor, John Liu,  
21          and Mayor Bloomberg at one point talked about  
22          restructuring that Bureau of Asset  
23          Management, but that plan never went anywhere  
24          --

1                   COMPTROLLER STRINGER: Let me -- let  
2 me just --

3                   SENATOR SAVINO: -- because of  
4 opposition from the funds. So have you been  
5 able --

6                   COMPTROLLER STRINGER: So it's a  
7 little --

8                   SENATOR SAVINO: -- to overcome that  
9 opposition?

10                  COMPTROLLER STRINGER: So it's a  
11 little different. So it was a Liu/Bloomberg  
12 plan to consolidate the pension fund, it was  
13 a plan that had very little support up in  
14 Albany and was never going to happen.

15                  We worked for two years with the  
16 trustees to create an opportunity to align  
17 the five boards in one investment meeting.  
18 Before we were able to accomplish this, we  
19 used to have 55 investment meetings a year  
20 talking about 96 percent of the same  
21 investments. It was out of a bad movie. And  
22 it grinded down the Bureau of Asset  
23 Management to the people who were responsible  
24 for looking at deals and investments only

1           were preparing for the next meeting to have  
2           the same discussion all over again.

3                         We worked with our trustees and our  
4           union partners, we worked with the mayor, the  
5           public advocate, borough presidents, and we  
6           now have six meetings a year, not 55, which  
7           has now given us a lot more time to tackle  
8           the issues related to the Bureau of Asset  
9           Management.

10                        When I took office I said, Look, a lot  
11           of BAM is hanging by a thread because we  
12           haven't invested in infrastructure, we  
13           haven't invested in IT, we haven't invested  
14           in whole host of things. When I became  
15           comptroller, there was no compliance officer  
16           in a \$160 billion pension fund. There wasn't  
17           a risk management officer, a risk officer to  
18           review the investments the CIO was making.  
19           We still had pay-to-play in the pension  
20           system, we never banned placement agents.

21                        We had a six-point plan, we  
22           accomplished it, but then I realized we have  
23           to go deeper. And this is where sometimes --  
24           and today's story in the Times, the headline



1 is a little chilling, but I hired an outside  
2 consulting firm with the trustees, a \$1.4  
3 million report that I think is very telling  
4 that says we accomplished a lot in the last  
5 two years, but if you want to have  
6 best-practice pension funds, you've got to  
7 finish the job over the next two to six to 10  
8 years.

9 We released that because it's  
10 transparent. You get a report, you put it  
11 out for public consumption. I want people to  
12 feel there's a sense of urgency. I want, as  
13 comptroller, to be held to that standard,  
14 that urgency, and I want the person who comes  
15 after me to feel that the Funston report is  
16 what you take to work in the morning when  
17 you're dealing with our pension fund.

18 So I am not upset; I thought theirs  
19 was a great article that talked about the  
20 report we did on Wall Street fees,  
21 challenging these money managers to recognize  
22 it's not just about them, but that they  
23 actually represent retirees and public  
24 dollars. And so I think we're in an era of

1 great reform within the comptroller's office  
2 and with the pension fund. And I do want to  
3 say on the record -- because sometime the  
4 elected official gets more notoriety about it  
5 -- true, you get more blame -- but I think  
6 people should really thank the trustees of  
7 Police, Fire, NYCERS, Teachers -- they have  
8 been as reform-minded as anyone at the  
9 pension fund.

10 SENATOR SAVINO: It's very good to  
11 hear that.

12 And finally, on your new  
13 responsibility of administering the state's  
14 homeless, I don't know, \$20 billion -- do you  
15 have a sense of what your role will be  
16 separate and apart from what you currently do  
17 right now? As city comptroller you have the  
18 ability to audit contracts, and you've been  
19 very aggressive about that with some of these  
20 bad actors in the shelter system, refusing to  
21 approve contracts until they clean up their  
22 act. So what will be different about what  
23 the Governor's budget would grant to you than  
24 you're currently doing?

1                   COMPTROLLER STRINGER: So this is not  
2                   an Al Haig moment for me, okay? This is --  
3                   what we're doing is what I've been doing from  
4                   the very beginning, which is auditing city  
5                   agencies -- we've been very aggressive with  
6                   the Department of Homeless Services. We  
7                   exposed the weakness in the contracting  
8                   system, we got blowback from DHS, and it  
9                   turns out we were right, there were issues.  
10                  We went into the shelter system, did a  
11                  hard-hitting audit, and we revealed the  
12                  terrible conditions people were living in.

13                  Imagine living with rodents,  
14                  infestation, doors that don't lock or close,  
15                  security nowhere in sight, repairs that were  
16                  so terrible -- it's from back in the days of  
17                  the '70s when there was redlining and you  
18                  would go to court with tenants in terrible  
19                  conditions. This is what kids are living  
20                  with, 23,000 children. It is so outrageous  
21                  that I sometimes can't stop myself.

22                  We are grateful, I am grateful that  
23                  the Governor, in the State of the State  
24                  message, said: You know what, I'm willing to

1 give you resources if you need them. I want  
2 to coordinate with Comptroller DiNapoli,  
3 Comptroller Schroeder, and your office so  
4 that if we see dire conditions, that we can  
5 take strong action.

6 In addition to the Governor working  
7 with us on this, we are also working with the  
8 Mayor, and we're working with Commissioner  
9 Banks. Because at the end of the day, my  
10 goal as the auditor-in-chief of our city is  
11 to make sure that by the time we're done that  
12 the shelters are going to be places where a  
13 child can stay, still get an education, have  
14 room to study, have a place to play. This is  
15 the 21st century, people. This should not be  
16 that difficult. And we're going to continue  
17 to do it.

18 And listen, we're ruffling feathers.  
19 We're pushing the city administration. This  
20 is obviously something that they've got to  
21 get their arms around. But we're pushing,  
22 and that's what my job is.

23 I am glad the Governor is committed to  
24 this process. It is not a negative. It is

1 important, we should support that effort, and  
2 you should also have assurance from me that  
3 we are working with Steve Banks, who is  
4 someone I respect, as HRA commissioner. We  
5 have had multiple meetings, we talk on the  
6 phone all the time, and we are collaborating.  
7 And I want you to know that as well.

8 SENATOR SAVINO: Well, that's great.  
9 I just wanted one final point.

10 I made the point earlier when I spoke  
11 to the mayor about the history of DHS, it's a  
12 separate agency from HRA. You know, we're  
13 all old enough now, we were there -- I  
14 remember Muzzy Rosenblatt, the original  
15 commissioner who convinced the previous mayor  
16 -- they claimed then it would make service  
17 provision easier or better for the homeless,  
18 and in fact it was really just a ploy to  
19 privatize the shelter system. And as a  
20 result, now you're auditing thousands of  
21 contracts for these private shelter operators  
22 and many of them, as you pointed out, are  
23 running shelters that are not fit for humans.

24 So one of the things I would hope you

1 would focus on is also looking at the number  
2 of these private shelters that are contracted  
3 by the city that are not abiding by the rules  
4 that say sex offenders should not be living  
5 in a place where you have children. They do  
6 it all the time, they've taken the position  
7 that they can't prevent it because if a  
8 family comes into a family shelter system and  
9 they're part of a family unit, that they  
10 can't prevent even a Level 3 sex offender  
11 from coming in with his family.

12 We believe that that's wrong, and we  
13 would look -- hopefully your agency and your  
14 office will get a handle on that in a way DHS  
15 has refused to do up until now.

16 COMPTROLLER STRINGER: Well, look, we  
17 would love to be able to collaborate with you  
18 on a lot of these issues. I think -- it's  
19 not new power/old power you have. If there's  
20 a will to get into these shelters and find  
21 out what's going on, hold these operators  
22 accountable, look at these cluster sites --  
23 look, one of the things that we exposed that  
24 I just find incredible -- with a LINC voucher

1           you can go and get an apartment; right? The  
2           LINC voucher program is very significant.  
3           There are landlords that won't rent to  
4           homeless people.

5                     I mean, it's in violation -- it's a  
6           violation of the law, and it shouldn't be  
7           allowed, and we should crack down on that.  
8           People who want to find permanent housing  
9           ought to have the ability to do that,  
10          especially if they have a voucher and a means  
11          to pay for affordable housing, but the  
12          landlord says "No homeless need apply." I  
13          mean, come on. That is something that we  
14          have to be very, very tough on.

15                    At the same time, we have to be very  
16          tough to make sure that communities are  
17          consulted in the siting of facilities. We  
18          have to involve communities. We shouldn't be  
19          afraid of communities. When I was a borough  
20          president I sited homeless facilities,  
21          working with different administrations. When  
22          you talk to people with respect in a  
23          community, when you engage people, you'd be  
24          surprised how much people want to help. When





1 and Senator Savino both talked some about the  
2 retirement system, and I just wanted to add a  
3 little bit into -- the \$600 million, is that  
4 all due increase -- is that all due to the  
5 actuarial, or is that somewhat also -- I know  
6 there was a little bit of maybe down  
7 performance from the year before, so --

8 COMPROLLER STRINGER: All of that  
9 \$600 million is about assumptions. There's  
10 no performance factored into that.

11 ASSEMBLYMAN OAKS: So the total amount  
12 of increase, do you know, then, that \$600  
13 million -- is there an increase year to year  
14 anticipated too, or don't we have those  
15 figures yet?

16 COMPROLLER STRINGER: That  
17 performance piece was phased in in our  
18 November plan. I don't have it with me, but  
19 I can get it for you.

20 ASSEMBLYMAN OAKS: Okay. I was just  
21 trying to get an idea as -- I mean, over the  
22 last several years are we seeing year-to-year  
23 going up each year? I know in some of the  
24 statewide ERS and some of the systems we've

1           seen some decline in the percentages that are  
2           paid due to performance and whatever.

3                   COMPTROLLER STRINGER: So in our  
4           situation, I wouldn't say we've gone up. We  
5           have actually started to flatten out over the  
6           last couple of years.

7                   ASSEMBLYMAN OAKS: Okay. And I'd  
8           appreciate seeing some of those figures.  
9           Thank you very much.

10                   COMPTROLLER STRINGER: We'd be happy  
11           to provide them.

12                   CHAIRWOMAN YOUNG: Thank you very  
13           much.

14                   Senator Rivera.

15                   SENATOR RIVERA: Thank you, Madam  
16           Chairwoman.

17                   Comptroller, good afternoon. I have a  
18           couple of questions for you regarding  
19           Medicaid.

20                   Now, I obviously recognize that we all  
21           recognize that the budget that we have before  
22           us is the working draft, so obviously these  
23           budget hearings are precisely about looking  
24           for input to figure out the places where we

1           could do some shifts and do things in a  
2           smarter way. But I wanted to ask you, at  
3           least the numbers that we have right now --  
4           we covered it yesterday in the Medicaid  
5           hearing, but I wanted to -- as the fiscal  
6           watchdog of the City of New York, there are  
7           many of us that are concerned with the way  
8           that the formula on Medicaid has been, at  
9           least currently in the budget proposal, has  
10          been reorganized, if you will, for the City  
11          of New York and the impact that it's going to  
12          have on it.

13                        So if you could speak a little bit  
14          about the fiscal impact that if the budget  
15          proposal stays -- oh, here he is. This guy,  
16          I love this guy when he appears like a ninja  
17          out of nowhere, this guy --

18                        COMPTROLLER STRINGER: The --

19                        SENATOR RIVERA: But if you could then  
20          speak about the fiscal impact this could have  
21          on the City of New York, certainly in this  
22          coming fiscal year and in years to come, and  
23          whether you think that that is a sustainable  
24          thing considering that some folks have said

1           that the broad shoulders of the State of New  
2           York --

3                        COMPTROLLER STRINGER: I appreciate  
4           your leadership on this issue, and you've  
5           been championing our cause here.

6                        The numbers that we can give you is  
7           that, you know, the Head Start's 2017 -- \$300  
8           million goes up to \$500 million in '18, then,  
9           you know -- it just doesn't stop. It gets to  
10          2020, and now we're -- as I mentioned in our  
11          testimony, it's a \$735 million hit. You  
12          know, that accumulation over the next few  
13          years is over \$2 billion.

14                      And so this is something that ought to  
15          be avoided at all costs. I understand that  
16          the Governor and the Mayor talking about  
17          efficiencies -- I always believe that you can  
18          save money when you look at ways to, you  
19          know, come up with new technology, new ways,  
20          but at the end of the day, we cannot -- that  
21          Medicaid cost would hurt us very badly.

22                      SENATOR RIVERA: So it is your sense  
23          that -- and certainly you are experienced, as  
24          well, through all the audits that you and

1           your office do on how to spot  
2           inefficiencies -- probably -- not only  
3           certainly, in some cases -- inappropriate  
4           uses of money, but certainly in certain  
5           places where things could be done more  
6           effectively, more efficiently -- it is your  
7           sense, then, that this is not a cost that  
8           could be just burdened {sic} by the city?

9                    COMPTROLLER STRINGER: I think our  
10           health system in New York City is in a  
11           precarious situation, and we obviously have a  
12           lot of people in the system who are not  
13           covered by insurance. We have a lot of  
14           undocumented individuals who have the right  
15           to get healthcare, they should get  
16           healthcare.

17                   This is not the time to take a hit,  
18           especially, as the mayor said today, that  
19           we're dealing with real budget issues related  
20           to the Health and Hospitals Corporation.  
21           We've put \$300 million in, and I think that's  
22           really -- Tim, you would agree -- a stopgap  
23           for what has to happen there in terms of  
24           figuring out an economic system that works

1           there.

2                   SENATOR RIVERA: I'd love to work with  
3           your office to get some of the more detailed  
4           breakdowns, as many of us are arguing that we  
5           should certainly shift this conversation --

6                   COMPTROLLER STRINGER: You know, maybe  
7           Tim -- we could dig a little deeper, we could  
8           get some more numbers to you and talk about  
9           the different areas. I think we do have to  
10          spend some time thinking about the Health and  
11          Hospitals Corporation as well.

12                  SENATOR RIVERA: I immensely  
13          appreciate it. Thank you.

14                  COMPTROLLER STRINGER: Thank you,  
15          Senator.

16                  SENATOR RIVERA: I'm good.

17                  CHAIRWOMAN YOUNG: Anybody else?

18                  CHAIRMAN FARRELL: That's it.

19                  CHAIRWOMAN YOUNG: Thank you.

20                  CHAIRMAN FARRELL: Thank you.

21                  COMPTROLLER STRINGER: Thank you.

22          Thank you very much. Thank you, Chairman  
23          Farrell. Thank you, Senator.

24                  CHAIRMAN FARRELL: Is your block

1 snowed out? Snowed in?

2 COMPROLLER STRINGER: What?

3 CHAIRMAN FARRELL: 71st Street, is it  
4 -- can I go there on Friday?

5 COMPROLLER STRINGER: Let me just --  
6 the mayor took care of my street.

7 (Laughter.)

8 CHAIRMAN FARRELL: Oh, okay.

9 ASSEMBLYMAN McDONALD: Be careful how  
10 you answer that one.

11 (Laughter.)

12 CHAIRMAN FARRELL: Here we go. City  
13 of Buffalo, Honorable Byron Brown, mayor.

14 Three and a half hours late. Not by  
15 your fault, but mine.

16 MAYOR BROWN: Good afternoon.

17 CHAIRMAN FARRELL: Good afternoon.

18 CHAIRWOMAN YOUNG: Good afternoon.

19 MAYOR BROWN: Are you all okay?

20 Anybody need a stretch break? Water?

21 CHAIRMAN FARRELL: We'll be okay in  
22 three weeks.

23 MAYOR BROWN: Senate Finance Chair

24 Catharine Young, Assembly Ways and Means





1 We are on track to generate about \$3.5  
2 million in annual revenue now that our new  
3 traffic adjudication system is in place,  
4 along with a new plea-by-mail system which  
5 will also make the streets of our city safer.  
6 I want to thank you, the members of the  
7 Legislature, for your support in passing this  
8 very important initiative for the City of  
9 Buffalo.

10 Collective bargaining agreements are  
11 also saving us money as a result of  
12 provisions like self-insured healthcare and A  
13 new prescription drug plan.

14 We've negotiated residency  
15 requirements for firefighters and for police  
16 officers. In the past 2 1/2 years, we've  
17 successfully negotiated contracts with our  
18 major unions, including police and fire.

19 We've created the BPD21C Police  
20 Academy Pre-Employment Scholarship Program --  
21 that's Buffalo Police Department 21st-Century  
22 Program -- which will get new police officers  
23 on the streets quicker, save the city money  
24 during training, and create a police force

1           that better reflects the demographics of our  
2           community. The program is the first of its  
3           kind in the nation.

4                     Buffalo's new "Green Code" was  
5           recently delivered to the Buffalo City  
6           Council for approval. The Green Code will  
7           overhaul the city's zoning and land use  
8           planning for the first time in 63 years. It  
9           is designed to simplify the complicated  
10          zoning process, making it easier for  
11          homeowners, developers, and small-business  
12          owners to invest in the city.

13                    We have enhanced public services by  
14          installing GPS in many city vehicles,  
15          including snow plows, garbage trucks, and  
16          police cars.

17                    The entire Buffalo Fire and Buffalo  
18          Police vehicle fleet has been modernized, and  
19          we're in the process of installing LED  
20          streetlights along many thoroughfares,  
21          business districts, and city-owned parking  
22          ramps as part of an energy efficiency plan  
23          that will save us money.

24                    Today, the City of Buffalo is in its

1 best financial condition in decades.  
2 Governor Cuomo and the State Legislature have  
3 been true partners in Buffalo's renaissance.  
4 This year's Executive Budget proposal makes  
5 important investments. I am particularly  
6 pleased by the proposed \$2.1 billion school  
7 aid increase that will allow the state to  
8 eliminate the outstanding \$434 million Gap  
9 Elimination Adjustment over two years, and to  
10 provide an operating increase to every school  
11 district in the state, as well as the  
12 Governor's commitment to rebuilding and  
13 modernizing bridges, broadband networks,  
14 public buildings, and other critical  
15 infrastructure in upstate New York.

16           However, we in Buffalo, as I'm sure in  
17 the other upstate cities, still have  
18 concerns. The City of Buffalo is looking to  
19 protect the progress we have made and add  
20 tools that will allow our city to reach its  
21 full potential.

22           Since I took office in 2006, the City  
23 of Buffalo has considerably reduced property  
24 taxes. Our steadfast commitment to making

1 the difficult decisions has stimulated  
2 growth, but we still have to close a  
3 significant budget gap for the upcoming  
4 fiscal year which threatens our city's  
5 ability to continue its progress.

6 The city's exploration of alternatives  
7 to property tax increases is critical because  
8 Buffalo seeks to continue the positive  
9 momentum, excitement, and energy which has  
10 been amplified by the Governor's Buffalo  
11 Billion, Start-Up NY, and other successful  
12 development initiatives that the members of  
13 the State Legislature have supported.

14 The city needs some assistance to  
15 maintain our fiscally-responsible growth  
16 strategy. We have four requests.

17 One, we are working to build a Public  
18 Works Campus. Attracting businesses and  
19 residents requires public works that provide  
20 for safe and efficient travel, clean streets  
21 and reliable services, and an investment in  
22 maintaining our infrastructure. Buffalo is  
23 now a thriving and vibrant place to live,  
24 work and invest. Public works services need

1 to be consistent and available at all times  
2 and in all weather conditions.

3 The City of Buffalo has undertaken a  
4 study of six existing Department of Public  
5 Works facilities with the intent of creating  
6 a combined Public Works Campus. The campus  
7 would house the city's municipal snow  
8 plowing, garbage collection, paving and  
9 construction vehicles, as well as  
10 administrative offices, animal shelter, and  
11 auto impound. Consolidating these functions  
12 into one facility will reduce maintenance and  
13 staffing costs. The buildings will be  
14 LEED-certified and incorporate solar panels  
15 and compressed natural gas filling stations.  
16 Construction of the Public Works Campus will  
17 enable the city to sell six buildings which  
18 are in prime locations for investment.

19 Phase one of the Public Works Campus  
20 is estimated to cost \$30 million. The  
21 proposed new Public Works Campus will assist  
22 Buffalo's growth by adding to our City's  
23 resiliency. It will be a tool for improving  
24 the quality of life for our residents, and it

1 will make the city more self-sufficient  
2 during major storm events, therefore allowing  
3 the state to direct more resources to  
4 surrounding municipalities.

5 Car Sharing Main Street Funding is a  
6 project that we have been working on since  
7 the beginning of my first term as mayor of  
8 the City of Buffalo. Another priority is  
9 continuing our plan to return cars to  
10 Main Street. Automobiles were removed from  
11 Main Street in downtown Buffalo over 33 years  
12 ago, when the light rail transit system was  
13 built. Metro Rail has been a benefit to  
14 Buffalo, but closing our premier downtown  
15 street to automobiles resulted in building  
16 vacancies, blight, lost property and tax  
17 value, and essentially killed retail in  
18 downtown Buffalo.

19 The Cars Sharing Main Street Project  
20 has begun to reverse these effects,  
21 generating significant economic benefits and  
22 transforming the heart of downtown Buffalo  
23 back into a thriving and vibrant destination.

24 I am requested funding for the next

1 phase of the Cars Sharing Main Street  
2 Project, which would be two major blocks in  
3 our downtown, at a cost of \$30 million. We  
4 estimate the total cost of completing this  
5 project to be \$80 million. This project is a  
6 continuation of successful street projects  
7 implemented on the 700, 600, and 500 blocks  
8 of Main Street, totaling almost \$60 million  
9 in improvements, using a combination of  
10 funding from a 2011 federal TIGER grant, New  
11 York State, and the City of Buffalo. In  
12 addition, \$22.5 million was recently awarded  
13 through a U.S. Department of Transportation  
14 TIGER grant and funds from the Dormitory  
15 Authority for the lower Main Street/Canalside  
16 block of our Main Street.

17 Since 2012, significant private-sector  
18 investment of close to \$500 million has been  
19 made between the 700 blocks of Main Street  
20 and the edge of the waterfront at what we  
21 call Canalside in Buffalo. Main Street is  
22 also developing into a healthy urban  
23 neighborhood that is attracting thousands of  
24 people who want to live and work in downtown

1 Buffalo.

2 We also have a need for Homeland  
3 Security funding. As you are well aware,  
4 emergencies can happen anytime and anywhere.  
5 Ensuring that our critical infrastructure and  
6 first responders are ready to meet any  
7 emergency or disaster is vital.

8 In the past, the bulk of Buffalo's  
9 Homeland Security funding came from the  
10 federal government, through the Urban Area  
11 Security Initiative, or UASI, program. In  
12 2011 Buffalo, Albany, Rochester and Syracuse  
13 were removed from the UASI Tier 2 program.

14 Even though funding ended, security  
15 risks and vulnerabilities remain. Buffalo  
16 City Hall, opened in 1932, is the tallest  
17 city hall in the nation. About 1,700 people  
18 are employed in this building, and we host  
19 more than 125,000 visitors annually. This  
20 iconic and highly visible government building  
21 was evaluated by the U.S. Department of  
22 Homeland Security's Protective Security  
23 Division and Field Operations Branch  
24 Assessment Group last year. Estimates for



1 implementing the recommendations will cost  
2 the City of Buffalo approximately \$1 million.

3 And finally, we are seeking to close  
4 the utility services tax loophole. For  
5 decades, the cities of Buffalo, Rochester,  
6 and Yonkers have had the ability to collect a  
7 3 percent tax on the gross receipts of local  
8 services provided by all utility companies  
9 subject to the supervision of the New York  
10 State Public Service Commission, including  
11 phone companies.

12 Technological improvements have  
13 resulted in widespread reliance on wireless  
14 communication, and wireless telecommunication  
15 service providers have successfully argued  
16 that they do not fall within the definition  
17 of a utility as prescribed in New York State  
18 Tax Law.

19 New York State subsequently adopted  
20 Tax Law S186-E to impose an excise tax on the  
21 sale of telecommunication services by all  
22 providers, thereby maintaining this  
23 significant revenue stream originally  
24 provided by the tax on utility services.

1           However, the telecommunications tax was not  
2           expanded to the local level, except in the  
3           case of New York City and its surrounding  
4           counties.

5                     The City of Buffalo requests that New  
6           York State authorize municipalities to tax  
7           telecommunication service providers at the  
8           same rates municipalities are already  
9           permitted to tax the gross receipts of  
10          utility companies.

11                    With budget growth consistently under  
12          inflation, a significant reduction in our  
13          workforce since 2000, and compromises with  
14          our unions, the City of Buffalo has made  
15          tough choices and tightened its belt. It is  
16          critical for local aid, such as AIM funding,  
17          to be increased so that the city's fiscal  
18          recovery is assured into the future.

19                    Through hard work and careful  
20          planning, progress has been made in Buffalo.  
21          Together we have worked to build a foundation  
22          for future growth and investment. We ask  
23          that the State Legislature continues to be a  
24          partner in Buffalo's transformation.

1                   Thank you for your time, and I  
2                   certainly wish you success in the budget  
3                   deliberations ahead. Thank you very much.

4                   CHAIRMAN FARRELL: Thank you, Mayor.  
5                   First to speak, Mr. Magnarelli.

6                   ASSEMBLYMAN MAGNARELLI: Thank you,  
7                   Mr. Chairman.

8                   And Mayor, thank you very much. And  
9                   on behalf of myself and my colleagues here, I  
10                  really want to say thank you for waiting all  
11                  this time to give your testimony this morning  
12                  -- this afternoon, now.

13                  CHAIRMAN FARRELL: Getting close to  
14                  evening.

15                  ASSEMBLYMAN MAGNARELLI: Getting close  
16                  to evening, that's right. And hopefully we  
17                  can do something about it so it doesn't  
18                  happen next year. We'll try, I promise you.

19                  MAYOR BROWN: Thank you.

20                  ASSEMBLYMAN MAGNARELLI: The Governor,  
21                  in his budget, has basically left AIM, the  
22                  Aid and Incentives for Municipalities, with  
23                  no change. It's been that way for a number  
24                  of years. At the same time, there's a number

1 of other programs that he has put into place  
2 that have been there for a number of years:  
3 The Local Government Performance and  
4 Efficiency Program, the Local Government  
5 Efficiency Grants, Financial Restructuring  
6 Board, Municipal Restructuring and  
7 Transformational Grants, et cetera,  
8 et cetera.

9 I'd just like to hear what you think  
10 about the AIM financing in the budget and  
11 what you think of these other projects.

12 MAYOR BROWN: Well, this is now my  
13 11th year appearing before you as mayor of  
14 the City of Buffalo. I'm in my fourth  
15 three-year term. And every year I have  
16 appeared, I have spoken about the importance  
17 of AIM funding. AIM funding continues to be  
18 important to the City of Buffalo, and I'm  
19 sure you will hear the same from the other  
20 upstate mayors who are here to testify today.

21 We have implemented a whole host of  
22 efficiency measures in the City of Buffalo  
23 which have certainly helped us with our  
24 bottom line. We do plan on applying for the

1 Governor's Program for Efficiencies. We have  
2 some additional ideas, but we believe that we  
3 can implement efficiencies and we hope to be  
4 able to tap into the resources that are  
5 available for those efficiencies.

6 We also hope to partner with other  
7 local governments. One of the ways that we  
8 think that we can partner with other local  
9 governments, and potentially even the State  
10 Department of Transportation, is with this  
11 Public Works Campus that we seek to build.  
12 We believe that there are a number of  
13 efficiencies there and services that Buffalo  
14 provides now that it could potentially  
15 provide to other local municipalities in our  
16 region.

17 So the programs that I've laid out can  
18 certainly be beneficial to us, that the  
19 Governor has placed in his budget, but I have  
20 to say that I think AIM is important to local  
21 governments, to city governments, and  
22 certainly is something that the City of  
23 Buffalo is asking for.

24 ASSEMBLYMAN MAGNARELLI: Just one

1 other question. Some of the things that you  
2 outlined here that you need additional funds  
3 for -- Public Works Campus, Main Street, \$30  
4 million, \$80 million -- is any of that doable  
5 with the Buffalo Billion?

6 MAYOR BROWN: I don't believe any of  
7 those items are fully eligible for the  
8 Buffalo Billion.

9 We have used some Buffalo Billion  
10 funds for the Cars Sharing Main Street  
11 Project to reopen Main Street to vehicular  
12 traffic. Those would be included in the  
13 almost \$60 million that we have already spent  
14 on that project.

15 I mentioned that there has been a  
16 significant payback in terms of the private  
17 sector investment that we're seeing on  
18 Main Street as a result of being able to  
19 spend those federal, state and local dollars.  
20 Some of these other projects that I've  
21 mentioned are not eligible for the Buffalo  
22 Billion.

23 ASSEMBLYMAN MAGNARELLI: Are they  
24 eligible for the Regional Economic

1 Development monies?

2 MAYOR BROWN: Again, we have worked  
3 with the Regional Economic Development  
4 Council in the Western Region to apply for  
5 funds for different things. We certainly  
6 will pursue funding through that source.

7 It is a competitive process, as you  
8 know. And while we think competition is good  
9 and competition is a healthy thing, we also  
10 believe that these initiatives will give us  
11 the ability to be more efficient, to save  
12 money, to bring in more private-sector  
13 revenue, and potentially to partner with  
14 other local governments in our region.

15 ASSEMBLYMAN MAGNARELLI: Thank you.

16 MAYOR BROWN: Thank you, sir.

17 CHAIRMAN FARRELL: Thank you.

18 Senator?

19 CHAIRWOMAN YOUNG: Thank you.

20 And welcome, Mayor Brown. It's always  
21 great to see a former colleague.

22 And I first of all want to say how  
23 thrilled people are in Western New York on  
24 the renewal, the rebirth of Buffalo. As you

1 know, I get up there quite often. There's a  
2 real synergy and feeling in the air, and  
3 things are really turning the corner.

4 So thank you for your leadership in  
5 all of those things. And the state certainly  
6 has been very happy to support all of your  
7 efforts in a very big way, and we're just  
8 hoping across all of Western New York that  
9 that same prosperity can spread to some of  
10 the more rural counties such as the ones that  
11 I represent.

12 I just wanted to quickly say thank you  
13 for your focus on getting rid of the Gap  
14 Elimination Adjustment that has been a fiscal  
15 gimmick that has been very destructive to our  
16 schools. As you know, the Senate Republican  
17 Conference has led the charge to get rid of  
18 it once and for all. So thank you for your  
19 focus on that, because we really are pushing  
20 to have that happen in this year's budget.  
21 It certainly would help the schools in our  
22 district, the schools all over New York  
23 State, schools in Buffalo -- so thank you for  
24 your focus on education.



1                   I'd like to turn it over to Senator  
2 Kennedy. I believe he has some questions.

3                   SENATOR KENNEDY: Yes. Thank you very  
4 much.

5                   Mayor, thanks for being here. Thank  
6 you for your patience today.

7                   MAYOR BROWN: Thank you, Senator.

8                   SENATOR KENNEDY: Most importantly,  
9 thank you for your leadership. And I'd like  
10 to echo our colleague Senator Young's  
11 statement. You know, Buffalo is on the move  
12 and, you know, I believe that the partnership  
13 that your administration has created with the  
14 state has paid extraordinary dividends. And  
15 whether we're talking about the Buffalo  
16 Billion program or we're talking about other  
17 key strategic investments, including those  
18 you bring to the table today, there's no  
19 question that the City of Buffalo is better  
20 off today than it's ever been, and continuing  
21 to build on that momentum. I think that you  
22 bring some very strategic points to the table  
23 today.

24                   Aside from these, I'd like you to just

1 touch on, a little bit, the impact that the  
2 state investment and working with your  
3 administration has made on key economic  
4 drivers like the Buffalo Niagara Medical  
5 Campus and SolarCity, and I know you had  
6 already touched on Cars Sharing Main Street.  
7 But there seems to be a real, strategic,  
8 focused momentum on critical mass of  
9 development in the core of the city. Can you  
10 just touch on that and talk about your  
11 expanding efforts on --

12 MAYOR BROWN: I sure can, Senator  
13 Kennedy.

14 First of all, let me just say again to  
15 you and to the members of the Legislature  
16 that are here, thank you for your support of  
17 Buffalo. The Western New York State  
18 legislative delegation, the Senate, the  
19 Assembly, and the Governor have all been very  
20 supportive of the needs of Buffalo. And I  
21 think we're seeing the impact of your support  
22 with significant economic development in our  
23 city.

24 SolarCity is a Buffalo Billion

1 project. SolarCity will be the largest solar  
2 panel manufacturing plant in the northeastern  
3 hemisphere. That's significant. It's  
4 expected to create 3,000 jobs for the  
5 residents of Buffalo and Western New York.  
6 It started out on a piece of land that was  
7 purchased by the city in 2008, a remediated  
8 brownfield. When I initially purchased it as  
9 mayor, people said I was crazy to do that.  
10 Years later the state, through the Governor's  
11 office, was able to negotiate to bring  
12 SolarCity to Buffalo, and that purchase of  
13 that remediated brownfield land will now pay  
14 dividends to our community.

15           Again, the state and all of you have  
16 participated in significantly investing in  
17 the Buffalo Niagara Medical Campus, which is  
18 a center for healthcare in our city, in our  
19 region, a place where significant medical  
20 research is being done, where Roswell Park  
21 Cancer Institute is located, the first  
22 comprehensive cancer care facility in all of  
23 the United States of America.

24           And right now as we speak, there's

1 over \$800 million of investment in the  
2 Buffalo Niagara Medical Campus, seeded by  
3 significant public-sector investment, but  
4 certainly incredibly significant  
5 private-sector investment taking place. That  
6 facility over the next few years is expected  
7 to employ over 21,000 people in Buffalo and  
8 Western New York. So it is not only a  
9 significant economic engine for Buffalo, it  
10 is a significant economic engine for the  
11 entire region.

12 So I'm glad you asked that question,  
13 Senator, so that I could demonstrate how just  
14 two of the investments that all of you have  
15 supported are paying dividends in the City of  
16 Buffalo.

17 SENATOR KENNEDY: Thank you, Mayor.

18 One of the key initiatives for this  
19 administration and my colleagues in the  
20 Democratic Conference has been enhancing  
21 opportunities for everyone, especially those  
22 folks that have been left behind in the past.  
23 And if you look at the numbers and the  
24 statistics, the facts continue to demonstrate

1           that there's a real disparity in hiring for  
2           women and minorities across the entire United  
3           States, but in every single community. And  
4           the Governor's office has played a key role,  
5           really, in bringing this to the forefront.  
6           And I know, and again in partnership with  
7           your administration, there has been some real  
8           key initiatives.

9                         Can you speak to those and what  
10           initiatives you're really leading the effort  
11           on in this state when it comes to women and  
12           minority hiring and enhancing that?

13                        MAYOR BROWN: One major initiative  
14           that we have worked on with you, Senator  
15           Kennedy, and certainly Assemblywoman Crystal  
16           Peoples-Stokes, and Governor Cuomo directly,  
17           and the Empire State Development Corporation,  
18           is again the purchase of industrial land for  
19           economic development on the east side of  
20           Buffalo, which is in the heart of the  
21           African-American community. Roughly 90  
22           percent of the residents that live in that  
23           section of the City of Buffalo are  
24           African-American, and unfortunately that

1 population has experienced a  
2 disproportionately high unemployment rate in  
3 our community. So that -- those purchases  
4 will address that.

5 But another major investment that will  
6 be made there is a comprehensive workforce  
7 training center, which will be built at a  
8 cost of about \$40 million and that will  
9 provide training for residents not only of  
10 the east side of Buffalo, the City of  
11 Buffalo, but for residents throughout the  
12 region to be able to take advantage of the  
13 employment opportunities that are coming  
14 online in our community, particularly in the  
15 high-technology areas.

16 Since 2012, there is nearly \$6 billion  
17 of economic development activity that is  
18 ongoing in the City of Buffalo. And it's  
19 estimated that over the next two years, over  
20 12,000 new jobs will be created in the City  
21 of Buffalo proper which will benefit not just  
22 City of Buffalo residents but residents  
23 throughout the Western New York region.

24 SENATOR KENNEDY: Thank you, Mayor.

1                   And there's also, I will point out,  
2                   your Opportunity Pledge, that I have signed  
3                   and many have signed, and you continue to  
4                   promote that as well. Did you want to speak  
5                   to that at all?

6                   MAYOR BROWN: Yes. In February of  
7                   last year, we initiated what we called the  
8                   Opportunity Pledge to give individuals in our  
9                   community -- businesses, organizations -- the  
10                  ability to demonstrate their commitment to  
11                  the principles of diversity, equity, and  
12                  inclusion.

13                  We are seeing significant economic  
14                  development in Buffalo, economists are saying  
15                  maybe more development than the city has seen  
16                  in over 45 years. And as that prosperity is  
17                  rising in our city, we want to make sure that  
18                  it reaches all people in our community, all  
19                  sections of our community, all segments of  
20                  the population. And to date, we've had over  
21                  5500 individuals like yourself and  
22                  Assemblywoman Crystal Peoples-Stokes sign  
23                  that Opportunity Pledge. We've had 225  
24                  organizations and companies sign the pledge,

1           which represent over 158,000 people in our  
2           community.

3                        So that sends an important message to  
4           those who are creating employment  
5           opportunities that we want to respect the  
6           diversity of the community, we want to be  
7           inclusive, and we want to see equity in the  
8           opportunity that is rising in our city.

9                        SENATOR KENNEDY: Thank you, Mayor.

10                      And one last thing I want to touch on  
11           here -- because look, we're talking about the  
12           economic renaissance that's taking place, a  
13           real true transformation in the City of  
14           Buffalo, making sure everyone has these  
15           opportunities and gets a chance to get  
16           employment, has an opportunity to stay in  
17           Buffalo, live, raise their family, and work.  
18           And part of that is also the focusing on a  
19           lot of the quality of life issues.

20                      And I know that with the state's  
21           support -- and if you can touch on how the  
22           state has played a role in some of the  
23           PeaceMaker work, in the SNUG work -- this is  
24           something that has been on the front lines of



1           our conference's agenda that has a real focus  
2           on fighting crime in each and every district  
3           across the state, but particularly focused on  
4           the urban centers that have fallen on harder  
5           times in years past, in generations past.  
6           We're trying to get out of that.

7                        To me, and I know to your  
8           administration and to my conference, it's  
9           important that we make that strategic  
10          investment on public safety. Can you speak  
11          to that, please?

12                       MAYOR BROWN: Well, certainly quality  
13          of life is important in communities all  
14          across the State of New York, and I know that  
15          the members of the Legislature have been very  
16          active in providing funding to support  
17          quality-of-life enhancements in communities  
18          all across the state.

19                       In Buffalo we have focused on being  
20          tough on crime as well as being smart on  
21          crime. We've added surveillance cameras --  
22          we now have over 225 surveillance cameras  
23          throughout the city -- and license plate  
24          readers -- we have over 200 license plate

1 readers throughout the city. We've  
2 modernized our police fleet; we've added  
3 technologies to our police vehicles that our  
4 police officers carry.

5 But in being smarter on crime, we've  
6 worked with programs like SNUG, that has been  
7 funded through the State Legislature, to work  
8 with you to take guns out of the hands of  
9 people in communities, to educate them about  
10 violence prevention. We funded an  
11 organization called PeaceMakers that works  
12 with at-risk youth and young adults that  
13 actually does street patrol and has helped us  
14 to reduce crime in the City of Buffalo.

15 During my tenure as mayor, we have  
16 been able to reduce crime overall by  
17 35 percent, violent crime by 27 percent.  
18 We've been able to do that in partnership,  
19 and we've been able to effectively utilize  
20 the resources that we have received from you,  
21 our partners in state government, to be able  
22 to do that.

23 SENATOR KENNEDY: Thank you, Mayor,  
24 and thanks for your testimony. And keep up

1 the great work.

2 MAYOR BROWN: Thank you, Senator.

3 CHAIRMAN FARRELL: Thank you very  
4 much.

5 Crystal Peoples-Stokes.

6 ASSEMBLYWOMAN PEOPLES-STOKES: Thank  
7 you, Mr. Chairman, for the opportunity to  
8 bring greetings to my mayor and certainly  
9 welcome him here in Albany.

10 I suspect you spent a little more time  
11 than you expected today. But you're always  
12 welcome. You've been around here a little  
13 while, so you know how it goes.

14 Just to ask for some specificity as it  
15 relates to your budget presentation. On the  
16 combined Public Works Campus, how do you  
17 anticipate that looking? And what sort of  
18 outreach have you had to other governments  
19 via state and/or local governments for their  
20 participation in that?

21 MAYOR BROWN: So we anticipate a  
22 single, unified facility that would house --  
23 that would locate, collocate facilities for  
24 public works that are now spread across six

1 facilities in the City of Buffalo. Some of  
2 the areas where these facilities are located  
3 are ripe for investment. In a number of  
4 them, we've already had private-sector  
5 entities express an interest in being able to  
6 purchase or bid to purchase the facilities,  
7 so we think there could be significant  
8 revenue generation there.

9 But we also believe that in  
10 collocating these operations, it would make  
11 our various public works activities much more  
12 efficient. It would create cost savings.

13 We have begun to have dialog with some  
14 local governments -- for example, one of the  
15 things that Buffalo has that other local  
16 governments don't have with the same level of  
17 technology, is that they utilize  
18 private-sector entities for sign making.  
19 And, you know, all governments have to make  
20 street signs and other signs. We found that  
21 by us doing it, we could provide a  
22 significant savings to other local  
23 governments and actually beat private-sector  
24 entities that are providing those services

1           now. So that's one service that we think we  
2           could help provide to other governments in  
3           our region.

4                       We've also begun to have some very  
5           preliminary conversations with the New York  
6           State Department of Transportation, and we  
7           believe with this facility there would be a  
8           number of services that we could collaborate  
9           on with local governments and potentially  
10          even state government.

11                      ASSEMBLYWOMAN PEOPLES-STOKES: So any  
12          idea or estimate on the amount of savings  
13          that could happen for either and/or both  
14          governments?

15                      MAYOR BROWN: We have worked through  
16          some estimates. We believe that savings  
17          could be significant, potentially into the  
18          millions. And even more significant, we  
19          believe that the ability to sell these six  
20          properties that we have certainly would run  
21          into the millions of dollars.

22                      ASSEMBLYWOMAN PEOPLES-STOKES: Well,  
23          I'm sure you know there's often talk about  
24          consolidating government, and sometimes the

1 way to even think more broadly about that is  
2 to consolidate services in the delivery of  
3 services. So I really actually like that  
4 idea, and I hope that we can be helpful in  
5 making it a reality for the City of Buffalo.

6 And I already know, you know, that I  
7 really like the idea of the barrenness near  
8 the historic Mission Street Quarter to be  
9 used for some other purpose than garbage.  
10 It's a huge attraction, a huge tourist  
11 destination, and the removal of that barren  
12 would do leaps and bounds for that area.

13 MAYOR BROWN: Well, you have been a  
14 champion of the African-American Cultural  
15 Corridor in the City of Buffalo. You've  
16 provided significant resources and leadership  
17 on that important initiative that is designed  
18 not only to protect African-American history  
19 in our city and region, but also to attract  
20 more tourists to our city.

21 We have a public works facility right  
22 in the heart of that cultural area where we  
23 have plow trucks and garbage trucks and other  
24 heavy equipment, as you well know, in and out

1 of there on a daily basis. We would like to  
2 remove that, and this Public Works Campus  
3 would give us the ability to remove that  
4 facility from the African-American Cultural  
5 Corridor in the City of Buffalo.

6 ASSEMBLYWOMAN PEOPLES-STOKES: Okay.  
7 So on the Homeland Security assessment that  
8 you had done, was that just on City Hall?

9 MAYOR BROWN: We're talking  
10 specifically in terms of the needs of  
11 City Hall.

12 ASSEMBLYWOMAN PEOPLES-STOKES: Well,  
13 you know what, I'm really pleased to hear  
14 that as well, Mr. Mayor. It must be the only  
15 city hall left in America where you can just  
16 walk in the door. There's no security,  
17 there's no one checking to see what you're  
18 bringing in there. And I can't even imagine  
19 being in that condition in 2016. It's not a  
20 good place to put any of our public servants,  
21 then. So I'm grateful that you're beginning  
22 to take a look at that.

23 On the issue of utility services, the  
24 cellphone wireless services, have the

1 wireless companies been collecting these  
2 resources and not sharing them with Buffalo,  
3 Rochester, Syracuse, et cetera? Or have they  
4 not been collecting them in those areas?

5 MAYOR BROWN: Yeah. The cities that I  
6 mentioned are not able to assess that  
7 3 percent charge on the cellular companies.

8 ASSEMBLYWOMAN PEOPLES-STOKES: Right,  
9 but have the companies been collecting them  
10 from their constituents?

11 MAYOR BROWN: We believe that that fee  
12 has been collected.

13 ASSEMBLYWOMAN PEOPLES-STOKES: Okay.  
14 Well, then I believe they should reimburse  
15 the municipalities like they do in New York  
16 City. So I would be happy to work with my  
17 colleagues and others to try to make sure  
18 that happens for not just Buffalo, but for  
19 Rochester, Syracuse, and all other cities  
20 that you mentioned as well.

21 MAYOR BROWN: And we can provide you  
22 with more specific data on that and how that  
23 works.

24 ASSEMBLYWOMAN PEOPLES-STOKES: Thank



1           you. Thank you. And one last thing,  
2           Mr. Mayor -- actually, two. No, one.

3                       Does the City of Buffalo anticipate a  
4           budget deficit in your upcoming budget?

5                       MAYOR BROWN: We are working now to  
6           close an anticipated \$30 million budget  
7           deficit. Again, some of these efficiency  
8           measures that we're putting in place will  
9           help us to do that, but right now at the  
10          outset of the process of closing next year's  
11          deficit we're looking at about \$30 million.

12                      ASSEMBLYWOMAN PEOPLES-STOKES: Okay.  
13          Well, I thank you very much for your  
14          comments, and be safe traveling home.

15                      MAYOR BROWN: Thank you. Thank you,  
16          Assemblymember.

17                      CHAIRMAN FARRELL: Thank you.

18                      Senator? Assemblyman? Anyone? Okay.

19                      SENATOR KRUEGER: Oh, sorry.  
20          Senator -- excuse me. Senator Marchione.

21                      SENATOR MARCHIONE: Thank you.

22                      Has Buffalo been able to stay under  
23          the tax cap?

24                      MAYOR BROWN: I'm sorry, Senator, I

1 didn't --

2 SENATOR MARCHIONE: Has Buffalo been  
3 able to stay under the tax cap, the  
4 2 percent?

5 MAYOR BROWN: We have to date stayed  
6 under the tax cap, yes.

7 SENATOR MARCHIONE: Congratulations.  
8 It's not easy to do.

9 MAYOR BROWN: It's challenging. What  
10 we find in being able to stay under the tax  
11 cap is, as we're seeing new development, new  
12 investment in our community, it's been very  
13 difficult to realize the benefit of that new  
14 investment because of the way the cap is  
15 structured. We have shared some ideas and  
16 some concerns with the Governor's office  
17 about that.

18 They have been very receptive to some  
19 of the ideas that we have presented, but in a  
20 community like ours -- and I'm sure you will  
21 hear from my colleagues as well -- where we  
22 are working to stimulate new growth, new  
23 development, it is hard because our principal  
24 source of revenue is the property tax. It's

1           been hard to generate revenue from the new  
2           investments that we're seeing in our city  
3           with the way the cap is structured.

4                     SENATOR MARCHIONE: Thank you.

5                     MAYOR BROWN: Thank you, Senator.

6                     CHAIRMAN FARRELL: Thank you.

7                     Assemblyman McDonald, to close.

8                     ASSEMBLYMAN McDONALD: Thank you,  
9           Chairman.

10                    Good afternoon, Mayor. Ten years into  
11           it, you're holding up pretty well.

12                    MAYOR BROWN: Thank you, Assemblyman.

13                    ASSEMBLYMAN McDONALD: That's good. I  
14           did 13 years, he did 12, and look what  
15           happens to you after you've been there a  
16           while. So keep that in mind.

17                    A couple of things. On your DPW  
18           campus, which I think is a great idea -- and  
19           it sounds like you're trying to move along  
20           with the agenda of shared services, and it  
21           sounds fantastic. And I think you put a  
22           one-time price tag of \$30 million on Phase 1.  
23           That indicates to me that there might be a  
24           Phase 2 or a Phase 3. I'm just curious what

1           those costs would be.

2                   MAYOR BROWN: The total costs that we  
3           anticipate for Phase 2 is another  
4           \$30 million. The whole structure would be  
5           about \$60 million. And we're hoping that  
6           through the sale of those six parcels of land  
7           and facilities that we would consolidate into  
8           one, that we would be able to generate  
9           substantial revenues towards building out  
10          Phase 2.

11                   ASSEMBLYMAN McDONALD: Great. That's  
12          very smart.

13                   And the other question in regards  
14          utilities services' taxable -- with the gross  
15          receipts tax that you talked about, do you  
16          have any idea what the value would be of  
17          that? Do you have any idea -- I know this is  
18          probably taking a shot away from --

19                   MAYOR BROWN: For the City of Buffalo,  
20          we have lost about \$2 million as we have seen  
21          the revenue from landlines decrease. So with  
22          more and more people using cellular phones  
23          and not having landlines in their home, we  
24          have lost about \$2 million of revenue in the

1 City of Buffalo.

2 ASSEMBLYMAN McDONALD: Over what  
3 period of time?

4 FINANCE CMR. ESTRICH: Per year. Per  
5 year.

6 MAYOR BROWN: Per year over --

7 ASSEMBLYMAN McDONALD: Per year?

8 MAYOR BROWN: How long?

9 FINANCE CMR. ESTRICH: Probably about  
10 five years. Every year it's gone down a  
11 little bit more.

12 MAYOR BROWN: Yeah. Over a five-year  
13 period.

14 ASSEMBLYMAN McDONALD: And that also  
15 speaks to another issue that I don't think  
16 directly affects Buffalo, but maybe it does.  
17 When the 911 surcharge, which has always been  
18 so much for land, a little bit less for the  
19 cellphones -- and we've seen this variation  
20 change. And the reality is most of the  
21 challenges for investment for the 911 centers  
22 are to deal with the next generation, with  
23 the texting and the whole nine yards. So  
24 it's all money, at the end of the day, and

1 obviously we're all competing for it. But  
2 it's important that we try to make sure that  
3 the residents have every opportunity to help  
4 support the services they provide.

5 Thank you.

6 MAYOR BROWN: Thank you, sir.

7 CHAIRMAN FARRELL: Thank you.

8 Any further questions?

9 CHAIRWOMAN YOUNG: Yes, I do have one  
10 final question, Mayor.

11 I know you know the Southern Tier very  
12 well, and you know Cattaraugus County. And  
13 located in Cattaraugus County is the former  
14 J.N. Adam Developmental Center site, 35 miles  
15 south of Buffalo. And I believe you also are  
16 aware of the 20-year-plus problem that we've  
17 had with the site. The history on it is that  
18 it originally was started as a tuberculosis  
19 hospital in the early 1900s, was actually  
20 donated to the City of Buffalo, and the city  
21 has basically kind of given up ownership but  
22 has reversionary rights to the property.

23 And so this is an ongoing issue. The  
24 state has control of it, and it's been a real

1           problem because of vandalism and the lack of  
2           economic development on the site, the lack of  
3           tax base on the site. The Town of Perrysburg  
4           has been waiting and waiting and waiting for  
5           a resolution on this, and we've been trying  
6           to help with passing legislation for a study  
7           on what to do with the property. But as you  
8           know, the City of Buffalo still maintains the  
9           right to sign off on anything done with the  
10          land.

11                         And I'm just asking for your help to  
12          get a resolution to this. We've been working  
13          with the Governor's office on this, been  
14          working with the State Assembly on this, but  
15          also I need your help, you as the leader of  
16          the City of Buffalo to come to a final  
17          positive outcome on it. And I didn't know if  
18          you have any comments on the situation.

19                         MAYOR BROWN: Yes, Senator. We're  
20          aware of the challenge that that facility  
21          presents in Cattaraugus County and are  
22          certainly deeply concerned about that.

23                         You know, as a municipality that has  
24          had vacant, blighted, decaying structures, we

1           certainly don't want to see that for any  
2           other community in the state. We have been  
3           successful in removing a lot of such  
4           structures in the City of Buffalo. During my  
5           tenure, we have demolished over 6,000 vacant,  
6           unsalvageable structures.

7                     And I don't know what necessarily the  
8           plan would be for the facility, but as you  
9           indicated, the city does -- while it has been  
10          transferred to the control of the state some  
11          time ago, the city does maintain reversionary  
12          rights to the site. We would certainly give  
13          up those rights; we have had conversations  
14          with the state about it. I can report to you  
15          that as recently as about a week ago, I  
16          think, my law department was in discussion  
17          with the state agency that was talking about  
18          potentially securing or getting us to sign  
19          off on that reversionary right at some cost,  
20          which we certainly would be willing to do.

21                     CHAIRWOMAN YOUNG: That would be  
22          great, to finally have that resolved. So I  
23          would ask that we continue to work together  
24          on this. If you could keep me informed about



1           it, because it does have such a strong impact  
2           in my community and the people who live  
3           there. And it's been such a terrible problem  
4           for so many years, and it's good to hear that  
5           there is some progress regarding the issue.  
6           So I look forward to working with you.

7                   MAYOR BROWN: We certainly will keep  
8           you informed of what we're hearing and what  
9           we're doing. With respect to that, Senator,  
10          I know that it's a real frustration to the  
11          people that live in that community. We  
12          certainly don't want to see that continue,  
13          and anything that we can do in Buffalo to try  
14          to help address that and expedite that, we  
15          certainly will do.

16                   CHAIRWOMAN YOUNG: Thank you, Mayor.

17                   MAYOR BROWN: Thank you.

18                   And folks, I apologize, I was  
19          negligent. I did not introduce my  
20          commissioner of finance, Donna Estrich. And  
21          I just want to thank her for the work that  
22          she does with us every day to help manage the  
23          finances of the City of Buffalo.

24                   Thank you all very much.

1                   CHAIRMAN FARRELL: Thank you very  
2 much.

3                   CHAIRWOMAN YOUNG: Thank you.

4                   CHAIRMAN FARRELL: The Honorable Kathy  
5 M. Sheehan, mayor, City of Albany.

6                   MAYOR SHEEHAN: Good afternoon.

7                   CHAIRMAN FARRELL: Good afternoon.

8                   You heard about being late. We've set  
9 the record there.

10                  MAYOR SHEEHAN: That's okay. I just  
11 have to come across the street.

12                  CHAIRMAN FARRELL: You're the lucky  
13 one.

14                  MAYOR SHEEHAN: I feel for my fellow  
15 mayors who came from further away.

16                  So if you would like me to begin, I  
17 want to thank you for inviting me here today,  
18 Chairwoman Young and Chairman Farrell,  
19 members of the Assembly and the Senate. I  
20 want to thank Senator Breslin and  
21 Assemblymembers McDonald and Fahy, who I have  
22 worked with over the last two years on many  
23 of the challenges and great opportunities  
24 that we have here in the Capital Region.

1           And, you know, we are a regional  
2           center, a center for government and for  
3           healthcare and for education, but we are also  
4           a city with diverse neighborhoods and with  
5           many of the challenges and opportunities that  
6           all of our cities face and that we share in  
7           common and that we have had the opportunity  
8           to discuss with mayors and one another.  
9           Because with what you've heard today from  
10          Mayor Brown and from the other mayors, I  
11          think we are doing extraordinary things  
12          within our cities to make sure that we are  
13          being fiscally responsible and serving the  
14          needs of our residents.

15                 And the City of Albany has some  
16          wonderful treasures. It is home to historic  
17          homes, to museums, we have a rich Dutch  
18          heritage, we have wonderful traditions here  
19          in the City of Albany. And even though, as  
20          the Governor said in his State of the State,  
21          upstate New York must remain an economic  
22          priority, and he talked about the fact that  
23          upstate has been shortchanged for many years,  
24          I think that what we have been able to do in

1 the City of Albany is quite remarkable with  
2 the resources that have been made available  
3 to us.

4 And we are very grateful that the  
5 Governor has in this budget created a fund  
6 that is focused on reducing poverty, and  
7 Albany is fortunate as being identified as a  
8 city to receive those funds. But it's also a  
9 list that you don't necessarily want to be  
10 on, to be identified as one of the poorest  
11 cities in upstate New York.

12 Under that program the city will  
13 receive funding so we can look at  
14 anti-poverty efforts that are working in our  
15 city and other cities and make sure that we  
16 are focused in Albany on workforce  
17 development, which is one of our biggest  
18 challenges, or people being able to access  
19 jobs that are available here in the region.

20 There are other proposals in the  
21 budget with respect to upstate: Water  
22 infrastructure funds, funding for the Thruway  
23 Authority, roads and bridges and broadband.

24 I'm pleased to say that we started

1 last year looking at a broadband initiative  
2 in the City of Albany because we have heard  
3 from businesses that have been looking to  
4 locate here, and from developers who are  
5 developing downtown residential, that this is  
6 a real challenge. And so we need to make  
7 sure that we have access, that we have high  
8 speed, and that we are bridging the digital  
9 divide. Because it's important, particularly  
10 when you look at the need for broadband and  
11 the reliance we have on the internet, that  
12 this is right along with any other utility --  
13 it's something that needs to be affordable  
14 and accessible to all of our residents.

15 So we are well on the path to coming  
16 up with a really great plan for how we can  
17 spend these dollars wisely so that we can  
18 provide high-speed internet in the City of  
19 Albany.

20 But we also have significant  
21 challenges. In September we were identified  
22 as a city in significant fiscal distress. We  
23 are the only city in upstate New York that is  
24 on that list, and we are one of only two

1 cities in the state that meet the criteria  
2 for significant fiscal distress.

3 We opened our books when I became  
4 mayor in January of 2014. One of the first  
5 things that we did was to submit our books to  
6 the Financial Restructuring Board. We opened  
7 ourselves up to that process. We went  
8 through and reviewed with representatives on  
9 the restructuring board the challenges that  
10 we were facing, and as a result of that for  
11 2015 we were able to receive some gap funding  
12 to close our budget gap. We started planning  
13 for our 2016 budget year -- we're on a  
14 calendar budget -- we started planning for  
15 that almost immediately, and again worked  
16 very closely with the state and the State  
17 Budget Office to review the challenges that  
18 we were facing, knowing that we were entering  
19 that with a gap because of the one-time  
20 funding that closed the budget gap that we  
21 had in 2015.

22 Our 2015 and 2016 budgets capped  
23 costs, we capped growth at under the  
24 2 percent target that the Governor has set.

1           In 2015, we stayed within the property tax  
2           cap, and our 2016 budget proposes no tax  
3           increase. And that is because our residents  
4           pay by far the highest tax rates in the  
5           region, and our tax rates are uncompetitive.  
6           We cannot tax our way to a balanced budget.  
7           It would cause, I think, further challenges  
8           for economic development and growth in our  
9           city.

10                        So we have been able -- even though we  
11           have had a deficit budget in Albany since at  
12           least 2007, we have been able, through a  
13           patchwork of spinups and other one-time  
14           funding streams, to maintain solvency. But  
15           we have reached the end of that solvency.  
16           We, in our 2016 budget that was passed by our  
17           Common Council, are relying on an additional  
18           \$12.5 million that we would need to obtain  
19           from the state in order to close that budget  
20           gap.

21                        The state, as many of you know, owns  
22           more than 30 percent of the property in the  
23           City of Albany, and more than 60 percent of  
24           the property in the City of Albany is not

1 taxable. So the result of that is that  
2 people who own -- homeowners who own  
3 25 percent of the value of the property in  
4 the City of Albany pay 60 percent of the tax  
5 levy. And commercial business owners, who  
6 own just 13 percent of the value of taxable  
7 property in the City of Albany, pay  
8 40 percent of the property tax levy.

9           And I included in your materials a map  
10 that shows just how much nontaxable property  
11 we have in the City of Albany. And when you  
12 look at this map -- and this darker gray is  
13 also property that is exempt from taxation --  
14 you can see very visually the challenge that  
15 we face in raising revenue.

16           Our property tax levy is the largest  
17 source of revenue for the City of Albany.  
18 Sales tax is shared countywide, so the sales  
19 tax that is raised in the City of Albany is  
20 shared countywide in Albany County. So the  
21 only source of revenue, tax revenue, that we  
22 control and we directly receive is our  
23 property tax levy.

24           And as I said, Albany is not



1 competitive with our immediately adjacent  
2 suburbs. So when you look at the actual tax  
3 bill, a resident in the City of Albany,  
4 factoring in school taxes, is paying about 20  
5 to 30 percent higher than the surrounding  
6 suburbs. And a commercial business in the  
7 City of Albany is paying \$49 per thousand,  
8 and we are at full assessed value in the City  
9 of Albany.

10 So when we look at that challenge,  
11 again, to increase taxes in order to close  
12 our budget gap, I think we would continue to  
13 have a challenge in attracting residents to  
14 our city and businesses to the City of  
15 Albany.

16 I know that many people, when they  
17 come to this region -- and one of the things  
18 that I'm really focused on is to think of  
19 ourselves as a region and act as a region --  
20 but many people compliment me on how  
21 wonderful Colonie Center is or Crossgates  
22 Mall or what a great stay they had at a hotel  
23 out on Wolf Road. And I thank them and then  
24 I tell them that I'll pass those compliments

1 along to Paula Mahan, who's the town  
2 supervisor in Colonie, or the town supervisor  
3 in Guilderland, because none of those  
4 places are located within the City of Albany.  
5 We are landlocked, and we have significant  
6 challenges in growing our tax base.

7 But that said, we are growing our tax  
8 base, and we've seen a tremendous amount of  
9 investment in our downtown. By the end of  
10 2016 we will have 450 new units of housing,  
11 market-rate housing in our newest  
12 neighborhood downtown. We are working  
13 rapidly to redevelop our warehouse district,  
14 and we recently passed a zoning overlay so  
15 that we can move quickly and entice  
16 businesses to come into and invest in our  
17 warehouse district.

18 And we also have been talking to the  
19 state -- the state is still considering  
20 potentially allowing some private development  
21 on the Harriman Campus site, which again will  
22 give us an opportunity to grow our tax base.

23 But the challenge for Albany is one of  
24 parity. And we receive \$128 per capita in

1 AIM -- less than Schenectady, less than Troy,  
2 less than Utica -- and far less than other  
3 larger upstate cities. And so that has been  
4 the biggest challenge in looking at our  
5 ability to put together a balanced budget.

6 When you look at the property tax levy  
7 in the City of Albany, the levy in actual  
8 dollars, both city and school, is higher than  
9 the levy in actual dollars in cities that are  
10 significantly larger than Albany -- not per  
11 capita, in actual dollars.

12 So we have a gap. It's 12.5 million.  
13 When I came here in 2014, I said it was  
14 12.5 million. In 2015, the state was able to  
15 provide us with \$10 million, and we used  
16 \$2 million, the last \$2 million of our  
17 reserves. And I come to you again today  
18 saying it's \$12.5 million, and that's in  
19 light of the fact and notwithstanding the  
20 fact that we have continued to cut  
21 significant costs from our budget.

22 Our costs of running city government  
23 are rising much more quickly than this. Our  
24 health insurance costs alone, we're targeted

1 to go up 9.4 percent this year. But even  
2 with those increases, we've been able to  
3 implement cost-saving measures, make  
4 decisions about streamlining city government,  
5 work with the county and work with other  
6 governments so that we can drive cost  
7 efficiencies.

8 But this structural gap that exists,  
9 again, is about \$12.5 million. It's what we  
10 would receive if we received the same AIM per  
11 capita as the City of Utica.

12 So if we were to try to raise that  
13 \$12.5 million by increasing our property tax  
14 levy, we're looking at a 20 percent property  
15 tax increase for our residents, a 22 percent  
16 tax increase for our homeowners.

17 We, as I said, held spending to less  
18 than 2 percent in each budget since I took  
19 office in 2014. We have gone through the  
20 Financial Restructuring Board, which  
21 acknowledged that the City of Albany has a  
22 revenue problem. We have instituted not only  
23 cuts but new fees, and those fees, while not  
24 popular, are measures that we need to put in

1 place so that we can continue to provide  
2 services to our residents.

3 We need to grow our tax base, and I  
4 believe that we are making the right  
5 decisions and the right investments to do  
6 that. But we also need state funding that  
7 recognizes the unique and compelling position  
8 that we have as the capital of New York  
9 State. We recognize that being home to state  
10 government and hospitals and universities  
11 means that we're a center for jobs. The  
12 challenge for the City of Albany is that we  
13 don't have a municipal income tax, we don't  
14 have any way of generating a tax base from  
15 those people, many of whom -- most of whom  
16 are coming into the city to work. Our city  
17 about doubles in population every day. So  
18 residents are choosing to live right outside  
19 the city and commute into the city, and  
20 they're not walking into buildings that are  
21 paying us property taxes. So that is the  
22 challenge.

23 But we are getting there. We've seen  
24 a complete facelift of our Wellington Row at

1 the top of State Street. I think many of you  
2 have had the opportunity to walk across the  
3 street and see the new Renaissance Hotel,  
4 which is a spectacular new addition to the  
5 city. We've worked really closely with that  
6 hotel to ensure that the people who are  
7 getting jobs there are residents in the City  
8 of Albany.

9 One of the things that we've done over  
10 the last two years, and I think we've been  
11 successful, is helping the business community  
12 focus on the fact that we need to provide  
13 jobs for our residents, and they are  
14 responding.

15 And the Capital Center is under  
16 construction and will be completed, and we  
17 are undertaking a number of initiatives so  
18 that we can really capture the economic value  
19 of that by having new businesses start in  
20 Albany, by ensuring that entrepreneurs and  
21 that residents of the City of Albany  
22 understand the opportunities that are  
23 available because of that.

24 So as I said, the challenge is AIM.

1           One of the proposals that we have made with  
2           respect to the \$12.5 million is that, given  
3           our unique status as the capital city, that  
4           we can amend Section 19A of the Public Lands  
5           Law to provide for additional aid to the City  
6           of Albany so that we can build a bridge to  
7           the future that we have in front of us, which  
8           I do believe is a bright future.

9                     And we are open to other mechanisms  
10           for delivering this additional aid to the  
11           City of Albany. But we do believe, when the  
12           city receives less than 0.5 percent as the  
13           payment that we receive for all of the state  
14           land in the City of Albany, that 19A is a  
15           mechanism for delivering this aid to a city  
16           that is proud to be your state capital and is  
17           proud of the services that we provide and the  
18           infrastructure that we provide, but that is  
19           need of finally closing this structural gap  
20           so that we can move forward and have a bridge  
21           to a more permanent solution.

22                     Thank you.

23                     CHAIRMAN FARRELL: Thank you very  
24           much.

1                   Mr. McDonough -- McDonald.

2                   ASSEMBLYMAN McDONALD: It happens all  
3 the time, McDonough to McDonald.

4                   CHAIRMAN FARRELL: I'm having trouble.

5                   ASSEMBLYMAN McDONALD: I know, I know.

6                   So, Mayor, thank you. And it's a long  
7 road, and we're not going to get there  
8 overnight, but we're trying to move things  
9 along.

10                  You know, you're doing all the right  
11 things, you've -- I know you've streamlined a  
12 lot within City Hall, with efficiencies.  
13 Reaching out -- I know there's a shared  
14 services effort going on with communications  
15 with Troy and Albany County, Rensselaer  
16 County, which is important.

17                  You're one of the first to go flying  
18 into the Fiscal Restructuring Board, which,  
19 oddly enough -- it was good, it provided some  
20 money, some gap money. But at the same  
21 token, after reading the report -- I had to  
22 read it two or three times -- it's almost as  
23 if they put their hands up, saying, You've  
24 got a gap and you've got to figure it out,



1           you need to generate more income.

2                     And unlike our five-hour guest this  
3 morning, which has their own way of  
4 generating revenue through the personal  
5 income tax, that's not an option in Albany,  
6 nor would I recommend that we consider that  
7 either.

8                     The tax-exempt property status is a  
9 large concern. And as you know, I represent  
10 five cities -- I'm fortunate enough to share  
11 Albany with Pat -- and, you know, Troy,  
12 Rensselaer, and Albany are 1, 2, and 4, I  
13 think, in regards to percentage of tax-exempt  
14 property overall.

15                    You mentioned 60 percent. And I'm  
16 curious, because we are the home of state  
17 government, what is the percent of that  
18 property that is tax-exempt that's used for  
19 state purposes, to conduct state government?

20                    MAYOR SHEEHAN: Roughly 30 percent of  
21 the property in the city is owned by the  
22 state.

23                    ASSEMBLYMAN McDONALD: Okay. You  
24 talked about a lot of the developments that

1 are moving forward in the city. Some, of  
2 course, are another tax-exempt entity like  
3 the Capital Center, but we know we'll see  
4 great growth with a bed tax and with sales  
5 tax and life in downtown Albany. And I know  
6 there's a lot, I think there's over 400  
7 residential units coming online in the  
8 downtown areas.

9 Well, do you have any idea what the  
10 projection is for what that revenue might be?

11 MAYOR SHEEHAN: You know, we're  
12 looking out three and five years, and we  
13 anticipate that we're going to have to enter  
14 into PILOT agreements for the foreseeable  
15 future. But that's a new revenue stream for  
16 the city, so we need to build a bridge. This  
17 isn't a one-time ask, and that's something  
18 that I want to stress. I don't want people  
19 to be surprised. This is a structural  
20 deficit, and we are asking for five years to  
21 grow our way out of it.

22 But when we look at what the  
23 opportunities are both at the Harriman Campus  
24 and in our warehouse district and at the

1 former Convention Center site, we think that  
2 through a combination of cost-cutting  
3 measures, fees for services, and growth in  
4 our tax base, that we will be able to create  
5 that bridge and get to a sustainable city  
6 budget. But it will take time. It will  
7 absolutely take time.

8 ASSEMBLYMAN McDONALD: Speaking of the  
9 bridge, you speak of the bridge, a \$12.5  
10 million bridge. And, you know, you have  
11 included that in this year's budget. And at  
12 the same token, right now we're going through  
13 the process of -- at least we're trying to  
14 shepherd it through to make sure that it's  
15 there.

16 And I agree with you, and I want to  
17 say this. I commend you on the fact that you  
18 found something unique that reflects, really,  
19 the capital city of Albany -- or really the  
20 capital of the capital of the world, as we  
21 say around here. And at the same token, it's  
22 something that you recognize that as greater  
23 growth goes on, on the 19A property, as more  
24 property comes on the tax rolls, that you

1 responsibly would say the state should be  
2 able to ease off its burden.

3 Most mayors don't usually do that. I  
4 don't know, I've been here for 13 years, I  
5 was groveling all the time. So I commend you  
6 for at least saying here, we want to be part  
7 of the -- we need a solution, and we also  
8 realize that we can't be on your aid the rest  
9 of our lives.

10 I guess the question that comes up is,  
11 what if the 12.5 million doesn't show up?

12 MAYOR SHEEHAN: As I've said --

13 ASSEMBLYMAN McDONALD: And I will say  
14 this. It's part of your presentation, but  
15 it's worth repeating. You know, I only live  
16 eight miles up the road. I'm in Albany just  
17 as much as I'm in Cohoes, and I'm in the  
18 other communities as well. And I've been in  
19 a lot of houses here in the community. And  
20 you're absolutely right, putting the burden  
21 on the backs of the taxpayers is not going to  
22 work. I am -- I've come up with the  
23 conclusion that the taxpayers here in Albany  
24 are exhausted.

1                   MAYOR SHEEHAN: Well, the challenge is  
2                   that what it's really created is, you know,  
3                   we have neighborhoods where we have people  
4                   who are able to afford the property tax bill  
5                   and we have neighborhoods that are inundated  
6                   with low-income housing. And there is really  
7                   not a lot of room for people who are in the  
8                   middle here. And so that's a real challenge  
9                   for the city.

10                   If we are not able to bridge this gap,  
11                   then, you know, the challenge for the City of  
12                   Albany is that our entire non-union payroll  
13                   is less than \$12 million. So I'll say that  
14                   again: Our entire nonunion payroll is less  
15                   than \$12 million. So we're talking about  
16                   significant cuts. It's about 7.5 percent.  
17                   If we were to go 7.5 percent across the  
18                   board, it means that we would probably, in  
19                   effect, have to disband our neighborhood  
20                   engagement units because we would only have  
21                   enough police officers left to respond to 911  
22                   calls.

23                   We would, in all likelihood, have to  
24                   disband EMT services. And we are the front

1 line of healthcare for the poorest people  
2 living in our community. Notwithstanding the  
3 healthcare reforms that have occurred, we are  
4 still the front line. We are the people that  
5 the poorest people in our community call  
6 first to deliver those EMT services. And our  
7 firefighters are out there when somebody has  
8 an earache, and we are assisting families in  
9 getting to the emergency room because they  
10 can't afford the cab fare.

11 So that's just the reality. And so  
12 we're looking at potentially having to  
13 disband those EMT services because of the  
14 cuts that we would have to make.

15 And the other, you know, travesty of  
16 that is that we will leave money on the  
17 table. We received a SAFER grant from the  
18 federal government that's paying for  
19 15 firefighters for the next two years. So  
20 not only would we have to cut those 15 and  
21 leave that SAFER grant money on the table,  
22 we'd have to go deeper in order to actually  
23 realize savings.

24 The same thing with our police

1           officers. We'd have to lay off more police  
2           officers, because we received a COPS grant  
3           for some of those police officers, so we'd  
4           have to pay the feds back \$3 million for the  
5           first one that we lay off. So after we pay  
6           back that 3 million, you know, we then would  
7           have to go even deeper and lay off more  
8           personnel.

9                         We're talking about eliminating a  
10           summer youth employment program that employs  
11           1,200 of our lowest-income children and  
12           provides them with extraordinary job  
13           experience and opportunity. Under my  
14           administration, we have completely  
15           transformed that program so that on the fifth  
16           day of the week, young people transition --  
17           they either spend time learning about career  
18           pathways and financial planning, they learn  
19           about how to get into college and they visit  
20           a college campus, they spend a day with our  
21           police officers and learn about knowing their  
22           rights from a outside party, our Center for  
23           Social Justice that provides them with that  
24           training. So it's really been a very

1 substantive program aimed at giving young  
2 people the skills that they need to succeed.  
3 We would not be able to provide that.

4 We would not be able to hire  
5 lifeguards, so we would have to close our  
6 pools and our parks.

7 We have gone through and looked at  
8 what we would have to do to get to  
9 \$12.5 million. And what you're left with is  
10 not a place where people would want to invest  
11 and where people would want to live. And,  
12 you know, we are laser-focused on being as  
13 effective and efficient as we can be, but it  
14 would be a very devastating impact to the  
15 City of Albany.

16 ASSEMBLYMAN McDONALD: Not only the  
17 City of Albany, but the state Capitol as  
18 well.

19 MAYOR SHEEHAN: Well, I think that it  
20 would really hurt the region. And, you know,  
21 we do have so much that is going for us. And  
22 I view this as an investment in the success  
23 that is here and a recognition that, you  
24 know, for reasons that predate all of us, and



1 maybe for a lack of a sense of urgency on the  
2 part of the city -- because in past years  
3 when the pension bill was a million, a  
4 million-five, we were able to, you know, be  
5 able to have years where even with a spinup,  
6 you know, with a spinup we were able to have  
7 surpluses. With a pension bill now that is  
8 16 to \$17 million and has been since 2008,  
9 2009, we're no longer able to do that.

10 ASSEMBLYMAN McDONALD: My final  
11 comment -- and you don't need to respond if  
12 you don't want -- is in the Governor's  
13 proposal he rightfully proposes a \$25 million  
14 investment in the Poverty Initiative, and he  
15 chose 10 cities throughout the State of New  
16 York. I'm sure it wasn't chosen for any  
17 reason but merit -- and it's not a merit we  
18 all subscribe to, but it's a merit  
19 nonetheless. It's unique that the City of  
20 Troy and the City of Albany both have been  
21 chosen. Which is ironic, because I know as  
22 long as Member Fahy and I have been here for  
23 the three short years -- it seems like 20 --  
24 that we've always been told, well, Albany

1 gets all the jobs, Albany gets all the jobs,  
2 Albany gets all the jobs.

3 Well, I find it challenging, if we're  
4 getting all the jobs, you would think we  
5 wouldn't have to worry about having a high  
6 percentage of poverty. And we're in that  
7 select group of 10. I just find that to be  
8 something that actually speaks more to the  
9 issue that we're facing here in the city.

10 MAYOR SHEEHAN: I think people are  
11 surprised to learn that the poverty rate in  
12 Albany is approaching 26 percent, that more  
13 than a third of our children live in poverty,  
14 and that fewer than 50 percent of our  
15 children are graduating from high school.  
16 That number went up, it went up across the  
17 state, so we're having more success. I  
18 believe that actually last year we were above  
19 that 50 percent mark.

20 But we face the same challenges as  
21 other struggling cities. But we, like those  
22 cities, are tough. We're working on it, we  
23 have a deep commitment to it, and we need to  
24 focus on advocating for the resources that we

1           need in order to accomplish it.

2                   And, you know, again, I believe that  
3           all of the mayors that I work with and that I  
4           talk to across upstate New York have done a  
5           remarkable job and are doing remarkable  
6           things. And we shouldn't be pitted  
7           against -- you know, and arguing, you know,  
8           about fairness. I think we need to just take  
9           a stark look at what the challenges are and,  
10          you know, make a commitment and having an  
11          urban agenda.

12                   Because these urban centers really are  
13          the future of our state. Young people are  
14          deciding where they're going to live, and  
15          then they figure out what they're going to  
16          do. When we talk to employers, and I'm sure  
17          other mayors say it, they are looking for a  
18          place where they can imagine the best and the  
19          brightest wanting to come and live. And the  
20          cities of upstate New York, whether it be  
21          Albany or Syracuse or Rochester or Troy, we  
22          have the bones. We have beautiful  
23          architecture. We have all of the things that  
24          upstate cities need -- great universities,

1 institutions of higher learning, great  
2 healthcare.

3 And so we need to invest and build on  
4 that. I think this is a really exciting and  
5 optimistic time in New York State.

6 ASSEMBLYMAN McDONALD: Thank you.

7 CHAIRMAN FARRELL: Thank you,  
8 Assemblyman McDonald.

9 And now we will ask Assemblywoman Fahy  
10 to see if you --

11 SENATOR KRUEGER: I'm sorry, we have a  
12 Senator. Sorry.

13 CHAIRMAN FARRELL: Oh, I'm sorry.  
14 Senator.

15 SENATOR KRUEGER: Sorry. Senator John  
16 DeFrancisco, from Syracuse.

17 SENATOR DeFRANCISCO: First, I was  
18 watching you on TV last night with the clips  
19 from the hearing or whatever it was. I've  
20 got to commend you for maintaining your  
21 patience. Because if it was me, I know I  
22 wouldn't have. That was a very difficult  
23 thing to do.

24 One quick question. You said that you

1 had 1200 summer jobs that you employ people  
2 in the city; correct? What do you pay them  
3 now?

4 MAYOR SHEEHAN: We pay the 14- and  
5 15-year olds -- I believe it's \$6.50 an hour.  
6 And then if they're 16, we pay the minimum  
7 wage.

8 SENATOR DeFRANCISCO: Okay. And the  
9 minimum wage now is \$9?

10 MAYOR SHEEHAN: I believe that that's  
11 what we budgeted -- yes, it's gone up to 9.

12 SENATOR DeFRANCISCO: Okay. In view  
13 of your dire financial situation, as with all  
14 the mayors, does that mean if the minimum  
15 wage goes up you'll have to employ less  
16 people?

17 MAYOR SHEEHAN: We've been able,  
18 through federal funding that helps to fund  
19 some of those positions, particularly for the  
20 older children, to maintain the numbers. The  
21 numbers go up and down every year.

22 Our goal actually is to really focus  
23 on the 14- and 15-year-olds and be doing such  
24 a good job in the experience that they get

1           that our 16-year-olds get hired by the  
2           private sector. And we're working really  
3           hard with private-sector employers in the  
4           area to make sure that we're providing the  
5           training that they expect.

6                     SENATOR DeFRANCISCO   Mayor, let me  
7           just cut you off.

8                     MAYOR SHEEHAN:   Yeah.

9                     SENATOR DeFRANCISCO:   You know, I see  
10          what you're saying, but whether it's the  
11          private-sector employers or the public  
12          employers, if there's so many dollars that  
13          are set for summer jobs, entry-level jobs  
14          where people can learn how to work, how do  
15          you get around not eliminating some jobs,  
16          private or public, if you've got the same  
17          amount of money to deal with?

18                    MAYOR SHEEHAN:   Well, we have, in the  
19          projections that we have created, built in  
20          the escalation to the \$15-an-hour minimum  
21          wage that the Governor has proposed, and, you  
22          know, the total cost to the City of Albany is  
23          in the neighborhood of -- I hope I'm not  
24          misquoting this -- I think it's about \$2

1 million, ultimately. And again, that assumes  
2 that we keep the numbers the same.

3 So we have to look at opportunities to  
4 reduce that cost. Our summer youth  
5 employment program only lasts six weeks.  
6 That's not the largest driver of it, but I  
7 think that, you know, if we can see an  
8 increase in minimum wage and move more of our  
9 young people into private-sector jobs, you  
10 know, that would be ideal. We have, as I  
11 said, an almost 26 percent poverty rate. So  
12 as a mayor, I know we can debate whether the  
13 minimum wage will --

14 SENATOR DeFRANCISCO: No, I'm not --

15 MAYOR SHEEHAN: -- have the results we  
16 asking for, but I think that that would be a  
17 positive impact on the city overall.

18 SENATOR DeFRANCISCO: I'm about ready  
19 to take back my compliment --

20 (Laughter.)

21 SENATOR DeFRANCISCO: -- because this  
22 doesn't make too much sense.

23 But the fact of the matter is you've  
24 built it in, so instead of \$12.5 million

1 deficit, you may have a little higher  
2 deficit.

3 MAYOR SHEEHAN: We know that that's a  
4 bogey that we have to hit. We've got to find  
5 cost savings to be able to offset that  
6 increase.

7 SENATOR DeFRANCISCO: Okay. Last  
8 point. What cost savings other than less  
9 employees can you do?

10 MAYOR SHEEHAN: Well, we have some  
11 work to do on our workers' compensation  
12 costs. We can do a better job of monitoring  
13 that within the City of Albany and set some  
14 targets for our employees.

15 We can also do better in our health  
16 insurance costs. And we were successful in  
17 interest arbitration to now have all of our  
18 firefighters contributing towards health  
19 insurance. And so we've created a union  
20 management committee to look at how we can  
21 drive down those insurance costs, and our  
22 firefighters now have a stake in that. If we  
23 can drive down premiums and look at cost  
24 savings measures, they're going to benefit



1 from that. So I think that we've got room on  
2 health insurance.

3 We have room with respect to using and  
4 implementing changes in technology. I have  
5 an employee who -- we are being funded  
6 through the Bloomberg Philanthropies to  
7 attend the Denver Peak Academy, which is a  
8 program that was funded by Bloomberg  
9 Philanthropies in Denver where employees have  
10 identified \$23 million in savings since 2013.

11 So those are the types of efforts we  
12 need to undertake in order to be able to find  
13 savings and efficiencies.

14 SENATOR DeFRANCISCO: That sounds  
15 great. And it will reduce the \$12.5 million  
16 you need from Albany then as well.

17 MAYOR SHEEHAN: We know that we're  
18 going to need to find ways, and as I said,  
19 we're looking for a bridge. And I agree.

20 CHAIRMAN FARRELL: Thank you.

21 Assemblywoman Fahy.

22 ASSEMBLYWOMAN FAHY: Thank you,  
23 Mr. Chairman.

24 And thank you, Mayor, for your always

1 compelling testimony.

2 Obviously it's very, very sobering,  
3 but I also appreciate that you have a number  
4 of encouraging, encouraging initiatives  
5 underway, including the Capital Center or the  
6 Convention Center, along with a host of other  
7 programs underway.

8 And I just want to echo some of the  
9 comments you made earlier and that my  
10 colleague Mr. McDonald made, and that is  
11 that -- about the region and the impact that  
12 Albany has on the region.

13 I represent three terrific towns as  
14 well as the City of Albany -- in fact, a few  
15 that you highlighted here in your  
16 testimony -- and in each of those towns, I'm  
17 often comparing property tax rates, because I  
18 live here in Albany and I pay those property  
19 taxes. And I think the only one that I ever  
20 find that gives me anything close to a match  
21 is the City of Schenectady.

22 And even among a number of folks in  
23 the towns that I represent, they do recognize  
24 that if the core, the core of this region,

1 along with the core throughout upstate of our  
2 key cities upstate -- when the core suffers,  
3 the entire region suffers.

4 So I do recognize that while there's  
5 much encouraging news, there are tremendous,  
6 tremendous challenges. And I appreciate the  
7 work that you have done. But as Assemblyman  
8 McDonald said, we recognize this is quite a  
9 challenge on the \$12 million.

10 Can we talk a little bit about where  
11 you see some of that turnaround, as you've  
12 said, over the next few years, and when you  
13 see it? For instance, you made reference to  
14 Harriman. I know this body agreed with the  
15 Governor's proposal last year to put tens of  
16 millions of dollars into development up at  
17 Harriman, and that an estimated 30 acres is  
18 supposed to come online to be privately  
19 developed.

20 Do you have a better sense, any  
21 updates on that timeline on when we might  
22 begin to see some revenues into the city as  
23 that is privatized?

24 MAYOR SHEEHAN: We've been working

1 with the state to make sure that they have  
2 the information that they need about the  
3 infrastructure underneath the Harriman Campus  
4 and what the needs would be in order to build  
5 it out. We were successful in getting  
6 planning funding through the REDC to really  
7 focus on that western part of the city so  
8 that we can support and have the  
9 infrastructure to support growth both at the  
10 University at Albany, at SUNY Poly, and at  
11 the Harriman Campus.

12 So they, you know, have been  
13 requesting information, and it's my  
14 understanding that they are developing an  
15 RFP.

16 And when you talk about the investment  
17 up there, it's a really great example.  
18 Because if that investment had occurred  
19 anywhere else but in the City of Albany, it  
20 would have generated a PILOT payment. So  
21 under 19A, if you take property in a  
22 municipality and use it for state purposes,  
23 there is a PILOT that is paid based on a  
24 percentage of the work that was done, the

1 construction costs associated with that.

2 And so that is why I think that 19A  
3 provides an opportunity for the state and for  
4 this body to really look at what the impact  
5 is in the City of Albany of this investment,  
6 because of the amount of land in the city  
7 that the state owns.

8 ASSEMBLYWOMAN FAHY: I actually  
9 appreciate you pointing that out on the  
10 Harriman Campus. And please correct me if  
11 I'm wrong, but I think there have been  
12 long-standing bills that my predecessor had  
13 and that I've carried for PILOT payments on  
14 Harriman, which is hundreds of acres --  
15 there's about 30 that are to be developed  
16 privately. But my recollection is that would  
17 generate about \$11 million were we to get a  
18 19A payment or PILOT payment on that.

19 MAYOR SHEEHAN: Well, actually that  
20 number would go up a little bit because of  
21 the recent investment that has occurred out  
22 there. So that has increased the value of  
23 that property.

24 Again, the elegance of doing this in

1           19A is that we have agreed -- and I think  
2           that it does make us unique in saying that as  
3           the Harriman Campus or as other property  
4           that's owned by the state becomes privately  
5           developed, that should be subtracted from  
6           anything that the state should be responsible  
7           for. If we're able to get that revenue  
8           through private development, then we are then  
9           more aligned in our interests with the state.

10                   ASSEMBLYWOMAN FAHY: Okay, very  
11           helpful. And any other revenue generators  
12           that you could note would also be of help.

13                   With regard to the previous question  
14           from Senator DeFrancisco, I may have  
15           misunderstood, or it might be helpful -- the  
16           \$2 million that you mentioned would be a  
17           shortfall, I guess, if you will, with the  
18           minimum-wage proposals, is there a  
19           breakout --

20                   MAYOR SHEEHAN: No, what we've done is  
21           cost out what -- there's an escalator that  
22           the Governor has proposed with respect to the  
23           minimum wage. So out at the end, 2021, when  
24           the full \$15-an-hour minimum wage would be

1 put in the place -- over that period we would  
2 need to be offsetting up to the maximum --  
3 would be \$2 million. As I recall, I think  
4 it's about \$2 million.

5 So when we looked at it in the initial  
6 years, with the increases, it would not have  
7 that large of an impact, again because we  
8 have so many employees now who already make  
9 above what that minimum would be. So we're  
10 really just looking at our full-time  
11 workforce that's not at minimum wage. And  
12 then our summer youth employment program.

13 And again, in looking at where there  
14 are federal dollars that are available for  
15 that, we are able to offset more of that  
16 increase with the federal dollars.

17 ASSEMBLYWOMAN FAHY: Okay. Thank you  
18 for clarifying that.

19 MAYOR SHEEHAN: These are for  
20 income-eligible young people.

21 ASSEMBLYWOMAN FAHY: Okay. Thank you  
22 for clarifying. That was a big number.

23 MAYOR SHEEHAN: Yeah, it's not  
24 \$2 million in the first year, no, no, no.

1 That's by 2021.

2 ASSEMBLYWOMAN FAHY: I know we have a  
3 long night ahead of us, so I will stop there.

4 I just want to say there's not a day  
5 that goes by that we don't have conversations  
6 up here regarding this need for these bridge  
7 dollars and the predicament that Albany is  
8 in. I appreciate that you pointed out that  
9 this is decades in the making and we are  
10 trying to get on top of it.

11 I look forward to working with you on  
12 both sides of the revenue -- you know, the  
13 creative solutions on the revenue, and on any  
14 other reductions and savings that you can  
15 propose.

16 Thank you, Mr. Chairman.

17 CHAIRMAN FARRELL: Thank you, Senator.

18 CHAIRWOMAN YOUNG: Senator Marchione.

19 SENATOR MARCHIONE: Thank you.

20 Mayor, just a couple of follow-up  
21 questions. You said that poverty is  
22 26 percent in Albany.

23 MAYOR SHEEHAN: It's approaching  
24 26 percent. We're at, I think, 24.5 percent.



1                   SENATOR MARCHIONE: Do you have any  
2                   idea what the poverty level is with single  
3                   mothers?

4                   MAYOR SHEEHAN: A large portion of our  
5                   people who are living in poverty are single  
6                   head of households. You know, I don't have  
7                   that exactly number. I do believe that the  
8                   Census Bureau does have that information.

9                   SENATOR MARCHIONE: The reason I ask  
10                  is that I got some information on my own  
11                  district the other day, and the percentages  
12                  are staggering. Washington County is almost  
13                  up to 50 percent poverty of single households  
14                  with children. So much so that I'm  
15                  calling -- I've called a meeting of a variety  
16                  of stakeholders from throughout my district  
17                  to look at that to see if there isn't  
18                  something that can be done to help head of  
19                  households -- mostly moms that have  
20                  children -- isn't there something that we can  
21                  do special to assist them.

22                  So I just wondered if you knew. I  
23                  didn't know what your number was, but in my  
24                  districts in Saratoga, Troy, Rensselaer

1 County, the numbers are very, very high.

2 Columbia as well.

3 So I think we can zero in a little  
4 bit, perhaps we can try to help that group of  
5 people -- and I don't mean with handouts, I  
6 mean with hand-ups to assist them.

7 MAYOR SHEEHAN: And I think that one  
8 of the things, and I've talked to the  
9 hospitals about that in the City of Albany,  
10 and other large employers, is looking at  
11 their shifts and looking at transportation  
12 issues to see whether or not there are  
13 adjustments that can be made to accommodate  
14 what are, you know, a lot of single heads of  
15 household who are juggling childcare issues  
16 and schedules that really preclude them from  
17 being able to maybe work full-time, as many  
18 hours as they want to work, or access the  
19 workplace at all.

20 And I think there is an interest in  
21 doing that if we can do that on a regional  
22 level. I think that it's another great  
23 example of how this region is coming  
24 together.

1                   SENATOR MARCHIONE: Also, you  
2 mentioned that you have 13- and 14-year-olds  
3 that you pay --

4                   MAYOR SHEEHAN: Fourteen and 15.  
5 Sorry.

6                   SENATOR MARCHIONE: -- \$6.75 --

7                   MAYOR SHEEHAN: I believe it's \$6.75.  
8 We raised it last year.

9                   SENATOR MARCHIONE: How do you pay  
10 under the minimum?

11                   MAYOR SHEEHAN: Because they are under  
12 the age of 16 and because of the type of  
13 program that it is. So they don't have to be  
14 paid minimum wage.

15                   And we've debated that. It's a  
16 challenge.

17                   SENATOR MARCHIONE: It's child labor.

18                   MAYOR SHEEHAN: But they are -- most  
19 of them are assigned to work sites where they  
20 really are learning about working and  
21 learning about what is expected of them in  
22 the workplace. Many of the opportunities  
23 that we provide to young people are really  
24 educational opportunities in the form of a

1 job.

2 So for some of our young people, we're  
3 really encouraging them and incentivizing  
4 them to focus on their academic skills, focus  
5 on seeing themselves as successful. And I  
6 think it's critically important to make that  
7 investment, particularly in young people who  
8 don't have the opportunities that maybe exist  
9 in other wealthier communities.

10 SENATOR MARCHIONE: I agree with you.  
11 I come from Halfmoon; we've had a youth  
12 program for 13- and 14-year-olds for years --  
13 I mean, when I was supervisor 30 years ago.  
14 I agree with you, I think it's a tremendous  
15 start for youth, but we always paid minimum  
16 wage. That's why I wondered how you were  
17 doing that.

18 But it is true, and I look at minimum  
19 wage as that's the beginning of their career,  
20 as they're unskilled and learning the right  
21 things to do in the workplace. And, you  
22 know, that's why I see the \$9 going to \$15  
23 almost, to me, would preclude your program.

24 As you said earlier, you're looking to

1 see whether you can afford it now. Add that  
2 extra \$6 an hour onto that program, and I  
3 worry that programs that are so good will not  
4 be in existence anymore.

5 MAYOR SHEEHAN: Certainly if we had to  
6 pay that for 14- and 15-year-olds, it would  
7 be very difficult for us to continue to serve  
8 the number of children that we serve.

9 SENATOR MARCHIONE: Thanks. Thank  
10 you.

11 CHAIRWOMAN YOUNG: Thank you, Senator.

12 CHAIRMAN FARRELL: Thank you.

13 Any others? Thank you very much.

14 CHAIRWOMAN YOUNG: Thank you, Mayor.

15 MAYOR SHEEHAN: Thank you.

16 CHAIRMAN FARRELL: Next, the Honorable  
17 Lovely Warren, mayor of the City of  
18 Rochester.

19 CHAIRWOMAN YOUNG: Welcome, Mayor.

20 MAYOR WARREN: Thank you. Good  
21 evening.

22 CHAIRWOMAN YOUNG: It's so good to  
23 have you here.

24 MAYOR WARREN: Thank you for having

1 us. Ready to start?

2 CHAIRWOMAN YOUNG: Yes.

3 MAYOR WARREN: Chairwoman Young,  
4 Chairman Farrell, members of the Ways and  
5 Means and Finance Committees, Rochester's  
6 great Assemblyman Gantt, Majority Leader Joe  
7 Morelle, and other members of the Senate and  
8 Assembly, thank you for this opportunity to  
9 address the panel on behalf of the residents  
10 of the City of Rochester.

11 I'm joined here today with my budget  
12 director, Chris Wagner.

13 In our city, we are pressing on with  
14 our agenda to bring more jobs, safer streets,  
15 and better schools to every corner of  
16 Rochester. In order to do this, I'm asking  
17 the state to write a requirement that only  
18 affects the City of Rochester. So I'm  
19 keeping my testimony short and making just  
20 one request of the state today: Equity in  
21 municipal education funding to cities.

22 Specifically, in lieu of AIM  
23 increases, and to meet our state-mandated  
24 maintenance of effort to fund our school

1 district, I am asking for a \$30.9 million in  
2 municipal education funding as required by  
3 state law. This funding will be given to the  
4 city and allocated by the city directly to  
5 our school district for local educational  
6 priorities.

7 Rochester began planning for the 2016  
8 budget with an estimated \$41.2 million  
9 all-funds gap. Through fine tuning, some  
10 estimates, and making some preliminary  
11 decisions, including reductions to needed  
12 capital spending, we have narrowed that gap  
13 to \$28.2 million. This means we will have to  
14 make difficult choices when it comes to  
15 keeping the lights on and the doors open to  
16 important city services.

17 Unlike our sister cities upstate,  
18 Rochester does not receive adequate AIM  
19 funding to cover our contributions to our  
20 schools. In every other upstate city, the  
21 state aid exceeds the funding that they are  
22 mandated to provide to their schools.  
23 Buffalo receives \$91 million more in state  
24 aid than it is required to give to its school

1 district. Syracuse receives \$7.4 million  
2 more than it provides to its district.  
3 Rochester stands in stark contrast, receiving  
4 \$30.9 million less in state aid than we are  
5 required to give to our school district.

6 The bottom line, the state requires  
7 that Rochester gives 69 percent of its tax  
8 levy to its school district. That means that  
9 31 percent is left for critical city  
10 services, and, to be frank, it's just not  
11 fair.

12 A new funding stream called Municipal  
13 Education Funding will enable the city to  
14 maintain its commitment to fund the city's  
15 school district without cutting critical  
16 municipal services that the concentration of  
17 poverty in our city demands.

18 As you may know, the single biggest  
19 barrier our residents face is poverty. Among  
20 comparatively sized cities, Rochester is  
21 second in overall poverty and first in both  
22 childhood poverty and extreme poverty. The  
23 Rochester-Monroe Anti-Poverty Initiative has  
24 a goal to reduce poverty by 50 percent in 15



1 years. I fully support this goal, and as we  
2 work toward it, it will be important not to  
3 reduce critical municipal services to this  
4 same population.

5 The 2016-2017 Executive Budget  
6 includes programs and legislation proposed by  
7 the Governor that I believe would benefit all  
8 of our residents, but particularly our most  
9 vulnerable residents. The Clean Water  
10 Infrastructure and Pave-NY proposals offer  
11 much-needed funding for our city's  
12 infrastructure. The proposed minimum wage  
13 increase and paid family leave would uplift  
14 our families and improve access to good jobs.

15 But I will note that in the State of  
16 the State address, Governor Cuomo called for  
17 an increase in educational funding and plans  
18 to address failing schools, saying: "For  
19 generations of New Yorkers, education has  
20 been the ladder to climb out of poverty.  
21 Today, the need for that ladder is greater  
22 than it has ever been."

23 And that's true. Education is a key  
24 that unlocks all doors. So I remain

1 committed to working with all of you to  
2 provide high-quality educational  
3 opportunities to families in every corner of  
4 our city.

5 The requested \$30.9 million in  
6 Municipal Education Funding will come to the  
7 city, and we will send it directly to the  
8 classrooms and to the school districts for  
9 their educational priorities. By funding  
10 this educational mandate, you will free up  
11 much-needed tax dollars that the city can use  
12 for the other side of the classroom door.

13 The tax dollars will be used to fund  
14 libraries, recreation centers, hard-to-place  
15 workers, job training, youth intervention  
16 services, and infrastructure that we would  
17 need to support police body cameras.

18 I ask that you right this wrong that  
19 only affects the taxpayers in the City of  
20 Rochester and fully fund our request for  
21 Municipal Education Funding. By considering  
22 this one request, you have the opportunity to  
23 change the lives of 210,000 residents in the  
24 City of Rochester.

1                   Thank you for agreeing to hear my  
2                   testimony today, and I look forward to taking  
3                   any questions that you may have.

4                   CHAIRWOMAN YOUNG:   Assembly?  
5                   Questions?

6                   CHAIRMAN FARRELL:   Thank you very  
7                   much.

8                   Assemblyman Gantt.

9                   ASSEMBLYMAN GANTT:   Thank you very  
10                  much, Chairman.

11                  Mayor Warren, you talked about the  
12                  fact that there's a big difference between  
13                  what you receive from state government and  
14                  what other cities upstate receive. Can you  
15                  tell me how that happened? Or do you know  
16                  how that happened?

17                  MAYOR WARREN:   Mr. Assemblyman, in  
18                  2007 the state mandated that cities across  
19                  the state pay their school districts going  
20                  forward -- it's called the maintenance of  
21                  effort -- not one dollar less than they were  
22                  paying at that time. At that time, the City  
23                  of Rochester was paying our city school  
24                  district \$119.1 million. We have always

1 generously given to our school district, and  
2 it was at a time when we had the tax base to  
3 do so.

4 But as you know, Kodak and Xerox and  
5 Bausch & Lomb are not paying the city the  
6 taxes that they used to pay. And so when  
7 this was mandated in 2007, Rochester had to  
8 continue to pay \$119.1 million, even though  
9 our tax base had significantly begun to  
10 decline. At that point in time Buffalo was  
11 paying its school district, I think, about  
12 \$87 million or \$89 million; in Syracuse,  
13 about 73. And that mandate that you have,  
14 with this maintenance of effort -- the AIM  
15 aid that you give -- provided to those cities  
16 actually can be transferred or covers the  
17 costs that they have to pay to the school  
18 district.

19 For the City of Rochester, the AIM aid  
20 that we receive does not cover that cost that  
21 we have to pay to our school district. And  
22 so we're asking for this Municipal Education  
23 Funding to cover that.

24 ASSEMBLYMAN GANTT: Can you tell me

1           what your cost per student is -- or, no, let  
2           me go a different way. Can you tell me how  
3           many students Rochester had back when the  
4           maintenance of effort was in place?

5                   MAYOR WARREN: I'm sorry?

6                   ASSEMBLYMAN GANTT: Can you tell me  
7           what the number of students that Rochester  
8           had when the maintenance of effort was put in  
9           place?

10                   MAYOR WARREN: I'm sorry, I don't know  
11           that number.

12                   But I know that with the increase in  
13           the number of charter schools, that the  
14           significant enrollment in the city school  
15           district has declined.

16                   ASSEMBLYMAN GANTT: So -- but you  
17           don't know the total number.

18                   MAYOR WARREN: No, I do not.

19                   ASSEMBLYMAN GANTT: It's my  
20           understanding that at the time we did the  
21           maintenance of effort -- agreement of which I  
22           was not here when we voted on it, because I  
23           thought it was the wrong thing to do then,  
24           and I still think it was the wrong thing to

1 do -- however, I believe that it was  
2 somewhere around 32,000 students that we had.

3 Do you have any idea how many students  
4 we have today?

5 MAYOR WARREN: No, I think that we  
6 have about 26,000 that are enrolled in the  
7 city school district. But that does not mean  
8 that those students -- even though they have  
9 a decline in the city school district, many  
10 of those students are in other schools like  
11 charter schools or private schools.

12 ASSEMBLYMAN GANTT: Would you suggest  
13 to me that or suggest to this committee that  
14 maybe we ought to take a look at our cost per  
15 student and, even if the student is going to  
16 a charter school, in many cases they don't  
17 get the same amount of money for the charter  
18 student as they do for that student who may  
19 be there in the regular school?

20 MAYOR WARREN: Mr. Assemblyman, I  
21 would not advocate for a decrease in the  
22 amount of funding to -- I'm not here to  
23 advocate a decrease in the amount of funding  
24 to our schools. I'm just asking for the

1 state to equal the mandate that they put on  
2 the City of Rochester and provide us with the  
3 same amount of funding that we have to  
4 provide to our school districts as other  
5 cities have.

6 When you look at the City of Rochester  
7 and that 70 percent of our tax base is  
8 actually going to the school district,  
9 whereas in other cities that is not  
10 necessarily the case, then it creates a  
11 problem for our residents and only our  
12 residents alone. This is an issue that just  
13 impacts the City of Rochester.

14 ASSEMBLYMAN GANTT: I'm not suggesting  
15 that we necessarily ought to decrease the  
16 amount either. I'm simply talking -- I  
17 simply want to go to a different method,  
18 possibly. And that's to do it by the cost  
19 per student.

20 Because one of the things I quite  
21 often hear -- I heard the past superintendent  
22 talk about going out into the community and  
23 knocking on doors and getting students to go  
24 to class. In many cases, those students are

1 missing from class some 19 days before  
2 they're gone after. And I think there are a  
3 number of things we've done wrong, and I'm  
4 simply trying to get some way to correct  
5 that, on behalf of your administration and/or  
6 the school district.

7           You talked about Kodak and you talked  
8 about Bausch & Lomb and you talked about  
9 Gleason -- we can talk about Gleason's -- and  
10 I remember Arthur Eve saying to me, years  
11 ago, "The problem with you guys, you got too  
12 many jobs." And that was back when Buffalo  
13 was going through its downturn in the  
14 economy. And I'd like to see Arthur now,  
15 because I'd like to say the same thing to  
16 him. We're now going through that. Kodak at  
17 one time had probably 70,000 or 80,000 people  
18 there in the City of Rochester; now they've  
19 got less than 10, as I understand it.

20           So you've got an additional problem,  
21 plus they've taken down many of those  
22 facilities that's out there. So it's  
23 important that we understand that you need  
24 some major help that we ought to be giving



1           you. And I think we -- (cellphone  
2           interruption) -- as I said, I think we ought  
3           to be looking to them now to turn off my  
4           phone.

5                     So what are you saying, is there any  
6           other ways that we can try and help you?

7                     MAYOR WARREN: As I indicated, this  
8           would be the one request that we have, is  
9           that the state give us the \$30.9 million in  
10          Municipal Education Funding that would comply  
11          with -- unless the state changes the rules,  
12          the maintenance of effort -- that will  
13          comply with us being able to provide that  
14          money to the school district and that will  
15          free up the money that we need to provide for  
16          essential services in our city.

17                    ASSEMBLYMAN GANTT: And Mrs. Miner  
18          talked about the kids that worked during the  
19          summer, or young people -- I assume that most  
20          of them are young people. Do you have such a  
21          program?

22                    MAYOR WARREN: Yes, we have the Summer  
23          of Opportunity program where we have about  
24          900 young people that are working not only in

1 the City of Rochester, but also in private  
2 companies as well, to get a great experience  
3 during those summers. And they are paid a  
4 stipend.

5 ASSEMBLYMAN GANTT: They're paid a  
6 stipend? Or -- not minimum wage?

7 MAYOR WARREN: No, they are paid a  
8 stipend, and our interns are also paid a  
9 stipend, many of them. Our summer interns,  
10 college interns.

11 ASSEMBLYMAN GANTT: Are those summer  
12 programs funded by the state?

13 MAYOR WARREN: We have received some  
14 money from the state for those programs. And  
15 let me ask my budget director where -- I  
16 believe that we utilize some of our tax  
17 dollars for that program as well.

18 BUDGET DIR. WAGNER: The bulk of the  
19 funding comes from the state. While some of  
20 our youth workers earn the minimum wage,  
21 younger workers get a stipend, and it can be  
22 less than minimum wage.

23 ASSEMBLYMAN GANTT: One other question  
24 I'd like to ask is many of us have watched

1 the news and heard over the past few weeks  
2 about Flint, Michigan, and the water supply.  
3 I can remember -- I've been here long enough  
4 to remember that the state gave some monies  
5 to the City of Rochester and other cities to  
6 correct what they called the lead leads --  
7 that's the lead pipe that comes off the main  
8 and goes towards the property.

9 I'd like to know whether or not you  
10 know how much -- how many of those properties  
11 still have lead leads in them, since we had  
12 probably -- we had some of the same problems  
13 that Flint had with kids not learning, kids  
14 going to jail, and many of those things. And  
15 what I'm suggesting and what I think is that  
16 these kids may have the same problem that  
17 people in Flint may have.

18 MAYOR WARREN: I can assure you,  
19 Mr. Assemblyman, that the water in Rochester  
20 is very safe. Our water has been voted the  
21 best water in New York State for many, many  
22 years.

23 ASSEMBLYMAN GANTT: And you don't  
24 think the leads are doing anything to affect

1           our kids?

2                   MAYOR WARREN:  No, we actually have a

3           --

4                   ASSEMBLYMAN GANTT:  How do you know?

5                   MAYOR WARREN:  -- a very good water  
6           system for the people in the City of  
7           Rochester.  It comes from Canadice and  
8           Hemlock Lake.  It's on a gravity system, so  
9           we don't have a pump.  We continuously invest  
10          in our water system, and though we could  
11          always use additional dollars to invest in  
12          our infrastructure because of some of the old  
13          pipes that we have -- but as it pertains to  
14          the quality of the water, it is some of the  
15          -- it is the best water in the State of New  
16          York.

17                   ASSEMBLYMAN GANTT:  So you're telling  
18          me that we don't have any problems at all  
19          with lead in our system?

20                   MAYOR WARREN:  We have --

21                   MR. WARREN:  So we've actually  
22          replaced some of the lead services that  
23          you're talking about going from the --

24                   ASSEMBLYMAN GANTT:  I agree with you,

1 but those lead services were replaced in the  
2 neighborhoods that the poor doesn't live in,  
3 necessarily.

4 BUDGET DIR. WAGNER: Yes, so --

5 ASSEMBLYMAN GANTT: I remember the  
6 program.

7 BUDGET DIR. WAGNER: So we would need  
8 to look at and talk to our water department  
9 about it, you know, how many remain that we  
10 would look at replacing.

11 ASSEMBLYMAN GANTT: I'd like to have  
12 that -- I'd like to have that information,  
13 because I think there is a correlation  
14 between that and kids not learning and kids  
15 ending up in the penal institutions of the  
16 community.

17 MAYOR WARREN: I actually spoke to --

18 ASSEMBLYMAN GANTT: I think the state  
19 ought to fund that, but I think it ought to  
20 be done.

21 MAYOR WARREN: I spoke to our  
22 commissioner of DES about this issue, and he  
23 indicated to me on Monday that this is not a  
24 problem in the City of Rochester.

1 ASSEMBLYMAN GANTT: Okay. I'd still  
2 like to have the information.

3 MAYOR WARREN: I definitely will get  
4 it for you, sir.

5 ASSEMBLYMAN GANTT: Thank you very  
6 much.

7 Thank you, Mr. Chairman.

8 CHAIRMAN FARRELL: Thank you.

9 Assemblyman Morelle.

10 ASSEMBLYMAN MORELLE: Thank you very  
11 much, Mr. Chairman.

12 Your Honor, thank you for being here.

13 First let me start by thanking you for  
14 your partnership on the Monroe Anti-Poverty  
15 Initiative. It's been great to work with you  
16 on it, and I think we're finally making some  
17 progress, so I want to thank you for your  
18 leadership.

19 It's interesting, during the budget  
20 we're all subjected to countless numbers of  
21 statistics. And as you can imagine, everyone  
22 who appeals to us appeals to us on a set of  
23 metrics that they sort of come up with. But  
24 I do think -- and I do want to underscore

1           this, because I think you've identified it  
2           pretty well -- the three numbers here that  
3           you've suggested that relate to the  
4           relationship between the MOE, which was  
5           established in 2007 over the objections of a  
6           number of us, and the Aid to Municipalities  
7           for the dependent school districts, which  
8           Rochester is one -- that we're the only city,  
9           the only community whose AIM resources are  
10          significantly less than our requirement under  
11          the MOE.

12                        And as Mr. Gantt had suggested back in  
13          2007, the City of Rochester in a sense,  
14          depending on your perspective, was penalized  
15          because for perpetuity, or at least as long  
16          as this law will be in effect -- and so far  
17          that's been without change -- the City of  
18          Rochester's obligation to its dependent  
19          school districts is \$119 million.

20                        The City of Buffalo, which actually  
21          has more students -- it's a bigger city --  
22          only has to contribute \$70 million to its  
23          school district. At the same time, the City  
24          of Buffalo receives \$161 million or, as you

1 identify, essentially if you compare those  
2 two numbers -- I mean, \$90 million -- after  
3 the City of Buffalo takes in its AIM and pays  
4 out under the MOE, they end up with a  
5 difference of \$90 million to the good.

6 The City of Rochester, once it  
7 receives its AIM aid, has not only all of its  
8 AIM aid going back into its MOE, but has to  
9 come up with another \$31 million just to meet  
10 its obligation under the state law.

11 MAYOR WARREN: Yes.

12 ASSEMBLYMAN MORELLE: So, you know,  
13 again, we have metrics all over the place.  
14 That's a pretty significant one.

15 And my dear friend Crystal  
16 Peoples-Stokes is right here, so I have no  
17 objection to the City of Buffalo receiving  
18 its funding under AIM, or the decision they  
19 made relative to what their contribution  
20 ought to be to the city school district. But  
21 to have a disparity of that size is really  
22 unconscionable.

23 For the City of Rochester to  
24 essentially be held now accountable for not



1           only using all of its AIM money, but then  
2           having to come up with another \$30 million to  
3           meet an obligation that was set -- frankly, a  
4           penalty because we decided to invest a pretty  
5           significant amount of our resources into our  
6           young people. So that's good; I think we  
7           would probably -- and you would probably  
8           agree -- continue to do that.

9                     But obviously, whether we did it the  
10           way you've suggested or whether through  
11           AIM -- and I assume -- this is a really bad  
12           question, I apologize, but it's been a long  
13           day. But I wanted to make the point that I'm  
14           assuming that if the AIM aid went up, you  
15           would have no objection to that. I mean,  
16           you're looking for a vehicle in which the  
17           amount you receive from the state is at least  
18           equal to what your obligation is under the  
19           MOE. Is that correct?

20                    MAYOR WARREN: Yes, but we wanted to  
21           present to the state a specific issue that  
22           just impacts Rochester, that does not impact  
23           any other municipality in upstate New York.  
24           And that's the reason why we talked about

1 specifically the educational funding that our  
2 municipality has to provide to our school  
3 district.

4           However the state wants to provide the  
5 dollars to us, we would appreciate it.

6           ASSEMBLYMAN MORELLE: And as I  
7 understand it, too, you're not suggesting  
8 that you want to be relieved of your  
9 obligation under the MOE, that you're  
10 prepared to continue to make that  
11 contribution to the city school district, but  
12 you'd like the AIM aid or however -- or  
13 whatever other aid package to at least equal  
14 that obligation so that we're treated like  
15 the other upstate cities where they have,  
16 actually, effectively a surplus.

17           MAYOR WARREN: Yes.

18           ASSEMBLYMAN MORELLE: Thank you very  
19 much.

20           MAYOR WARREN: Thank you.

21           CHAIRMAN FARRELL: Thank you.

22           Senator? Thank you very -- oh, excuse  
23 me. Assemblyman Aubry.

24           ASSEMBLYMAN AUBRY: Mayor, how are

1           you?

2                   MAYOR WARREN: I'm good. How are you?

3                   ASSEMBLYMAN AUBRY: And it's just  
4           interesting, the conversation you had  
5           relative to potential lead in your water and  
6           where that is today. So were you -- were you  
7           indicating -- the question was, was there  
8           ever an issue of lead in the water in  
9           Syracuse in the past?

10                   MAYOR WARREN: And this is Rochester.

11                   ASSEMBLYMAN AUBRY: I mean Rochester.

12                   MAYOR WARREN: I believe that there  
13           was some lead piping that had to be removed  
14           and replaced, and the state was able to help  
15           us with replacing that lead piping. And what  
16           the Assemblyman wants to know is do we have  
17           any additional lead piping that is impacting  
18           our water.

19                   We have a water filtration system that  
20           really cleans the water and is a robust  
21           system that we utilize today. And I had a  
22           discussion with my DES commissioner about  
23           that, and he indicated that we do not have  
24           the problems as it pertains to lead that

1           would be a challenge to our community. We  
2           have the best-tasting water in New York  
3           State.

4                   ASSEMBLYMAN AUBRY: Right. And as --  
5           so at what point in time were you assured  
6           that the water was fine? Was there a date  
7           certain they said "We've finished this work,  
8           it no longer is a problem," and beyond that  
9           it may have been a problem? My point is it  
10          doesn't have to be mutually exclusive. You  
11          could have had a lead problem in the water --  
12          we see that things have happened recently in  
13          Flint, where at one point it wasn't, at one  
14          point it was -- and that the impact on  
15          children might go back some time relative to,  
16          you know, what they were receiving in the  
17          water system.

18                   And without testing or tracking it by  
19          time, one might not know whether or not it  
20          had that kind of impact relative to learning.  
21          Because we know that lead in the systems  
22          causes that; we see it all over the country.

23                   MAYOR WARREN: Yes.

24                   ASSEMBLYMAN AUBRY: So my question is,

1 is it --

2 MAYOR WARREN: Do we know the -- I  
3 could not give you the exact date when those  
4 pipes were changed and if at that point in  
5 time we had a problem with lead in our water.

6 I can tell you that the problem with  
7 lead in the City of Rochester has been  
8 because of lead paint that was in our homes.

9 ASSEMBLYMAN AUBRY: No --

10 MAYOR WARREN: And we have been  
11 working with our landlords, and we have a  
12 lead policy, one of the best policies in the  
13 State of New York, that deals with that  
14 issue, where we actually go in and, in order  
15 to get a certificate of occupancy for  
16 renters, they have to actually make sure that  
17 the lead is dealt with and the home is  
18 lead-safe. And we have been for a number of  
19 years, you know, enforcing that at a level  
20 that other municipalities have not been.

21 But specifically as it pertains to the  
22 water, I would have to get you that  
23 information about the date.

24 ASSEMBLYMAN AUBRY: And I'm not

1 suggesting that I need to look at it. But  
2 I'm only suggesting that there might be -- if  
3 there are connections, that they're worth  
4 looking at and knowing and that they're  
5 capable of being found out based on  
6 scientific investigation.

7 Because if there needs to be  
8 remediation for people who have had that kind  
9 of impact in their lives, you know, it's also  
10 something the state should bear the cost for.  
11 All in an attempt to help you resolve the  
12 issues that, you know, the city may be  
13 facing.

14 MAYOR WARREN: Thank you.

15 ASSEMBLYMAN AUBRY: You're welcome.

16 CHAIRMAN FARRELL: Thank you.

17 Further questions?

18 ASSEMBLYMAN GANTT: Just for your  
19 information, I happen to be a landlord in the  
20 City of Rochester. I can tell you they do a  
21 tremendous job in terms of the lead-paint  
22 stuff. They really do do a great job, and I  
23 think that's working.

24 I still have the question in my mind

1           about the lead leads that come into the  
2           house, and I'd still like to see whether or  
3           not we can get some dollars to double-check  
4           that one.

5                   MAYOR WARREN: We will get that  
6           information to you, Assemblyman.

7                   Thank you.

8                   CHAIRMAN FARRELL: Thank you very  
9           much. Thank you, Mayor.

10                   CHAIRWOMAN YOUNG: Thank you, Mayor.  
11           Thanks for being here.

12                   CHAIRMAN FARRELL: Next, the Honorable  
13           Mike Spano, mayor of the City of Yonkers.

14                   MAYOR SPANO: Let me say good evening.

15                   CHAIRMAN FARRELL: You came in first.  
16           You came in with us.

17                   MAYOR SPANO: Good evening, Senator  
18           Young, Chairwoman Young; Chairman Denny  
19           Farrell; Leader Stewart-Cousins;  
20           Assemblywoman Shelley Mayer and Assemblyman  
21           Gary Pretlow, my members of the Assembly; to  
22           all the friends that are here today.

23                   I'm going to actually deviate a little  
24           bit, because I know that the night has been

1 long for you. And what I'm going to try  
2 to do is go off script, give you my four  
3 priorities, and be able to open it up  
4 for questions. I think you've heard  
5 enough, and we probably don't need another  
6 scripted speech, at least at this point,  
7 because there's a lot happening.

8 Let me first start off by saying  
9 thank you. You know, the last two years,  
10 three years I came to you with the Yonkers  
11 Board of Education in crisis, a \$55  
12 million mistake, and a need for some  
13 type of action. And it was under the  
14 leadership of our great Governor, Andrew  
15 Cuomo, working with us, especially under  
16 the leadership of our local delegation,  
17 where we were able to put in place a  
18 two-year plan, a two-year plan that  
19 allowed for additional state resources,  
20 that allowed for the city to raise some  
21 of its resources, that allowed for the  
22 city to embark on a consolidation  
23 program between the Board of Education  
24 and the City of Yonkers, where we merged



1           six different departments within the  
2           City of Yonkers, saving the Board of  
3           Education close to \$10 million. And it  
4           has been going very well, and I think  
5           could be a model that could be used  
6           across the state. But certainly  
7           something that we're very happy about.

8                     Just to tell you a little about  
9           what I heard before, with the Mayor of  
10          Rochester, I like her plan, just so you  
11          know. That's going to give us about  
12          \$115 million in additional aid, so if  
13          that works for you guys, you won't have  
14          a problem with us.

15                    But just let me run into a couple  
16          of things here. The legislature is  
17          actually putting forth -- I'm sorry, the  
18          Governor in his proposed budget has put  
19          forth additional dollars for education,  
20          and that's a good thing. That's going  
21          to help us. You know, Yonkers is a  
22          school district that still has 16  
23          percent of its enrollment are children  
24          with disabilities. We have 12 percent

1 of our enrollment are children who  
2 limited English proficiency. We have  
3 been still suffering over the years of cuts  
4 that took back during the last recession.  
5 So as we move forward, we've been trying to  
6 restore programs. And we are still at one  
7 art teacher for every 623 students, one  
8 music teacher for every 744 students. We  
9 have a library ratio -- you'll like this  
10 one -- of 3,347 to 1. And guidance  
11 counselors, 787 to 1.

12           Despite this, the school district  
13 has a graduation rate last year of  
14 78 percent, the highest of the Big 5.  
15 That is a testament to the good hard  
16 work that the teachers do each and every  
17 year but, as you know, pales in  
18 comparison when you look at our  
19 neighbors. The neighbors of Scarsdale,  
20 Eastchester, and Bronxville are  
21 graduating at 97, 98, and 99 percent.

22           So whatever additional aid we can  
23 get to our schools to help us again  
24 continue the journey of restoring music,

1 art and the different programs that we have  
2 started to restore -- but not fully -- will  
3 certainly help us.

4 So again, I say thank you in  
5 advance, because I know that this body  
6 generally fights for additional aid to  
7 education.

8 The partnership. I know I heard a  
9 lot of people speak about AIM aid. AIM aid  
10 is critically important to us, especially  
11 in the City of Yonkers. When you look at  
12 the fact that our AIM aid has not been  
13 increased since 2009, it would be actually  
14 very good for us to have a 2 percent cap  
15 on that, where we would just get a 2  
16 percent increase. That would help us  
17 out, especially if you look at just in  
18 the past 10 years: Health insurance, up  
19 51 percent; workers' compensation, up  
20 160 percent; Employee Retirement System,  
21 up 66 percent; police and fire  
22 retirement, up 41 percent. These are  
23 very significant numbers. And when you  
24 look at what revenues we'll be able to

1 claim this year under the tax cap, we'll  
2 be able to claim about \$409,000.

3 So when I came into office, our  
4 union contracts were three years out. And  
5 so we have been solving contracts that are  
6 six years old. We've gotten most municipal  
7 contracts done, but it has cost us about  
8 \$30 million to do so. Again, we've been  
9 able to make it work, we've stayed within  
10 the property tax cap for the past four  
11 years. But it's been very, very difficult.

12 And when you have to cut at the city  
13 level, our cuts obviously hurt. Our cuts  
14 mean police officers, firefighters,  
15 teachers and so forth and so on. So if  
16 there's a push to increase AIM aid, I'm  
17 all for it, and I just would ask that  
18 you consider that.

19 The other two areas obviously are  
20 our aging infrastructure -- it's  
21 streets, it's bridges, but it's not just  
22 streets and bridges, we have to rebuild  
23 a firehouse this year. We have a  
24 firehouse that is just completely fallen

1           apart. It's the fire headquarters. We  
2           have to rebuild that this year. It's  
3           estimated to cost \$10 million.

4                     But if you look across the city,  
5           you look at our firehouses, you look at  
6           our precincts, you look at our city  
7           pool, you'll see that there's a  
8           tremendous amount of need for those  
9           infrastructures and for upgrades to  
10          those infrastructures.

11                    The last big ask I'm going to put  
12          forward is going to be to rebuild our  
13          schools. This is the one thing I really  
14          would like to just talk about a little bit.  
15          Yonkers has 39 schools. We have close to  
16          27,000 students in our school district.  
17          We are 4100 students over capacity. We  
18          have 4100 more students than what these  
19          39 schools can hold.

20                    Our schools, the average age of a  
21          school in Yonkers is 75 years old. We  
22          have two schools that are over 100 years  
23          old. Our children are being taught in  
24          converted basements and converted

1           gymnasiums. They're being taught in  
2           auditoriums where they've taken the  
3           section out so they can put a wall up.  
4           There are areas of our district where  
5           the walls are crumbling, where the roofs  
6           are leaking. The City of Yonkers has an  
7           immediate need to start to rebuild the  
8           schools.

9                     You rebuilt Buffalo schools; that  
10           was smart, that was the right thing to do.  
11           You've started Phases 1 and maybe -- I'm  
12           assuming at least Phase 1 in Rochester and  
13           Syracuse. That was the right thing to do.  
14           The kids need these schools. We are now in  
15           a situation where Yonkers needs to rebuild  
16           its schools.

17                    People will say, But jeez, you're  
18           in Westchester County, how is it you  
19           can't rebuild your own schools? We are,  
20           in Yonkers, at 90 percent of our  
21           constitutional taxing authority. We  
22           have -- and we all know, we all have,  
23           you know, an income tax surcharge, we  
24           have a transfer tax, we have an income

1 tax, we have a higher sales tax, we have  
2 everything that you might want if you're  
3 trying to run the city. But we don't  
4 have the deep pockets that are needed to  
5 rebuild these schools and put our kids  
6 in a proper environment.

7 So what I'm going to be coming to  
8 you with this year is legislation, we're  
9 going to work with the delegation, we're  
10 going to work with the committees that  
11 would have this, to try and come up with a  
12 plan that will allow us to rebuild our  
13 schools over the next 13 years in four  
14 phases. Obviously it would take a  
15 significant push and help from the state.  
16 We're going to push for this at the local  
17 level and push for additional dollars  
18 from the local level as well, but it's  
19 not going to be easy.

20 But I think the time has come for  
21 us to rebuild these schools. This is  
22 really the legacy for our kids. And  
23 with your help, I anticipate that this  
24 will be done. Again, you've been

1 extremely helpful over the years in  
2 terms of economic aid, in terms of  
3 coming to our rescue when it's been  
4 needed. You've been just a great  
5 partner. This is the next step. We want  
6 to be able to rebuild our schools.  
7 Yonkers, as you know, if you watch "Show Me  
8 a Hero," the HBO special, they talked about  
9 desegregation in Yonkers schools. It was a  
10 lot to do with the quality of the schools  
11 and the fact that there not enough  
12 buildings on the east side of town. And we  
13 still are in the situation where we have  
14 old schools, where we have children of  
15 color from the west side being bused to  
16 schools that are 75 to 100 years old, and  
17 still not getting what they should or what  
18 they need.

19 So that's why I'm asking for your  
20 help and support on this, because I  
21 really think this is the next step if we  
22 want to free Yonkers of those problems.

23 With that, I'll just open it up  
24 for questions. And again, just thank



1           you.

2                   CHAIRMAN FARRELL: Thank you very  
3 much, Mr. Mayor.

4                   Assemblyman Magnarelli.

5                   ASSEMBLYMAN MAGNARELLI: I just want  
6 to say again, Mr. Mayor, thank you very  
7 much for being here and for waiting all  
8 this time again, too.

9                   My questions again revolve around  
10 AIM and all the other programs that the  
11 Governor has put into the budget for the  
12 last few years, and whether or not you feel  
13 that those programs are something you can  
14 take advantage of, or are you just simply  
15 pushing on the AIM side of things? Which I  
16 can understand.

17                   MAYOR SPANO: Let me first start off  
18 by just telling you who's with me: Andrew  
19 Lenney, who's the budget director; John  
20 Liszewski, who's the finance  
21 commissioner. So let me just -- because  
22 they might jump in.

23                   Many of the programs that the  
24 Governor has put forth are good

1 programs, they help us. But the  
2 numbers, the numbers that are there, the  
3 dollars that are available to us are not  
4 dollars that are rationed significant  
5 enough, at least in the big city world,  
6 to solve the problems. And so I think  
7 that the ideas are right, the approach  
8 is right; the dollars need to be  
9 increased for these programs to work for  
10 us.

11 ASSEMBLYMAN MAGNARELLI: Okay, thank  
12 you.

13 CHAIRMAN FARRELL: Senator?

14 SENATOR YOUNG: Thank you. And I  
15 want to give a special welcome to my former  
16 colleague in the State Assembly. It's been  
17 like Old Home Day in many ways, because  
18 some of our former colleagues from the  
19 Assembly and the Senate have been here. So  
20 I just want to say welcome to you, we're  
21 so glad to have you here to testify.

22 And at this point I would like to  
23 turn it over to Senator Andrea  
24 Stewart-Cousins.

1                   SENATOR STEWART-COUSINS: Thank you.

2 Thank you so much, Senator Young.

3                   Welcome. I know it's been a long  
4 day, and so I appreciate your condensing  
5 the presentation. And I know that  
6 Education Day is going to be tomorrow, so I  
7 suspect that we will hear very similar  
8 things from our superintendent. But I am  
9 glad that you brought up the need to  
10 rebuild the infrastructure in not only our  
11 bridges and roads, but also the schools.  
12 It's certainly something that our  
13 conference has been putting forward over  
14 the past couple of years. Especially as we  
15 get dollars into the state that are  
16 one-shots and we look at where we can put  
17 that money, clearly also investing in the  
18 infrastructure of our schools and our  
19 children's education makes a difference and  
20 means something.

21                   So I am looking forward to seeing  
22 whatever the proposal is. I think the  
23 reality is that Yonkers is in an  
24 incredibly difficult position, with

1           about 37 schools that need to be  
2           rebuilt. But quite frankly, throughout  
3           the state there is a need to start  
4           looking at where we're asking our  
5           children to learn so that they can  
6           actually be competitive in this global  
7           society. We have to really make sure that  
8           they have all that they need in order to  
9           get out there.

10                         So I'm hoping that not only will  
11           this make sense in terms of the Legislature  
12           putting forward, but again it causes a  
13           conversation which is a statewide  
14           conversation -- certainly within the  
15           district that I represent, and I'm so sure  
16           so many others -- of how are we going to  
17           help municipalities, especially in a tax  
18           cap world, to do just that type of  
19           rebuilding. So I'm looking forward to it.

20                         You did mention that there were  
21           47,000 students --

22                         MAYOR SPANO: No, no, 27,  
23           Senator.

24                         SENATOR STEWART-COUSINS: Did you

1 say 27? I'm sorry, because I thought I  
2 heard 47,000, and I was wondering where the  
3 other 20,000 came from. Okay.

4 (Laughter.)

5 SENATOR STEWART-COUSINS: I said, I  
6 know I've only been up here for a day and a  
7 half.

8 (Laughter.)

9 MAYOR SPANO: Sorry about that,  
10 Senator. You know, we're known to  
11 exaggerate that number a little bit, but I  
12 didn't want to exaggerate that much.

13 SENATOR STEWART-COUSINS: Yeah, I  
14 was going to say that's a big leap. So  
15 that was my question that I had.

16 But I also want to let you know that  
17 we in my conference have talked about this  
18 increase in AIM, because we understand that  
19 Aid to Municipalities is just that. And we  
20 understood also that during the recession  
21 it was frozen. But at this point we are  
22 moving along in terms of the economy of  
23 the state, and I think it's really time  
24 to start revisiting what we do for our

1           localities as it relates to AIM. So  
2           again, I'm looking forward to knowing  
3           more about the proposal and continuing  
4           to not -- you know, we did the bailouts  
5           and we did -- and I really want to thank  
6           my colleagues, too, for being as  
7           responsive, and obviously the Governor  
8           for what was a critical time in Yonkers  
9           where there was a \$55 million  
10          mathematical error that led to what would  
11          have been a terrible crisis. So I really  
12          want to thank my colleagues for responding  
13          so well.

14                    But I'm glad that you're being  
15          proactive and looking at the next level.

16                    MAYOR SPANO: And Leader Cousins,  
17          let me just start off by saying thank you  
18          to you, because you've been a great leader  
19          for us and you've stood up for us time and  
20          time again, and I don't know what we would  
21          have done in the last two years if we  
22          didn't have your leadership here. Thank  
23          you.

24                    SENATOR STEWART-COUSINS: It's a

1 pleasure.

2 CHAIRMAN FARRELL: Assemblyman  
3 Pretlow.

4 ASSEMBLYMAN PRETLOW: Mr. Mayor,  
5 welcome back to Albany. I know you spent  
6 many a year here, off and on.

7 Before I start, I want to give you  
8 congratulations on an excellent job of snow  
9 removal in the City of Yonkers on Sunday.  
10 I happened to find myself by the St. John's  
11 Hospital hill, and I know you know it well,  
12 and it's a dangerous road anytime. And it  
13 was perfectly done, and I was impressed.

14 A few years ago I had asked you if  
15 you felt like Sisyphus. You remember that?

16 MAYOR SPANO: Yes.

17 ASSEMBLYMAN PRETLOW: And I think  
18 from your testimony today, you've finally  
19 gotten that stone over the hill. The curse  
20 has been lifted, and I think Yonkers is on  
21 the way to greater things.

22 I think that, you know, the  
23 leadership that you've been providing in  
24 operating under the constraints that the

1 city and most cities have been required to  
2 operate under has worked out. You know, I  
3 mean I've sat on this panel for at least  
4 20 years, and every year speaking to your  
5 predecessors as well as you, it was always:  
6 Next year we're going to be great, if X  
7 will just happen, we'll be great, if we get  
8 this, we'll be great, bail us out, bail us  
9 out. And, you know, looking through your  
10 testimony, you're not asking for a bailout  
11 this year. You're asking for capital,  
12 you're asking to help get the  
13 infrastructure together, and that's  
14 something that's usually doable. That's  
15 long term, that's not repeating. And I  
16 think that, you know, because of, you know,  
17 management of the city and getting, you  
18 know, your contracts and things in order,  
19 that it is happening. So I think that's  
20 good.

21 I just want to focus, though, on the  
22 Board of Education. Now, we did some  
23 financial things last year to increase  
24 dollars to education. We have the sales



1 tax, maybe half a percent or a quarter of a  
2 percent of sales tax that's supposed to go  
3 directly to education. The estimates were  
4 a certain number. How on target are we  
5 with those numbers?

6 BUDGET DIR. LENNEY: We're on target  
7 for the half-percent sales tax that's  
8 dedicated for education. It's  
9 \$11.4 million.

10 ASSEMBLYMAN PRETLOW: So we're on  
11 target, so I can expect to see an  
12 additional \$11.4 million going to education  
13 in the next year?

14 BUDGET DIR. LENNEY: I'm talking  
15 about in the current year we're on target.

16 ASSEMBLYMAN PRETLOW: Well, the tax  
17 just kicked in in December, you're six  
18 months -- your fiscal year is in June;  
19 right?

20 BUDGET DIR. LENNEY: Yes.

21 ASSEMBLYMAN PRETLOW: So you've got  
22 to get six months out of it. So the total  
23 projection was I think \$14 million; half  
24 a year would be \$7 million. You're

1           telling me you can get \$14 million in  
2           six months?

3                    BUDGET DIR. LENNEY:  It was  
4           \$11.4 million, it was nine months.  It  
5           started in September.

6                    ASSEMBLYMAN PRETLOW:  Oh, September,  
7           okay.

8                    BUDGET DIR. LENNEY:  And the  
9           maintenance of effort, concurrent with  
10          that, was an \$11.4 million increase to the  
11          Board of Ed.  So in fiscal year 2016, we  
12          are on target.

13                   ASSEMBLYMAN PRETLOW:  Okay, sounds  
14          good.

15                    Mr. Mayor, you know, I've never  
16          believed in the way that the  
17          administrations, all of them, have always  
18          phrased the Yonkers budget as city side  
19          versus school side.  I've always said  
20          Yonkers has one budget.  But through all  
21          the years, I've always heard about the  
22          school side was always out of whack and the  
23          city side was in great shape.  And the same  
24          taxpayers, same dollars, same

1 everything.

2 Right now, is there a proposed  
3 shortage in what you would term the Board  
4 of Education budget?

5 MAYOR SPANO: Based on the  
6 Governor's numbers, we're about 7 million,  
7 if you want to stay status quo. So 7  
8 million short if you want to be status quo  
9 to last year. Which is, in a \$550 million  
10 budget, it's --

11 ASSEMBLYMAN PRETLOW: You said  
12 \$7 million? Not \$70 million, like the last  
13 year, and not \$110 million?

14 MAYOR SPANO: Seven.

15 ASSEMBLYMAN PRETLOW: Seven?

16 MAYOR SPANO: Yeah. Now, now --  
17 now, just a minute. I like painting the  
18 rosy picture, but I'd also like to point  
19 out -- if you don't mind, I just want to  
20 point out something too.

21 While I think we've done a lot  
22 better, our bond rating's going up, we're  
23 managing within our finances, we're also  
24 using a bunch of tools that have helped us,

1           you know. For instance, the pension  
2           smoothing -- just trying to think of what  
3           the others were. Pension smoothing and the  
4           bonding for certiorari and the use of our  
5           surplus has kept us there as well. Which  
6           is not the greatest thing in the world, but  
7           certainly what the city has used before,  
8           and we've continued that.

9                     But we'd like to start to move away  
10           from that in time, because I think that  
11           would really help us out.

12                    But on the overall budget -- I'm  
13           sorry, if you go just to the education  
14           side, we're 7 million for status quo.  
15           Dr. Quezada will come here tomorrow, the  
16           superintendent of our schools, will  
17           probably talk to you about additional  
18           things or additional areas that he would  
19           like to inject some money into, like  
20           special ed or English proficiency, where he  
21           feels that he can bring us even further  
22           along in terms of having the school  
23           district that we all envision we want.

24                    So you'll probably -- so before you

1 think there's two different numbers,  
2 there's not. He'll tell you that. But  
3 he's also going to point out -- which is  
4 what the delegation has asked for -- you  
5 know, point out what are some additional  
6 dollars you need and what would you use  
7 them for and how would the city use those  
8 dollars. And that's --

9 ASSEMBLYMAN PRETLOW: So everything  
10 stays exactly the way it is, you're  
11 7 million short, but the new superintendent  
12 is probably going to ask for more music  
13 teachers and art teachers and  
14 infrastructure repairs and things of that  
15 nature, so he will be looking for an  
16 additional X million dollars.

17 But as far as the city functioning  
18 and the school district moving on, we're  
19 not going to have a crisis as we've had in  
20 the past several years.

21 MAYOR SPANO: No. And that's  
22 because of the partnership we have. And I  
23 want to say thank you.

24 ASSEMBLYMAN PRETLOW: Thank you.

1 Thank you.

2 CHAIRMAN FARRELL: Thank you. Any  
3 other Senators?

4 SENATOR YOUNG: No Senate questions.

5 CHAIRMAN FARRELL: Thank you very  
6 much, Mr. Mayor.

7 SENATOR YOUNG: Thank you,  
8 Mr. Mayor --

9 (Cross-talk.)

10 CHAIRMAN FARRELL: Oh, yes, sorry,  
11 Shelley. I'll wake up. Shelley Mayer.

12 ASSEMBLYWOMAN MAYER: Thank you.  
13 Thank you, Mr. Chairman. It's a long day.

14 Thank you, Mayor. I do want to  
15 commend you on the snow removal. I do  
16 think, you know, under incredibly difficult  
17 circumstances, this was the best Yonkers  
18 has done.

19 And I would commend you also on  
20 having the snow emergency and prohibiting  
21 street traffic. I think it was a very wise  
22 decision, and it led to us being able to  
23 come back. Although leaving the schools  
24 closed on Monday was unfortunate.

1                   MAYOR SPANO: Yeah. Thank you,  
2                   Assemblywoman.

3                   ASSEMBLYWOMAN MAYER: I have a  
4                   question. Last year, in addition to the  
5                   sales tax, the dedicated half-percent sales  
6                   tax we got for education -- which I think  
7                   was unique in sales tax history, and I  
8                   appreciate the partnership we had on  
9                   that -- we also got a hotel occupancy tax  
10                  that you had wanted for a long time.

11                  What is projected revenue for the  
12                  City of Yonkers hotel occupancy tax?

13                  BUDGET DIR. LENNEY: Six to \$700,000  
14                  this fiscal year. And it was also a short  
15                  year, so it was started in September.

16                  ASSEMBLYWOMAN MAYER: What's the  
17                  full-year projection for it?

18                  BUDGET DIR. LENNEY: Probably closer  
19                  to eight, eight to 900,000.

20                  ASSEMBLYWOMAN MAYER: And are we on  
21                  target on that?

22                  BUDGET DIR. LENNEY: Well, we  
23                  actually did not -- it came after the  
24                  budget was released. And it's going to

1 fall to fund balance. But we are on target  
2 for our projections in our multiyear plan,  
3 yes.

4 ASSEMBLYWOMAN MAYER: Okay.  
5 Secondly, in terms of infrastructure,  
6 non-school infrastructure that you  
7 mentioned in your testimony, do you have a  
8 projected dollar number that you're -- not  
9 a wish list, but, you know, a realistic  
10 number that you're thinking of that you  
11 would seek for capital infrastructure?

12 MAYOR SPANO: I don't want to say  
13 something that would sound at all  
14 disrespectful. It's kind of limitless.

15 (Laughter.)

16 ASSEMBLYWOMAN MAYER: I know that.  
17 I'm asking for a limit.

18 MAYOR SPANO: But I will tell you  
19 this. We have an immediate need to build a  
20 firehouse. We put it out to what they call  
21 an RFP just a couple of weeks ago. We  
22 project it to about \$10 million.

23 And so what we've done, because the  
24 firehouse had fallen into such disrepair --



1 previous administrations had planned on  
2 closing it, so no one put money into it,  
3 the facade started falling away. We were  
4 afraid about what could happen to the  
5 firefighters; we moved them out and put  
6 them in another firehouse. They're kind of  
7 crammed in. So we have to build another  
8 firehouse pretty quickly.

9 And so, yeah, I think that would be  
10 our immediate need, is a firehouse. And we  
11 are going to move forward with that locally  
12 even though it's going to be a strain, but  
13 we'll probably bond the money and move  
14 forward with it. But any additional help  
15 we can get from Albany here, the State  
16 Capitol, would help us out tremendously.

17 ASSEMBLYWOMAN MAYER: Well, if you  
18 could share the projected costs of the  
19 replacement of the firehouse. And also if  
20 I know your capital budget anticipated  
21 shortfall in numerical -- in a chart, that  
22 would be helpful.

23 MAYOR SPANO: Okay.

24 ASSEMBLYWOMAN MAYER: Lastly, on the

1 rebuilding of the schools project, which I  
2 know we're going to get briefed on later  
3 this week, and so I don't know the answer  
4 to this, within that proposal is there a  
5 portion of the capital costs that's going  
6 to be borne by the City of Yonkers?

7 MAYOR SPANO: Yes, there is.

8 And what we were asking for, our  
9 numbers are similar to what Rochester,  
10 Buffalo and Syracuse are paying. We know  
11 that that may not pan out. We're willing  
12 to have a discussion. We're willing to put  
13 what we can into it. But we're realistic  
14 to the fact that, you know, even if -- at  
15 90 percent of our taxing limit -- and I  
16 realize that those dollars are exempt, but  
17 we're still there -- that if we were to put  
18 under today's number, today's number would  
19 be about \$600 million to the local property  
20 taxpayer, which would be pretty near  
21 impossible for the taxpayers to afford.

22 So I think there's a political will  
23 to rebuild the schools, but the dollars are  
24 not there. And because we're in

1 Westchester County, I think that there's a  
2 belief that Yonkers is this wealthy  
3 community. And while we're doing much  
4 better than we've done in the past and we  
5 seem to be moving up and economic  
6 development is happening, we're still --  
7 you know, our expenses are still exceeding  
8 our revenues by this much (gesturing).  
9 It's beyond anybody's control.

10 But like I said, I like to see the  
11 glass as half-full. We're getting there,  
12 and we're just going to keep on fighting.  
13 But anything that we can get in terms of  
14 additional state aid to help us close that  
15 gap will be something that I think will  
16 make it real or make happen. If it's based  
17 on today's formula, those schools will not  
18 get built because the local property  
19 taxpayers don't have the money to do it.  
20 But if the State of New York is able to be  
21 a little more creative with us in terms of  
22 how we can finance this and do this over  
23 the next decade, I think it's realistic it  
24 can happen.

1 ASSEMBLYWOMAN MAYER: And last  
2 question, I know certainly since I've been  
3 here, Yonkers has stayed under the property  
4 tax cap. This year the cap is so low that  
5 it's very much a challenge for all  
6 municipalities, and it's going to be a huge  
7 challenge for Yonkers. And I know you're  
8 not at the budget yet, but is it your  
9 anticipation you can stay under the tax  
10 cap?

11 MAYOR SPANO: Yes, it is.

12 ASSEMBLYWOMAN MAYER: Okay, that's  
13 it.

14 MAYOR SPANO: It's going to be hard,  
15 I get it. But we committed to that and  
16 we're going to stick with it.

17 ASSEMBLYWOMAN MAYER: Thank you.  
18 Thank you, Mayor. Thank you, Mr. Chairman.

19 CHAIRMAN FARRELL: Thank you very  
20 much.

21 SENATOR YOUNG: Thank you,  
22 Mr. Mayor.

23 SENATOR KRUEGER: Thank you.

24 MAYOR SPANO: Thank you, members of

1 the Legislature.

2 CHAIRMAN FARRELL: The Honorable  
3 Stephanie Miner, mayor of the City of  
4 Syracuse.

5 MAYOR MINER: Thank you, Chairman  
6 Farrell. I also want to thank you,  
7 Senator Young, for welcoming me here  
8 tonight -- although I didn't anticipate  
9 saying "tonight" when I arrived. But I do  
10 want to genuinely thank you for this  
11 opportunity to come and talk to you today.

12 And I want to say, first off, that  
13 having had the opportunity to hear all of my  
14 fellow mayors, that I join in most if not all  
15 of everything that they talked to you about  
16 today.

17 I'd like to take a moment to offer  
18 some different thoughts than they did, and  
19 some thoughts about the state of our  
20 democracy here in New York, with a  
21 particular emphasis on the growing  
22 disconnect between the general public and  
23 the political class and what that growing  
24 disconnect means for our ability to govern

1 and, yes, budget effectively, which after  
2 all is just setting priorities.

3 Our state's recent past, and  
4 especially this past year, has been notably  
5 marked by a dark storm cloud of public  
6 corruption and self-dealing, and this cloud  
7 darkens the door of every elected official,  
8 the honest and the dishonest, the state and  
9 the local officials, cheapening public  
10 service and discouraging good people from  
11 entering into politics. And as that  
12 cloud's shadow grows, it helps feed a  
13 corrosive sense of "us versus them" that  
14 drives down voter participation, stifles  
15 growth and people's sense of equitable  
16 public policy. Corruption, in a word, is  
17 toxic to democracy.

18 And sadly, even as the appalling  
19 toll of that storm's damage to both  
20 individuals and institutions continues to  
21 mount, its fundamental root causes remain  
22 unaddressed. And one of those root causes  
23 is the insidious role that money currently  
24 plays in our state's politics.

1           Because of the "LLC loophole" and  
2           other chasms in our campaign finance laws,  
3           we have a system where an individual or a  
4           corporation can pour virtually unlimited  
5           amounts of money into candidates and causes  
6           and do so in a way that effectively masks the  
7           true identity of the contributor. I have  
8           taken the step of voluntarily refusing to  
9           accept contributions from LLCs, and I would  
10          urge you to take action to eliminate that  
11          loophole statutorily.

12           Another root cause is the barriers  
13          that have been erected to prevent greater  
14          voter participation. If voter  
15          participation rates are an indication of  
16          the body politic's health, then we have a  
17          grave illness that needs our attention. In  
18          the 2014 elections, less than one-third of  
19          New York State's eligible voting population  
20          participated. We can and must do better.

21           And to that end, I urge you to look at  
22          three proposals that have been proven to  
23          increase participation rates.

24           First, to allow a 20-day early voting

1 period, as exists in 37 states in our  
2 country.

3 Second, to allow "no excuse"  
4 permanent absentee voting. Currently,  
5 there are 27 states that permit this type  
6 of absentee voting, which allows eligible  
7 voters to request a ballot that can  
8 submitted by mail without mandating the  
9 voter declare a reason. This reform is a  
10 steppingstone to explore a vote-by-mail  
11 policy that has been implemented with great  
12 success in Washington, Oregon, and  
13 Colorado.

14 And third, as Oregon has recently  
15 done, enact universal voter registration,  
16 whereby individuals are automatically  
17 registered to vote at 18 unless they choose  
18 to opt out. This groundbreaking proposal  
19 will almost certainly boost Oregon's  
20 best-in-the nation turnout rates that  
21 exceed 80 percent in presidential years. I  
22 say that to you again: 80 percent in  
23 presidential years. Imagine what our  
24 democracy would look like here in New York if



1 we could reach those voters.

2 It is worth noting that voter  
3 participation is closely tied to  
4 demographics. Racial and ethnic  
5 minorities, the young and the poor, have  
6 the lowest participation rates -- and,  
7 ironically, are most impacted by government  
8 policies. And as a result, some of our  
9 most vulnerable populations are left with a  
10 diminished voice in their government.

11 In Syracuse, we live this. As  
12 you've heard, many of the mayors before me  
13 talked about their overwhelming poverty  
14 rates. Our numbers are stark. We have one  
15 of the highest poverty rates in the  
16 United States, exceeding 35 percent. And  
17 we have the highest level of poverty  
18 concentrations among blacks and Hispanics  
19 in the 100 largest metropolitan areas. The  
20 Syracuse City School District has the  
21 fourth highest poverty rate in New York  
22 State, with more than three-quarters of the  
23 students qualifying for free lunch.

24 If we are going to replace poverty

1 with true opportunity, New York State must  
2 stand up for these children from birth  
3 through college. It begins with prenatal  
4 and early childhood home visits by nurses  
5 and family outreach workers, as I heard  
6 today was asked of Mayor de Blasio to  
7 commit to Nurse-Family Partnerships. These  
8 programs and others show that we can  
9 improve high school graduation rates, the  
10 health of students and families. We need  
11 to make sure that quality, affordable  
12 childcare is available to every family who  
13 needs it, and New York State needs to  
14 fulfill its promise to provide every  
15 4-year-old with access to full-day  
16 prekindergarten.

17           Based on the Campaign for Fiscal  
18 Equity court ruling, New York State was  
19 ordered to pay our neediest schools more.  
20 And under the ruling, the state currently  
21 owes New York State schools \$4.8 billion.  
22 And of this, the Syracuse schools alone are  
23 owed \$63 million. Our students need and  
24 deserve this smart investment.

1           New York can afford to invest in  
2           creating opportunities for all children to  
3           make sure that they succeed from birth  
4           through college, and we must do that.

5           Another topic I'd like to address in  
6           general terms is our approach to economic  
7           development. I say "our" in the sense that  
8           economic development is often a  
9           collaborative process between various  
10          private entities and levels of government,  
11          each with its own set of tools.

12          My concern is that our current  
13          approach to economic development is  
14          uncoordinated and essentially a  
15          "trickle-down," relying too heavily on big  
16          tax breaks for big developers in exchange  
17          for promises of dubious benefits for  
18          taxpayers that often don't pan out.

19          Earlier you heard me speak of the  
20          corrosive effect of corruption, and I would  
21          argue that trickle-down economic  
22          development also plays a role in  
23          undermining people's faith in government. At  
24          a time when income inequality and economic

1           insecurity is palpable for many New Yorkers,  
2           including Syracuseans, we continue to pursue a  
3           failed top-down strategy that only exacerbate  
4           the problem.

5                         We need to begin to rethink our  
6           approach to place emphasis on economic  
7           development that serves the public good,  
8           where taxpayers can see and feel a real  
9           return on the investment of their tax  
10          dollars, and gives people a true sense of  
11          opportunity.

12                        One of those places, as you've heard  
13          me speak before about, is infrastructure.  
14          You've heard many of the mayors speak about  
15          infrastructure. It is vital to the core  
16          mission of government, and it transcends  
17          political parties. The signs of a  
18          functioning government to the average  
19          citizen are paved roads and clean waters,  
20          and the ability for trash to be collected.  
21          And as New Yorkers, we have a history of  
22          understanding that investing in  
23          infrastructure spurs economic growth for  
24          everyone.

1           A Federal Reserve study found that  
2           infrastructure expenditures have a huge  
3           multiplier effect, and every dollar yielded  
4           an outcome of more than \$2.

5           Competing needs for operations and  
6           infrastructure are putting local  
7           governments at a breaking point. And we  
8           have seen that and you have heard that  
9           firsthand from many of the other mayors who  
10          have spoken to you today.

11          There is little question that local  
12          governments are in desperate need of  
13          partners to ensure that the infrastructure  
14          we were once so proud of is fixed, updated,  
15          and maintained. We only need to turn on  
16          the television or read the newspaper to see  
17          the dangers of ignoring critical  
18          infrastructure. This is playing out  
19          tragically before our eyes in Flint,  
20          Michigan; we saw it in Troy; we are  
21          learning about it in Hoosick Falls as well.

22          One would be hard-pressed to find a  
23          greater cautionary tale of the toll that  
24          budget neglect can wreak on a community. What

1 is happening across the country is a stunning  
2 indictment of the "Age of Deferred  
3 Maintenance" and its disproportionate  
4 impacts on communities of color.

5 I urge you to do everything in your  
6 power to ensure that the necessary  
7 investments are made to help ensure that no  
8 New York community suffers the same fate.

9 Thank you for allowing me the time  
10 and the opportunity to testify before you  
11 today, and I look forward to working with  
12 you to make sure the promise of opportunity  
13 is attainable for all New Yorkers.

14 Thank you.

15 CHAIRWOMAN YOUNG: Thank you.

16 CHAIRMAN FARRELL: Thank you very  
17 much. Any questions?

18 Mr. Magnarelli.

19 ASSEMBLYMAN MAGNARELLI: Yes.

20 Mayor, thank you for waiting.

21 MAYOR MINER: It's my job,  
22 Assemblyman.

23 ASSEMBLYMAN MAGNARELLI: Mine too.

24 It's been a long day.

1           Again, I've been reading some of the  
2 things that you've just said and also your  
3 comments I think in the Times Union. I'm  
4 not sure if I got that one right or not;  
5 there have been a lot of things I've been  
6 reading lately.

7           But the idea that we can -- I guess  
8 I don't see the plan. That's what I want  
9 to ask you. I don't disagree with you in  
10 terms of the things that you have set forth  
11 here and that we should be striving to  
12 do -- all of them. There isn't anything  
13 that I disagree with.

14           On the other hand, the amounts of  
15 money that it would take to do those things  
16 across New York State are a lot more than  
17 increasing taxes by 1 percent on the rich.  
18 It would be humongous amounts of money.

19           So all I guess I'm saying is I  
20 understand what you're saying -- so this is  
21 kind of a statement to at least say to you  
22 "I hear what you're saying." I think it's  
23 very important that we get into these issues  
24 and that they're talked about. But at the

1 same time, I've got to deal with the budget  
2 for this year for New York State, for the  
3 cities across New York State, and how do I  
4 deal with that?

5 So I'm going to ask you, just for  
6 Syracuse now, the same questions that I've  
7 asked basically every other mayor that's  
8 come up here. Is AIM enough? And how do  
9 the other programs that the Governor has  
10 put in place, how do they work? And with  
11 Syracuse, because of the report that came  
12 out also, some of the things that he has  
13 been -- the consensus report, I'm alluding  
14 to -- some of the things that the  
15 Governor's programs put in place would help  
16 that.

17 So with that in mind -- I know this  
18 is kind of a rambling question, but I hope  
19 I'm getting my point across --

20 MAYOR MINER: You are.

21 ASSEMBLYMAN MAGNARELLI: -- what do  
22 you think?

23 MAYOR MINER: AIM is not enough, as  
24 you've heard each of the mayors say, the



1 mayor of New York City, AIM is not enough.  
2 It's been flat. And we have seen our  
3 pension costs, some go up, they're starting  
4 to ratchet down for us here in Syracuse.  
5 But as we see the market underperform, we  
6 worry that in December, you know, the  
7 pension costs are going to go up again.  
8 Healthcare goes up. Binding interest  
9 arbitration awards come down from police  
10 and fire, and they really hamstring us.

11 So we are dealing with a situation  
12 where our revenues are flat, and yet our  
13 expenses continue to grow in large leaps  
14 and bounds.

15 I would tell you that in terms --  
16 every budget, having to do Syracuse's  
17 budget as mayor during very challenging  
18 times for the last seven years, I  
19 understand it's about setting priorities.  
20 And there are lots of needs and not enough  
21 resources. But I would share with you that  
22 the more we ignore infrastructure, the more  
23 we ignore the kind of pernicious effects that  
24 poverty is having on the people of this

1 state, we will no longer be seen as a place  
2 of opportunity.

3 One out of every two children born  
4 in the City of Syracuse, the City of  
5 Rochester, the City of Buffalo, is born  
6 into poverty. And because of the programs  
7 that have been systematically and quietly  
8 eliminated by the federal government and  
9 some by the states, those children and  
10 those families will not have an opportunity  
11 to escape poverty. And they will become  
12 burdens for our criminal justice system,  
13 for our social services system. But most  
14 importantly, all of us I think who are in  
15 public service, we believe that those  
16 children and families can be an asset to  
17 our economy.

18 And until we start looking at  
19 economic development in a way that includes  
20 everyone and doesn't just depend on giving  
21 tax breaks, we're going to continue to see  
22 the futures of those families and children  
23 across our state -- and obviously I'm very  
24 concerned about Syracuse in particular --

1 continue to grow.

2 When you look at what the Governor  
3 admirably did in his State of the State and  
4 budget proposal talking about the poverty  
5 initiatives, but you look at that map of  
6 where those numbers are, that, I think, is  
7 a telling sign that we need to approach  
8 economic development differently. That we  
9 have that many children, that many people  
10 in our state living in those kind of  
11 circumstances.

12 ASSEMBLYMAN MAGNARELLI: Now I'm  
13 going to just make one more statement to  
14 you, okay? As a friend, which we have been  
15 for many, many years, we disagree on some  
16 things. And my concerns are that we create  
17 jobs. So we'll continue to do that.

18 But I definitely want to thank you  
19 for your comments and your thoughtfulness  
20 in terms of putting these in the forefront  
21 of this committee and what we should be  
22 looking at when we're looking at a budget.  
23 Thank you very much for being here.

24 MAYOR MINER: And, Assemblyman

1 Magnarelli, I appreciate your comments.

2 And I also want to take this  
3 opportunity to thank you for the support  
4 and the resources that you have given the  
5 City of Syracuse so we have been able to  
6 put them towards our planning for  
7 infrastructure. Thank you.

8 CHAIRMAN FARRELL: Thank you.

9 Senator?

10 CHAIRWOMAN YOUNG: Senator Krueger.

11 SENATOR KRUEGER: Hi. Thank you,  
12 Mayor Miner. I know it's late. So we  
13 haven't been friends for many years, but I  
14 find myself agreeing with you on almost  
15 everything every time you do come up to  
16 testify before us. So I want to thank you  
17 for your testimony and the globalness of  
18 your thinking as a city mayor.

19 And just to highlight, perhaps not a  
20 question, but pointing out, reinforcing  
21 what you were talking about with are we  
22 putting our money into infrastructure where  
23 we should be, are we putting our money into  
24 economic development that might not actually

1 gain us what we need, I just want to point  
2 out at the Transportation hearing last week,  
3 people came to testify about upstate rail,  
4 both passenger rail and mass transit and  
5 freight rail, and I asked both sets of  
6 testifiers were they eligible for state  
7 economic development money, and I was told  
8 no.

9 And I have to say, even if you have  
10 disagreements about the concept of what  
11 you're doing with economic development  
12 money, it's hard to believe that we in the  
13 State of New York spend so much money on  
14 economic development but we don't recognize  
15 that urban infrastructure and rail and mass  
16 transit north of Westchester is actually  
17 relevant to the future of the State of  
18 New York.

19 So I do just want to say thank you  
20 for staying so long, and not just speaking  
21 on behalf of the people of Syracuse, but I  
22 think the issues are there for the people  
23 all over New York State. Thank you.

24 MAYOR MINER: Thank you, Senator

1 Krueger. I just would like to -- I  
2 appreciate very much your comments, and  
3 just say that, as I have said here before,  
4 and you've opened the door, so I'm going to  
5 say it again, you know, the City of  
6 Syracuse was put on the map because of the  
7 Erie Canal, which is the first major piece  
8 of infrastructure that opened up the west  
9 and transformed our economy.

10 So infrastructure is part of our  
11 history, but it's also part of our history  
12 as a state. When you look at the MTA and  
13 the Tappan Zee Bridge and the Long Island  
14 Railroad and what -- you know, when you're  
15 looking at also what is going on with  
16 people talking about the quality of water  
17 across the country, and also drought, we in  
18 New York State are blessed with lots and  
19 lots of water. So water and water  
20 infrastructure is going to be a tool and a  
21 way to do real economic development. It's  
22 going to be the oil of the 21st century.  
23 And if we can take advantage of it, then we  
24 will be the beneficiaries. And when I say

1 "we," it will be all New Yorkers, not just  
2 a small segment of the lucky few.

3 SENATOR KRUEGER: Thank you.

4 Thank you, Senator.

5 SENATOR YOUNG: Thank you very much.

6 CHAIRMAN FARRELL: Further  
7 questions? Thank you very much.

8 MAYOR MINER: Thank you very much.  
9 Thank you.

10 CHAIRMAN FARRELL: Patrick Madden,  
11 mayor, City of Troy.

12 MAYOR MADDEN: Good evening,  
13 Chairman Farrell, Chairwoman Young,  
14 distinguished members of the Joint Senate  
15 and Assembly Budget Committee. Thank you  
16 for allowing me to speak this evening.

17 I know it's been a long day for you,  
18 so I'll be brief and I'll just skim through  
19 some of my written comments.

20 My name is Patrick Madden. I am the  
21 mayor of Troy. I believe I represent the  
22 smallest community to come before you  
23 today. I try to speak for all of them. And  
24 I'm sure I'm the newest member to come before

1           you today as well; I've been in office 26  
2           days now.

3                     And if you read the local papers or  
4           watch the local media, you already know  
5           that I'm here to speak in regard to the  
6           dire need for more investment in our aging  
7           municipality water infrastructure.

8                     Out of sight, out of mind is a good  
9           phrase to describe public awareness  
10          surrounding the issue of water  
11          infrastructure, an essential yet seemingly  
12          invisible component of not only economic  
13          prosperity but improved quality of life  
14          across our communities in upstate New York.

15                    As a brief background, Troy, also  
16          known as the Collar City, is a small city  
17          of 50,000 people located just a few short  
18          miles north of Albany. During the last  
19          five years, the City of Troy has  
20          experienced an incredible rebirth. Over  
21          100 new business and development projects  
22          have chosen Troy as their home. The New  
23          York Times recently called our city "the new  
24          Brooklyn." This renaissance has renewed the



1           promise of a bright future for the residents  
2           and businesses of the Collar City.

3                   Troy is also the principal supplier of  
4           treated water to nine nearby communities,  
5           representing approximately 135,000 customers  
6           in three counties. Each day, roughly 21  
7           million gallons of potable water is processed  
8           by the Troy Water Plant and distributed to  
9           our customers in surrounding municipalities.  
10          These towns and cities choose to receive  
11          their water from the City of Troy because of  
12          its high quality, our system's reliability,  
13          its rapid availability, and our cost. It is  
14          also one of the largest sources of revenue  
15          for our city.

16                   Just over one week ago, on Sunday,  
17          January 17th, I was informed of a major  
18          water main break in the Lansingburgh  
19          neighborhood of our city. Our city had  
20          experienced water main breaks in the past;  
21          all were quickly identified and isolated.  
22          However, this was not your average break. It  
23          was not like anything we had experienced  
24          before.

1                   Upon arriving on the scene, I was  
2 shocked at the magnitude of what I saw.  
3 Water sprayed six feet into the air from a  
4 massive crater which had torn open the  
5 street. Pieces of shale and shattered  
6 concrete were pushed by rapidly moving  
7 streams pouring down Fifth Avenue.

8                   The break was a result of a  
9 catastrophic failure of a 110-year-old  
10 33-inch water main, and it poured over  
11 8 million gallons of water into our streets  
12 before it could be shut off. Roads were  
13 closed, neighborhoods were flooded,  
14 businesses were closed. A state of  
15 emergency was declared.

16                   Thanks to the quick response of our  
17 public utilities crews, we were able to  
18 isolate the ruptured main, stop the flow of  
19 water, and restore service back to our  
20 city.

21                   The ramifications of this incident  
22 were quite significant. All communities  
23 served by our system were asked to  
24 voluntarily restrict water usage. Two

1 communities, the towns of Halfmoon and  
2 Waterford, because of their location on our  
3 system, were severely impacted. In an  
4 effort to keep a flow of water to their  
5 residents, schools were closed for two days  
6 and businesses were affected. We were  
7 fortunate that no hospitals or senior  
8 living facilities needed to be vacated.

9           The water main break was more than a  
10 mere inconvenience. It impacted commerce  
11 and could have had serious health and  
12 safety concerns. While final costs have  
13 yet to be calculated, there is no doubt  
14 that the cost of this event will negatively  
15 impact our city's services and our ability  
16 to make future infrastructure improvements.

17           Further, Troy's recent growth and  
18 economic gains could be at risk.  
19 Reliability of infrastructure is a key  
20 determinant of a business's decision to  
21 locate or grow. A failure to invest further  
22 in our aging water infrastructure system  
23 poses a risk not only to our quality of life,  
24 but also to our economic prosperity. Without

1 reliable sources of water, we may see a  
2 reduction in our upstate cities' ability to  
3 retain key partners who bring investments and  
4 jobs to legacy cities like Troy.

5           Approximately 145 miles of water lines  
6 run beneath the city of Troy. Some of these  
7 pipes date back to the 1860s. A recent  
8 estimate put replacement costs for these  
9 lines at approximately \$1 million per  
10 half-mile. While it is not necessary to  
11 replace all of the water lines running  
12 through our city, there are critical  
13 sections, such as the one that let go last  
14 week, whose age, size and importance keep  
15 us awake at night. The estimated cost to  
16 replace just the recently damaged water  
17 main is close to \$2.7 million. That covers  
18 just 3700 feet of supply line, a mere  
19 4/10ths of 1 percent of our distribution  
20 system.

21           It is important to stress that Troy is  
22 not alone in facing issues of aging water  
23 infrastructure. Cities across New York State  
24 are looking for avenues to address the very

1 same concerns. This is a statewide problem,  
2 and it requires a comprehensive approach from  
3 our local municipalities and state leaders to  
4 take these steps to ensure the future  
5 prosperity of small cities like Troy.

6 My administration has remained in  
7 constant contact with Governor Cuomo's  
8 office, and through additional help from  
9 our local elected representatives --  
10 Assemblyman McDonald, Senator Kathy  
11 Marchione -- we have continued to pursue  
12 financial assistance for these projects.  
13 The problem cannot be handled solely on a  
14 local level. Our upstate cities need this  
15 critical investment in the invisible  
16 network that exists beneath our feet.

17 To that end, I respectfully request  
18 the Senate and Assembly fully fund Governor  
19 Cuomo's proposal for \$250 million in  
20 increased water infrastructure funding in the  
21 2016-2017 budget. The stakes have never been  
22 higher for upstate communities like Troy.

23 Thank you for your time.

24 CHAIRMAN FARRELL: Thank you very

1 much.

2 Assemblyman McDonald.

3 ASSEMBLYMAN McDONALD: Thank you,  
4 Mr. Chairman.

5 And Mayor, welcome. You're much  
6 dryer now than the last time I saw you  
7 about a week and a half ago when we were  
8 standing over the grave of that broken  
9 pipe. And as I kind of kiddingly said, but  
10 it truly was a baptism into being a mayor  
11 by having about 8 million gallons of water  
12 going flowing out of your community.

13 You've kind of laid out -- I mean,  
14 if you look at the numbers, it's impossible  
15 to replace every water line in every  
16 community. I know you're only 26 days on  
17 the job right now. But have you gotten a  
18 sense from your department head or utility  
19 department, when you look at something like  
20 this, which was unexpected, how much more  
21 needs to be done? Do you have troubled areas  
22 right now? When you're budgeting a million  
23 dollars per half-mile, do you have areas that  
24 they know that probably were in worse shape

1 than what they got here?

2 This was an area that they said,

3 Well, maybe it could happen; maybe not.

4 Are there other areas you know that are

5 troubled that keep you awake at night?

6 Other than the other parts of the job that

7 keep you awake at night.

8 MAYOR MADDEN: Oddly enough, before

9 I came into office, about five weeks ago I

10 met with our director of our DPU, and he

11 indicated to me that this very line, the

12 one that ruptured, was the one that kept

13 him awake at night. As I indicated, it's

14 110 years old. It's riveted steel, very

15 difficult to repair, a very fragile line.

16 And lo and behold, three weeks into my

17 administration, it broke.

18 So that probably is the worst line.

19 But I will also note that the line that runs

20 from the reservoir to our water plant over

21 several miles is also a riveted steel line of

22 a similar age. We know that that needs to be

23 repaired. We have begun acquiring property

24 rights to do that project. We estimate that

1           that will cost, replacement of the line from  
2           the reservoir to the water plant will cost  
3           about \$40 million. That's on top of the  
4           roughly \$3 million it will take to replace  
5           this line that ruptured.

6                        ASSEMBLYMAN McDONALD: I know that  
7           you're here primarily to speak about the  
8           Water Infrastructure Grant Fund, which we  
9           appreciate. That's something I know all  
10          members of the Legislature supported last  
11          year, with the Governor. And Steve Otis,  
12          who's a former mayor, he and I approached  
13          our Speaker, who doubled down and said,  
14          "Let's go for \$200 million," which we were  
15          pleased about. And obviously we're going  
16          to advocate for even more this year. And  
17          we're glad that the Governor is supporting  
18          it.

19                       Same token, as you know, Mayor Sheehan  
20          from Albany was here a little while ago  
21          speaking about the issues in the City of  
22          Albany. It's been well chronicled that  
23          there's a draft order report from the  
24          Comptroller's Office on the overall fiscal



1 health of the City of Troy. And I know you  
2 really can't discuss it in great detail,  
3 but I think it should be known to all the  
4 entities that Troy is also in probably what  
5 I would consider a precarious financial  
6 state as well, which is consistent with  
7 many of our cities throughout the State of  
8 New York.

9 I don't know if you have any  
10 comments you'd like to make at this time or  
11 expand upon that, but now would be a good  
12 time if you chose to.

13 MAYOR MADDEN: Yes, Troy is in a  
14 very precarious fiscal state. The budget  
15 that I was given from the last council is  
16 structurally imbalanced, perhaps by as much  
17 as 2 or 3 percent at this point.

18 I am reviewing our internal operations  
19 at this point in time to look for the  
20 efficiencies that might close that gap a  
21 little. But it leaves us virtually no money  
22 to invest in infrastructure needs such as  
23 this.

24 Troy's financial problems are 20 or 30

1           years in the making. I'm not going to fix it  
2           in Year One. It's going to take some time to  
3           dig ourselves out of that hole. But, you  
4           know, I am confident that we can get there.  
5           I have assembled a terrific team with great  
6           municipal financial experience, and we will  
7           be developing a roadmap to move us out of  
8           this position. But it is going to take us  
9           some years, and we will need some assistance  
10          to get us there.

11                    ASSEMBLYMAN McDONALD: Thank you.

12           Thank you for being here.

13                    MAYOR MADDEN: Thank you.

14                    CHAIRMAN FARRELL: Thank you.

15                    Any further?

16                    SENATOR MARCHIONE: Yes, I do have.

17                    CHAIRMAN FARRELL: Senator?

18                    SENATOR KRUEGER: Senator Marchione.

19                    SENATOR MARCHIONE: Mayor, thanks for  
20           being here. You really have had a very  
21           eventful 26 days in office. And that's  
22           difficult, and I think you've done a very  
23           good job in meeting --

24                    MAYOR MADDEN: Thank you.

1                   SENATOR MARCHIONE:  -- the real  
2                   serious challenges that have come before  
3                   the City of Troy in just these 26 days.  So  
4                   hopefully things will get easier as time  
5                   goes on, because --

6                   MAYOR MADDEN:  I hope so.

7                   SENATOR MARCHIONE:  -- yeah -- as a  
8                   previous supervisor, I recognize what keeps  
9                   you up at night.  And that is absolutely  
10                  something that keeps you up at night.  
11                  Water is not -- as important as parks are,  
12                  water is not a park.  Water is something  
13                  that our residents absolutely need.  It's a  
14                  necessity to be able to turn on your  
15                  faucet, to be able to have water come out  
16                  to wash your children, to cook your food.  
17                  And I agree with you, this is critical in the  
18                  budget.

19                  I'm thrilled, I think it was one of  
20                  the times in the Governor's speech that  
21                  actually he received an applause from people  
22                  that were there, I believe it was relative to  
23                  these monies that are being put into the  
24                  budget.

1                   So certainly we are here to work  
2                   with you. As Local Government chair, this  
3                   is very important to me that these monies  
4                   stay in the budget and that they are  
5                   available for use in cities and towns  
6                   throughout New York State. So as one of  
7                   those Halfmoon residents that was on a  
8                   "don't use very much water," I absolutely  
9                   recognize the need to make sure that our  
10                  water lines are in good shape.

11                  So thank you so much for all you've  
12                  done in your short 26 days here, and I  
13                  certainly stand ready to assist you, as  
14                  what I said the other day, in any way that  
15                  you might feel the need.

16                  MAYOR MADDEN: Thank you, Senator. I  
17                  appreciate your help.

18                  CHAIRMAN FARRELL: Thank you.

19                  MAYOR MADDEN: Thank you.

20                  CHAIRMAN FARRELL: Thank you.

21                  Blair Horner, executive director, New  
22                  York --

23                  SENATOR KRUEGER: He's not here. He  
24                  had to leave.

1                   CHAIRMAN FARRELL: He had to leave?  
2                   He didn't have to leave. He didn't want  
3                   to --

4                   SENATOR KRUEGER: Fair enough. He  
5                   didn't have to leave, but I double-checked  
6                   and he has left.

7                   (Laughter; discussion off the  
8                   record.)

9                   CHAIRMAN FARRELL: Steven J.  
10                  Acquario, executive director, Robert  
11                  Astorino, Westchester County executive,  
12                  New York State Association of Counties.

13                  And next is Peter Baynes and Gerry  
14                  Geist. If you come down lower, you save us  
15                  one or two minutes. And I really need  
16                  those one or two minutes now.

17                  (Laughter.)

18                  MR. ACQUARIO: Good evening.

19                  CHAIRMAN FARRELL: Good evening.

20                  MR. ACQUARIO: Thank you, Chairman  
21                  Farrell, members of the Legislature. It's a  
22                  pleasure to be with you here this evening.

23                  My name is Steven Acquario. With me  
24                  here today is David Lucas, who is our

1 director of finance for the Association of  
2 Counties. And I appear today on behalf of  
3 our president, William Cherry of Schoharie  
4 County, and Rob Astorino, the president of  
5 the County Executives Association.

6 The voice of the counties of  
7 New York is consolidated through the  
8 New York Association of Counties, bringing  
9 you the voice of the counties instead of  
10 having everyone come testify before you  
11 here this evening.

12 I appreciate that your committees  
13 have provided this opportunity to gather  
14 feedback on the state budget. The State  
15 Legislature has inherent authority and  
16 influence under Article 7 of the state's  
17 constitution with respect to the  
18 appropriation of state revenue, and we value  
19 the opportunity to present the local  
20 government perspective.

21 In recognition of the time  
22 constraints, I've submitted some written  
23 testimony to you, but I will depart from the  
24 written testimony in the interest of time.

1                   Before I do so, I want to continue to  
2                   urge this body on a matter of quite  
3                   importance to the citizens, to the people  
4                   of this state, and that is organ donation.  
5                   I continue to urge this body to pass laws  
6                   that help raise the profile of organ  
7                   donation. We are last in the country.  
8                   There's no explanation for it other than  
9                   the wrong policies are in place in this  
10                  state.

11                  We implore you to continue to fix  
12                  these problems, these barriers for people  
13                  to sign up. As you continue to modernize  
14                  the election system, making it easier for  
15                  people to register to vote, give them the  
16                  opportunity to become an organ donor as well.  
17                  We have a license renewal in this state that  
18                  takes eight years. Well, that's eight years  
19                  of lost opportunity for people to sign up to  
20                  be an organ donor. That's wrong. It's the  
21                  wrong policies. We need to address it, and I  
22                  urge you to do that this session.

23                  The state has imposed a property tax  
24                  cap. We've heard much about it today when

1 the New York City mayor has testified.  
2 It's been in place for five years for  
3 counties. On average, over the past five  
4 years, 85 percent of counties have met the  
5 tax cap each year, ranging from 81 percent  
6 to 89 percent compliance. This was  
7 achieved with some assistance from the  
8 state through mandate relief, but also  
9 through tough decisions at the county  
10 level, including reducing the workforce,  
11 privatizing numerous operations, and the  
12 selling of public assets to the private  
13 sector. We've significantly reduced our  
14 fiscal and emergency reserves, delayed  
15 maintenance and replacement of critical  
16 infrastructure, reduced or eliminated local  
17 service levels for discretionary programs  
18 under our direct control.

19 In 2015, 28 percent of the counties  
20 reduced their levy or held it flat.  
21 Forty-seven percent of the counties reduced  
22 their tax rate or held it flat. Counties  
23 continue to work very hard to meet the tax  
24 cap, but it presents many challenges and



1           difficult choices. For 2017, we expect the  
2           county tax cap inflation factor to be in  
3           the range of 0.3 percent.

4                     With this in mind, we continue to  
5           urge the Legislature to consider minor  
6           modifications to the tax cap, including an  
7           exclusion for certain capital expenditures  
8           and extraordinary costs relating to  
9           responding to natural disasters or other  
10          emergencies, which we just heard from the  
11          Troy mayor; and, two, ensuring the  
12          commissioner of Tax & Finance implements  
13          reforms to the quantity change factor to  
14          address the problem of tax-exempt properties.

15                    One last observation impacting the  
16          property tax base. There is a proposal for  
17          energy plant closures in the Governor's  
18          budget. There is transitional assistance in  
19          there. We ask that that language be modified  
20          slightly from the, quote, permanent closure  
21          to include temporary closures.

22                    The state impact on the county  
23          property taxes. Over the past several years,  
24          the Governor and the Legislature have been

1 careful not to impose new mandates or shift  
2 costs on counties and other local  
3 governments. When new mandates are created  
4 or there is an increase in the cost of  
5 existing mandates, or a shift to local  
6 governments without any flexibility to  
7 mitigate these higher costs, we all recognize  
8 that this will hurt local taxpayers.

9 In recognition of this, the State  
10 Legislature and the Governor have passed two  
11 significant local government mandate relief  
12 reforms in recent years, capping the local  
13 share of Medicaid and enacting major pension  
14 reform. We appreciate these reforms and  
15 continue to work with you to build on these  
16 successes.

17 To this end, we do not support the  
18 Governor's proposal to shift significant  
19 higher education costs to New York City and  
20 to further dismantle the Medicaid cap for the  
21 city. Both would be counterproductive to the  
22 positive work we have done in recent years to  
23 improve accountability to the local taxpayers  
24 by reducing the growth of costs for local

1 governments imposed by state mandates.

2 As a reminder about what are mandates,  
3 when the state enacted a property tax cap,  
4 the Legislature and the Governor pledged that  
5 mandate relief would be forthcoming. While  
6 we wait, the counties and New York City must  
7 raise more than \$12 billion each year in  
8 local taxes to support just nine major state  
9 mandates: Medicaid, public assistance,  
10 safety net, child welfare, preschool special  
11 education, early intervention, indigent  
12 defense, probation, youth detention, and  
13 pension costs. Put another way, every penny  
14 collected by the New York counties outside of  
15 New York City goes to Albany to pay for just  
16 these nine programs -- every penny collected  
17 on the tax levy.

18 Complying with each uses up local  
19 resources. Last year alone, the Office of  
20 Children and Family Services, the Office of  
21 Temporary and Disability Assistance, the  
22 Department of Health issued more than 50  
23 administrative directives or guidance letters  
24 to counties that had to be implemented.

1                   With respect to government  
2                   consolidation, the Governor continues to  
3                   make consolidation a top priority.  
4                   Counties have long advocated for greater  
5                   efficiencies and innovation in government,  
6                   and we continue to do so. There's no doubt  
7                   that communities can benefit from  
8                   streamlining government operations, whether  
9                   through consolidation of functions, through  
10                  shared services or taxing jurisdictions with  
11                  voter approval. Our goal is the same as the  
12                  state's: Stabilize and reduce the tax burden  
13                  while continuing to provide excellent public  
14                  services to those in need.

15                  The state's position continues to  
16                  evolve. This year the state budget contains  
17                  a \$20 million prize for a consolidation  
18                  competition at the local level. Last year  
19                  you appropriated \$150 million for a Local  
20                  Government Restructuring Grant program, but  
21                  that application process was never announced  
22                  and that funding has now been repurposed for  
23                  anti-poverty programs and downtown  
24                  revitalization efforts.

1                   The budget zeroes out funding for  
2                   the ongoing \$40 million Local Government  
3                   and Performance Efficiency program, but  
4                   provides \$80 million in reappropriations  
5                   for the Financial Restructuring Board.

6                   If it sounds confusing, it is.  
7                   Changing policies and incentives year to year  
8                   is confounding to local officials who  
9                   consider these efforts. Instead, let's go  
10                  back to the consolidation idea and start with  
11                  consolidations that also provide mandate  
12                  relief permanently and reduce the cost of  
13                  government at the county level. It has  
14                  proven to be successful to the taxpayers of  
15                  New York.

16                  Indigent defense is a state program  
17                  that counties are required to provide. Let's  
18                  build on the state settlement of the  
19                  Hurrell-Harring lawsuit. We should be  
20                  consolidating the services and funding for  
21                  indigent defense services across the state.  
22                  We should include in this budget before you a  
23                  uniform indigent defense program and have the  
24                  state gradually assume the cost of indigent

1 criminal defense services, as set forth in  
2 legislation introduced by many of you on this  
3 panel.

4 This chart here is named "Fix the  
5 52." It shows you the State of New York,  
6 where five counties are operating under a  
7 different indigent defense system than the  
8 rest of the state. New York City, operating  
9 similar to the five counties that are in a  
10 consent decree with the State of New York.  
11 We need to fix the 52 counties and have one  
12 system of justice in New York State.

13 A few years ago the state increased  
14 the counties' share of safety net funding to  
15 71 percent and reduced the state's share to  
16 29 percent. Initially this was offset by  
17 fully federalizing both state and local TANF  
18 costs. Counties strongly objected at this  
19 time, and it's becoming a significant  
20 challenge for many counties. We are urging  
21 the Legislature to gradually restore the  
22 historic 50/50 funding shift. Many counties  
23 have seen their cost and caseload increase by  
24 double digits in more than one year since the

1 state cost shift occurred.

2 An additional issue is the cost of  
3 affordable housing -- and we've heard a lot  
4 about affordable housing through executive  
5 orders and the mayor's testimony this  
6 morning -- and shelter options in some  
7 counties, which is significantly increasing  
8 costs in counties. This leaves counties  
9 paying 71 percent of the fastest-growing  
10 program that is controlled by the state.

11 The safety net funding shift is part  
12 of a long string of decisions by the state to  
13 gradually walk away from its constitutional  
14 responsibility to care for the needy and  
15 place most of the funding responsibility on  
16 the local property taxpayers. Let's  
17 consolidate our efforts for safety net and  
18 homeless and housing efforts. It makes  
19 sense, and it will save the local taxpayer  
20 dollars.

21 Increasing community college FTE aid.  
22 We all know families for whom higher  
23 education would be beyond their reach if  
24 their kids couldn't attend community colleges

1           in their first couple of years. Increasing  
2           FTE aid is property tax relief. The societal  
3           benefit of community colleges is enormous.  
4           They allow people without great wealth to  
5           move up the economic and educational ladder.

6                     If the state is serious about its  
7           commitment to the poor, working class and the  
8           middle class, and serious about providing  
9           property tax relief, it should make a  
10          meaningful \$250 increase in FTE aid for  
11          community colleges.

12                    Public safety, two quick issues. We  
13          operate 911 functions. Several counties have  
14          consolidated these functions with other  
15          municipalities in the past several decades.  
16          The funding mechanism used to operate,  
17          maintain and upgrade these 911 systems is  
18          insufficient. We believe the state should  
19          allow counties to impose a \$1.20 local public  
20          safety surcharge equal to the state's  
21          surcharge on all wireless devices that are  
22          capable of accessing 911 services. This  
23          would allow counties to upgrade, operate and  
24          maintain their 911 centers.



1                   Navigation law. Currently, sheriff's  
2                   departments in over 40 counties outside of  
3                   New York operate marine patrol units on  
4                   navigable waterways in their counties. The  
5                   budget before you reduces the reimbursement  
6                   from 50 percent to 25 percent. We urge the  
7                   Legislature to reject this proposed funding  
8                   cut.

9                   On the use of bank settlement funds,  
10                  we remain concerned about the allocation of  
11                  \$2.3 billion in bank settlement funds that  
12                  remain for your appropriation. We believe  
13                  more funding of these needs to be targeted to  
14                  locally owned and maintained infrastructure,  
15                  unlike the way the last round of the bank  
16                  settlement funds was appropriated.

17                  PAVE-NY and BRIDGE-NY. This body  
18                  heard testimony from the contractors and the  
19                  public works superintendents from across the  
20                  state. There remains details, it is  
21                  confusing, the competition that's there. We  
22                  ask you to return it to the formula that's  
23                  worked for decades. Drive this funding  
24                  formula through CHIPS so everyone can benefit

1           -- the cities, the towns, the villages, and  
2           the counties.

3                     The Governor's proposal to provide an  
4           additional \$100 million for water quality, we  
5           urge your continued support for this program  
6           which you created last year.

7                     Finally, in electronic waste  
8           recycling, counties would like to see a small  
9           fund set aside from the use of the bank  
10          settlement funds allocated to the  
11          Environmental Protection Fund, to be  
12          dedicated specifically to local governments  
13          for electronic waste disposal. The New York  
14          State Electronic Equipment, Recycling and  
15          Reuse Act was implemented to manage the  
16          recycling costs of electronic waste by  
17          requiring manufacturers to collect and  
18          dispose of their products. However,  
19          manufacturers have continually fallen short  
20          of this requirement. As a result, disposal  
21          of this waste has shifted unexpected costs to  
22          local governments for the collection and  
23          disposal of electronic waste.

24                     Thank you very much for that rapid

1 testimony. I really appreciate the time  
2 that you've given us.

3 SENATOR YOUNG: Thank you. Thank you  
4 very much, Executive Director.

5 Do you have any Assemblymembers?

6 ASSEMBLYMAN MAGNARELLI: I just want  
7 to thank the executive director for his  
8 testimony and for being here and for -- I  
9 don't know how long you were sitting up  
10 there, but I think it was a long time.

11 And the only thing I have to say about  
12 this and your testimony is there's a lot  
13 there. And I'm going to go through it. A  
14 lot we've talked about all day today. The  
15 one thing that I can assure you is I'm going  
16 to be in touch with your office over the next  
17 couple of weeks to go over a few things.

18 MR. ACQUARIO: Thank you, Chairman  
19 Magnarelli. We'd be pleased to present to  
20 your Local Government Committee as well.

21 ASSEMBLYMAN MAGNARELLI: Okay, thank  
22 you.

23 SENATOR YOUNG: So, Executive  
24 Director, I am impressed, because that was a

1 speed round. You did extraordinarily well.

2 (Laughter.)

3 SENATOR YOUNG: And as Assemblyman  
4 Magnarelli pointed out, there is a lot of  
5 information here. As you know, the Senate  
6 wants to work very closely with the counties  
7 to be as helpful as possible, and we  
8 appreciate the input very, very much. And  
9 we'll take it very seriously as we go through  
10 the budget process. You know, we always want  
11 to give more relief to the counties, and we  
12 want our communities to grow, and we all want  
13 more jobs and more opportunities across New  
14 York State.

15 So I want to thank you for all of your  
16 advocacy. I think you do a great job.

17 MR. ACQUARIO: Chairwoman, thank you.  
18 You had stepped out of the room. Just real  
19 quickly, we are calling for the energy plant  
20 closure transitional aid. There's a  
21 provision in there for \$19 million for  
22 closure on a permanent basis for municipal  
23 property tax losses.

24 We'd ask that you consider including

1 sort of a temporary closure of a minimum of  
2 six months as well as you consider this  
3 budget for -- it would affect NRG in your  
4 district.

5 CHAIRWOMAN YOUNG: Right. As you  
6 know, that's a point of serious concern to me  
7 and something that is detrimental to  
8 Chautauqua County. And so we're looking at  
9 solutions in order to address the situation.  
10 So you're right, and I will pay close, close  
11 attention to that issue. So thank you.

12 I know Senator Marchione had a  
13 question.

14 SENATOR MARCHIONE: Just one question.  
15 In 2011, the Mandate Relief Council was  
16 established in order review mandate relief  
17 proposals from particular local governments  
18 and then of course make registrations to the  
19 Legislature associated with these proposals.

20 In 2013, the council received only  
21 four requests from municipal governments, and  
22 it was eventually dissolved. Why do you  
23 believe local governments were unwilling to  
24 submit requests to have the state review

1 mandates through the council?

2 MR. ACQUARIO: Well, I feel like the  
3 Medicaid Inspector General. It's very  
4 difficult to hear down here. I should come  
5 up and sit next to you and answer questions.  
6 No, I'm not going to do that --

7 SENATOR MARCHIONE: Do you want me to  
8 repeat it?

9 MR. ACQUARIO: No, I did hear it, but  
10 it is difficult to hear.

11 SENATOR YOUNG: You can come up if you  
12 want.

13 MR. ACQUARIO: No, that's okay.

14 SENATOR MARCHIONE: I found the same  
15 thing yesterday. I couldn't hear the front  
16 row.

17 MR. ACQUARIO: I don't know the  
18 answer. I think the rules of engagement with  
19 that commission were not the correct rules  
20 and that we were given guidance not to submit  
21 programs that I've discussed with you today,  
22 that the types of things that were to be  
23 submitted for those things were more rules  
24 and regulatory issues. Matters that

1 pertained to budget-related issues were not  
2 to go before that commission.

3 So I think that we -- we need to just  
4 focus on a couple of things with respect to  
5 mandates. As Mr. Magnarelli talked about,  
6 there's a lot in this testimony. There's a  
7 lot that this state requires its local  
8 governments to do on your behalf. You make  
9 these choices, you're requiring the local  
10 taxpayers to send billions of dollars to  
11 Albany to pay for programs in the past.

12 But I'm not here about the past. I'm  
13 here about what can be done in the future.  
14 Let's try to focus in on one thing or two  
15 things. We can't just say, We've capped  
16 Medicaid, and move on. You've capped our  
17 revenue and property taxes. It's going to be  
18 a problem. It's going to be painful. So we  
19 need to continue to work together on trying  
20 to identify some of these deep-rooted  
21 mandated expenditures and try to help offset  
22 some of those local costs as they grow.

23 SENATOR MARCHIONE: I absolutely agree  
24 with you and believe that local governments

1 are spending a great deal of money on  
2 mandated programs. I just didn't  
3 understand -- because you don't seem to have  
4 a problem sharing what the problems are, and  
5 they're very important concerns that local  
6 governments have. I just wondered why it  
7 didn't go through the council at the time.  
8 So thank you for your response.

9 MR. ACQUARIO: My pleasure, Senator.  
10 Thank you.

11 ASSEMBLYMAN OAKS: Assemblyman  
12 McDonald.

13 ASSEMBLYMAN McDONALD: Thank you,  
14 Mr. Chairman.

15 And, Steve, thank you for condensing  
16 your multipage discussion. Sadly, I think  
17 many of these things are very familiar. I  
18 think you've been talking about them for  
19 years, and some of us have been listening to  
20 them for years. And hopefully we can make  
21 some headway. I just have a couple of  
22 comments and then a question at the end.

23 Comment on the FTE aid for community  
24 colleges. And I actually met with many



1 community colleges today. I just want to  
2 remind people, last year that was the same  
3 request. And at the end of the budget  
4 process, our message that we had gotten  
5 back from the college community was because  
6 of the declining enrollment, the FTE aid  
7 doesn't really help them to that degree.

8 Now, hopefully enrollment is  
9 starting to increase. I fully understand  
10 the relationship with the counties and  
11 their fiscal responsibilities. But it  
12 probably would be helpful if everybody was  
13 singing from the same sheet of music as we  
14 go through the process. Because we do try  
15 to --

16 MR. ACQUARIO: You do.

17 ASSEMBLYMAN McDONALD: -- address  
18 the concerns that are brought forward to  
19 us. And last year it was made clear to us  
20 that the capital money that they had received  
21 was much more appreciated and necessary and  
22 fruitful.

23 The 911 surcharge, you know, I've  
24 gotten a little more engaged in that the last

1 couple of years. As you know, Albany and  
2 Rensselaer and Saratoga counties are trying  
3 to do some coordinated efforts.

4 MR. ACQUARIO: Yes.

5 ASSEMBLYMAN McDONALD: And I fully  
6 agree with you that all mobile devices  
7 should be subjected to the surcharge, and  
8 that's something that many of us are going  
9 to be committed to during this process.

10 I also think that -- and it was  
11 mentioned earlier today, as you probably  
12 heard, that the days of the landlines are  
13 becoming kind of -- they won't say  
14 obsolete, but the reality is it's probably  
15 a time to really take a more comprehensive  
16 look statewide at the surcharge on  
17 landlines versus the surcharge on  
18 cellphones, because we are a much more  
19 mobile society than we've ever been before.  
20 And the reality is usually those calls are  
21 used for emergencies, and a lot of our  
22 emergencies also happen outside the  
23 household. They happen inside, but they also  
24 happen outside.

1                   So I think that's something that I'm  
2                   glad you continue to bring that up, and I'm  
3                   also very cognizant of the fact that  
4                   sometimes the state isn't as kind sharing  
5                   its resources that it collects with those  
6                   revenues and that we need to do a better  
7                   job of that.

8                   MR. ACQUARIO: That's right.

9                   ASSEMBLYMAN McDONALD: I noticed you  
10                  didn't mention that directly, but I want to  
11                  make sure it's stated for the record.

12                  My final comment, and then you can  
13                  comment on anything you want if you'd like,  
14                  you mentioned the tax cap next year, I  
15                  think it will be 0.31 percent. We're  
16                  hearing -- last week I had a roundabout  
17                  with all the different BOCES in the region.  
18                  From the dozens of school districts:  
19                  0.12 percent. I think the Conference of  
20                  Mayors will be in that 0.12 percent range as  
21                  well, because they're following you on your  
22                  tail.

23                  What does 0.31 percent mean in total  
24                  revenue across the state for the counties

1           that you represent? It doesn't sound like  
2           it's an awful lot of money.

3                     MR. ACQUARIO: Okay. So let me just  
4           address the first point you made and then  
5           pick up on that second point.

6                     We need to address 911 funding.  
7           It's very important. We're all concerned  
8           about increasing taxes and fees and charges  
9           or what you want to call them. Fine.  
10          Let's lower the rate. Let's lower the  
11          rate, but appropriately spread it out and  
12          charge the devices that are accessing the  
13          911 system. How are we supposed to upgrade  
14          our facilities to next-generation 911 to  
15          collect texting, to collect texts? It's a  
16          different generation out there now, they're  
17          used to texting. I think we can actually  
18          lower the fee but broaden the base so that  
19          we're adequately collecting the revenues.

20                    And you're right, Assemblyman, the  
21          landlines are going precipitously down and  
22          the use of wireless devices and tablets and  
23          every other sort of personal device that's  
24          out there right now that can access 911,

1 we're not collecting a surcharge. And also  
2 on prepaid plans that are being purchased  
3 now in the stores, not subject to 911 and  
4 we're losing revenue on all those plans.

5 So thank you very much for bringing  
6 that up. I do appreciate those  
7 observations. You are on top of it, and I  
8 appreciate it.

9 To answer your other question, the  
10 growth in just the nine mandates is  
11 probably -- I don't have a figure in front  
12 of me, but it's substantial. Hundreds of  
13 millions of dollars; I'm not sure exactly  
14 what it would be. But the growth levy that  
15 we're allowed is about \$29 million.

16 ASSEMBLYMAN McDONALD: That's not a  
17 lot.

18 MR. ACQUARIO: Twenty-nine million  
19 in the growth. Dave is suggesting here that  
20 0.3 percent equals 15 million.

21 So this is what the state has imposed  
22 on us. We're not objecting to a property tax  
23 cap, it's done, it's five years in the  
24 making, the people of New York had too high

1 property taxes. We appreciate the Governor's  
2 emphasis like a laser, your emphasis like a  
3 laser on a very wildly popular program. But  
4 it's going to have sacrifices, and it's going  
5 to pay its price at some point in time  
6 without additional relief.

7 ASSEMBLYMAN McDONALD: There's no  
8 doubt -- and I agree with the Governor, you  
9 know, property taxes are too high. And I  
10 think we need to -- we need to continue the  
11 cap. I think the challenge is going to be  
12 how do we make sure we don't lose our  
13 municipalities along the way. It sounds as  
14 if we need, particularly in these times  
15 when you have such a low growth rate and we  
16 still have stagnant tax bases in many  
17 communities, and even -- you listen to some  
18 of these mayors, the tax bases they're  
19 talking about, even if you put a \$10 million  
20 project in your downtown, it's not going to  
21 bring a bountiful amount of revenue.

22 We need to really find at least  
23 something for this period to cover the gap,  
24 in some way to find revenue that we can at

1           least make sure our communities still  
2           provide the basic elemental services.  
3           We're not talking painting the streets with  
4           gold, we're talking about making sure that  
5           the streets, you know, get paved.

6                     Thank you.

7                     MR. ACQUARIO: Thank you very much.

8                     CHAIRMAN FARRELL: Thank you.

9                     MR. ACQUARIO: Thank you.

10                    CHAIRWOMAN YOUNG: I'm sorry,  
11           Senator Krueger has a question.

12                    SENATOR KRUEGER: That's okay.

13                    Hi. Thank you. So first I want to  
14           thank you and the other two associations who  
15           are still waiting for spending the whole day  
16           hopefully listening to some of it.

17                    MR. ACQUARIO: We were.

18                    SENATOR KRUEGER: And I would just  
19           make an argument, as much as I respect and  
20           enjoyed all the mayors, we should let the  
21           associations go first next year, because you  
22           actually speak for a very broad universe of  
23           localities.

24                    MR. ACQUARIO: Thank you.

1                   SENATOR KRUEGER: And I actually  
2                   think some of the back and forth between us  
3                   would go more smoothly, even for the  
4                   mayors, if we let all of your associations  
5                   go first. So lobby us for that for next  
6                   year, is my opinion.

7                   MR. ACQUARIO: Thank you for that  
8                   observation. Thank you.

9                   SENATOR KRUEGER: I also just want  
10                  to read one thing and let everyone else,  
11                  when they come up, respond.

12                  I don't know why you're not madder  
13                  at us. When I try to add up the numbers,  
14                  it looks like over the last five, six  
15                  years, as we've attempted to deal with  
16                  budget gaps at the state level to the tune of  
17                  about \$28 billion in gap closing, we've made  
18                  the localities pick up half of that. We've  
19                  cut Aid to Localities by I think -- and maybe  
20                  someone will challenge me -- by over \$14  
21                  billion.

22                  And so you come and you testify, and I  
23                  might agree or not agree with every proposal  
24                  you made. Thank you for calling out on organ



1           donation; you're absolutely right. We might  
2           have disagreements about individual proposals  
3           you're making, but the fact that the State of  
4           New York each year continues to decide to  
5           balance our budget problems by cutting your  
6           local funds to counties, cities, and towns is  
7           something frankly you all ought to be much  
8           more upset about. And you need to be telling  
9           us that. That's just my advocacy pitch to  
10          you all.

11                        So I want to thank you for your  
12          testimony.

13                        MR. ACQUARIO: Thank you, Senator.  
14          Thank you very much.

15                        CHAIRMAN FARRELL: Assemblyman Otis.

16                        ASSEMBLYMAN OTIS: I'll pass.

17                        CHAIRMAN FARRELL: You're okay?

18                        SENATOR YOUNG: Okay. I think we're  
19          okay, then. Thank you, Steve. Thank you.

20                        MR. ACQUARIO: Thank you.

21                        SENATOR MARCHIONE: Steve. Steve. I  
22          just leaned over to the Senator and I said,  
23          "I've known Steve for years. That was his  
24          mad."

1 MR. ACQUARIO: Thanks, Senator.

2 CHAIRMAN FARRELL: Peter Baynes,  
3 executive director, New York State  
4 Conference of Mayors.

5 MR. BAYNES: Thank you, Chairwoman  
6 Young, Chairman Farrell, and all the  
7 members who are still here, the diehards.  
8 We certainly appreciate it.

9 CHAIRMAN FARRELL: It's the chain on  
10 our leg.

11 MR. BAYNES: I'm Peter Baynes. I'm  
12 the executive director of the Conference of  
13 Mayors. We represent the cities and  
14 villages of the State of New York. I have  
15 with me Barbara VanEpps. She's our deputy  
16 director. She handles all of our  
17 finance-related budget issues and coordinates  
18 our legislative advocacy.

19 I can't speak as fast as Steve  
20 Acquario, so I'm going to have to try to say  
21 less, is the only way I'm going to get  
22 through this. So I'm going focus on two main  
23 issues in the budget. You know, I think the  
24 Executive Budget does make some important

1            strides in partnering with rather than making  
2            scapegoats of local governments, and I'm  
3            going to address some of those positive  
4            things and also some suggestions we have to  
5            make the budget even better for communities  
6            across the state, whether they're upstate or  
7            downstate, large or small, urban or rural.

8                       So I said two categories I'm going to  
9            speak about. One is unrestricted state aid,  
10          the other is infrastructure funding, both of  
11          which you've heard about today. Hopefully we  
12          can add a little bit to that discussion in  
13          our allotted time here.

14                     Every state in the union has a  
15          program of unrestricted state aid for its  
16          municipalities and schools. The idea is  
17          fairly basic, that the schools and  
18          municipalities help generate revenue for the  
19          state and then the state reinvests that money  
20          back into their local governments.  
21          Unfortunately, New York's track record of  
22          late is very weak in this regard. And I  
23          actually should say it's inconsistent in that  
24          regard. We oftentimes -- we just say "local

1 governments" a lot, rather than  
2 differentiating between schools and  
3 municipalities. And in New York, when it  
4 comes to the state budget, there is quite a  
5 distinction made between schools and  
6 municipalities.

7           If you look at the school segment of  
8 local governments and how they're treated  
9 in the state budget, over the last 10 years  
10 school aid has increased by \$7.3 billion.  
11 That's a 26 percent increase. And that  
12 money is -- every penny of that, we -- we  
13 do not question the value of it, it goes to  
14 fund education for our children and it  
15 helps limit the growth in real property  
16 taxes. But it's gotten to the point now,  
17 after years and years of no increase in aid  
18 for municipalities, that school aid is  
19 actually 30 times larger than unrestricted  
20 state aid to municipalities.

21           So how do we treat the municipal  
22 segment of our local governments? As I think  
23 you've heard today from some of the mayors,  
24 there has not been an increase in AIM funding

1           since 2008. It's actually down 15 percent in  
2           real dollars over the past 10 years, and the  
3           total amount of AIM funding is \$715 million  
4           in total. The school aid increase in each of  
5           the last three state budgets, just the  
6           increase in school aid in each of those  
7           years, was larger than the total amount of  
8           the AIM program.

9                         So the question we have is why the  
10           different treatment. We think there's a  
11           clear nexus between schools and the  
12           services they provide and municipalities  
13           and the services they provide. As we say,  
14           communities that aren't succeeding are  
15           going to lead to schools that aren't  
16           succeeding. We need to make sure not only  
17           that we're investing in our schools but we're  
18           investing in our municipalities.

19                        You heard, I think from every mayor  
20           today, about the AIM program, probably the  
21           most we've heard about it in years. The AIM  
22           program, which is what used to be called  
23           revenue sharing, which is unrestricted state  
24           aid, it's critically important to our

1 members, especially the larger cities who get  
2 the vast majority of AIM funding. So we  
3 firmly believe that AIM funding should be  
4 revisited to see if it can be increased to  
5 help the larger cities who in many cases have  
6 the most needs.

7 We do think New York City needs to  
8 be part of that program. They are one of  
9 our constituent cities in this state and  
10 should be included in that program.

11 But we also think the larger group  
12 of local governments -- cities, towns and  
13 villages, no matter what their size is,  
14 there are things we can -- there is a way  
15 to help them in a significant way without  
16 really costing the state relatively that much  
17 money, and at the same time address this  
18 oppressive property tax cap we've talked  
19 about, that is 0.12 percent for villages in  
20 June, for school districts in July, for large  
21 cities in July. For the towns, counties, and  
22 cities that adopted their budgets for January  
23 of this year, their limit was 0.73 percent.

24 Our cap, it's referred to as a

1           2 percent tax cap -- it's not a 2 percent  
2           tax cap. The state has a state-imposed  
3           spending cap of 2 percent. It's a flat  
4           2 percent. Ours floats downward; it's  
5           virtually zero now. Our cap does not  
6           exclude capital expenditures. The state  
7           spending cap does. If you looked at state  
8           spending last year and you included the  
9           capital in, like we have to include it in,  
10          it would be over a 5 percent increase.

11                        So we're told by some to do as the  
12          state does, but it's not a fair comparison  
13          when you really look at how the tax cap  
14          operates. It's taking its toll on our  
15          members. Fund balance is dwindling of our  
16          cities and villages. There's a steady  
17          reduction in the size of the workforce. And  
18          the capital investment that we've all  
19          acknowledged today is so important has been  
20          basically halted in our municipalities  
21          because of a lack of a steady revenue stream  
22          from the state.

23                        So our suggested solution to this  
24          problem with the tax cap -- we know the tax

1 cap is here to stay. We know nobody wants  
2 to revisit the tax cap and open up the  
3 statute and maybe make it a hard 2 percent  
4 cap. But what we're suggesting is a sort  
5 of tax cap equalization aid, where every  
6 local government in the state, every city,  
7 town and village, if they stay under their  
8 cap, whatever it be -- whether it's 0.73  
9 percent, 0.12 percent -- if they continue  
10 to make the efforts, like most of them have  
11 been, to stay under that cap, that the  
12 state would make a payment to them equal to  
13 the difference between how much their levy  
14 would be able to go up under a 2 percent cap  
15 versus how much it's legally allowed to go up  
16 under the real tax cap.

17 Statewide, if every city, town and  
18 village complied with the tax cap so that  
19 they could qualify for this aid, it would be  
20 approximately \$100 million in funding. But  
21 we think the advantages of doing that are  
22 worth the \$100 million investment.

23 I think there are four main advantages  
24 that would demonstrate the state's commitment



1 to partnering with municipal governments in  
2 helping to achieve full tax cap compliance.  
3 It would replace a portion of what we call  
4 the killer property tax with the state's  
5 progressive revenues. So there would be a  
6 portion of the property tax being offset. It  
7 would generate real property tax relief and  
8 support essential local services, just as the  
9 \$23 billion that goes to schools helps  
10 control school taxes and support school  
11 services. And finally, it would create a  
12 hard 2 percent tax cap, in essence, without  
13 having to go into the tax cap statute.

14 We do think, though, there does need  
15 to be, in addition to that, a look at those  
16 municipalities that, under the State  
17 Comptroller's fiscal stress monitoring  
18 system, those municipalities that have a high  
19 fiscal stress score, that they receive some  
20 additional aid on top of that tax cap  
21 equalization aid.

22 Secondly, infrastructure funding.  
23 Mayor Madden from Troy really said it better  
24 than I could ever say, what the challenges

1 are confronting cities and villages large and  
2 small. We're very thankful for the  
3 initiative the Legislature, Assembly and  
4 Senate, and the Governor took last year in  
5 creating the Water and Wastewater Grant  
6 Program, and we're very excited that the  
7 Governor has upped the ante by \$100 million  
8 in the Executive Budget. But as you may  
9 know, the subscription -- it was  
10 oversubscribed, I should say. The  
11 application -- the funding round of Round 1  
12 for that water/wastewater money, there were  
13 approximately \$800 million worth of grant  
14 applications submitted. So as you can see,  
15 there's still a tremendous need.

16 So we do encourage you to concur with  
17 the Governor's request and hopefully find  
18 within the bank settlement monies some more  
19 significant funding to add to that program.

20 Transportation-wise, the Governor's  
21 budget is very positive, we think. From what  
22 we can tell so far, it approximates that  
23 parity that we think is important between  
24 upstate and downstate, between roads and

1 bridges and the MTA.

2 We do have some concern because we  
3 don't really know how the \$2.5 million in  
4 PAVE-NY, BRIDGE-NY and extreme weather  
5 money, how it's going to be allocated  
6 between local governments. Are only a few  
7 going to be eligible? We'd like to see  
8 something more like what the counties said,  
9 where all of that money goes through the  
10 CHIPS formula, which is a proven formula,  
11 and we get money to all local governments.

12 Lastly in the infrastructure realm, I  
13 just want to mention the Downtown  
14 Revitalization Program. We have said for  
15 years that we think downtowns and Main  
16 Streets have not been given the attention  
17 from the state they deserve. We are happy to  
18 see that the Governor has proposed  
19 \$100 million for downtown revitalization. We  
20 are very concerned, though, that it would  
21 only go to ten downtowns and each REDC would  
22 be able to select just one downtown. I think  
23 that's not even a fair task to put before the  
24 REDCs, to have to pick between all the

1           downtowns that are on the cusp of succeeding  
2           within their regions if only they could get  
3           the state investment that they need.

4                        So we would rather see the hundred  
5           million for the downtown revitalization to  
6           be spread out among a larger group of  
7           downtowns rather than just the 10 that are  
8           under the Governor's proposal.

9                        So I apologize for going over by a  
10          minute or two. Those are our key priorities  
11          this year. Thank you for your patience and  
12          your stamina. And we, as always, are ready  
13          to come and talk to you and outline our  
14          proposals in further detail if you'd like to  
15          see that.

16                        Thank you.

17                        CHAIRMAN FARRELL: Thank you.

18                        Assemblyman Otis.

19                        ASSEMBLYMAN OTIS: Thank you,  
20          Mr. Chairman.

21                        Peter, Barbara, thank you for your  
22          great work and advocacy.

23                        One question about water  
24          infrastructure projects, and you gave the

1 numbers there about how much interest there  
2 is from municipalities in that. Do you  
3 have some feedback or can you get some  
4 feedback post this about how much of -- how  
5 many of those requests are coming from  
6 communities that are under consent decrees  
7 or EPA/DEC enforcement actions which drive  
8 some of the numbers for the fact that we  
9 need more money? And great credit to the  
10 Legislature and to the Governor for  
11 supporting this program and the Governor  
12 increasing it.

13 But if we could get some sense of the  
14 magnitude of the need based upon enforcement,  
15 that would give some valuable information to  
16 the Legislature.

17 MR. BAYNES: That's a great point. We  
18 do not have that data, but hopefully, working  
19 with your offices, we can get that from DEC.  
20 Because I would suspect just the  
21 municipalities that are under consent orders  
22 from the DEC or EPA could eat up that money  
23 pretty quickly themselves. Which shows you  
24 that, you know, even the most urgent need

1 would consume a large chunk of it.

2 But we would really like to work with  
3 you to identify that overwhelming need.

4 ASSEMBLYMAN OTIS: Thank you, Peter.  
5 Thank you, Mr. Chairman.

6 CHAIRMAN FARRELL: Any Senator?

7 SENATOR KRUEGER: We appreciate your  
8 testimony. Thank you very much.

9 MR. BAYNES: Thank you.

10 CHAIRMAN FARRELL: Mr. McDonald.

11 ASSEMBLYMAN McDONALD: Thank you,  
12 Mr. Chairman.

13 Peter, on the tax equalization aid,  
14 which basically is dealing with this  
15 abnormally low tax cap, the -- you know,  
16 2 percent is 2 percent, but it's actually  
17 0.12 percent right now.

18 MR. BAYNES: Point one-two percent.

19 ASSEMBLYMAN McDONALD: Point one-two,  
20 right.

21 So I just want to make sure I  
22 understand this. So you're basically  
23 proposing that the state provide that revenue  
24 for that delta, that -- whatever that

1 difference is, with the caveat, of course,  
2 that the community doesn't vote to exceed the  
3 tax cap. So they can actually budget that  
4 money as firm revenue for their budget. And  
5 you're not saying it's in permanency, you're  
6 just saying, you know, as the tax cap --  
7 maybe it will go up to 0.85 percent next  
8 year -- that that would be a lesser amount of  
9 money the state would have to contribute for  
10 that year.

11 MR. BAYNES: Yes. It's really meant  
12 as sort of an emergency effort to help local  
13 governments deal with -- I don't think  
14 anybody in the Legislature or even the  
15 Governor's office saw inflation going down to  
16 near zero when they enacted the tax cap and  
17 said it was 2 percent or inflation, whichever  
18 is lower.

19 So I think inflation as it drifts back  
20 up toward 2 percent, the amount of that aid  
21 on an annual basis would shrink. But, you  
22 know, in the short term, you know, this year  
23 I think without that kind of assistance,  
24 notwithstanding the greatest efforts of local

1 governments and school districts, the  
2 percentage of noncompliance with the tax cap  
3 is going to go way, way up from where it has  
4 been.

5 ASSEMBLYMAN McDONALD: I'm trying to  
6 picture this, because essentially, you  
7 know, one of the challenges of the tax cap  
8 is because we have this tax rebate and the  
9 freeze rebate -- these rebate checks that are  
10 coming out, you know, if you'd asked the  
11 average taxpayer when they look at their  
12 taxes in 2014 and 2015, they look at their  
13 bills, they went up. So they're not always  
14 seeing the difference. Some people tend to  
15 forget the check that shows up after the  
16 fact.

17 In this situation, in a sense --  
18 unless I'm reading this wrong -- I wouldn't  
19 see a difference in the increase, provided we  
20 met the tax cap, local government. And this  
21 could apply to school districts as well,  
22 which I've heard this more prominently lately  
23 with school districts. But basically,  
24 looking at my tax bill for Year 1 and Year 2,



1 provided they met all the requirements, I  
2 wouldn't see an increase. Which is really  
3 true taxpayer relief up-front. Would you  
4 agree?

5 MR. BAYNES: Right. It would  
6 short-circuit this circus of they pay  
7 higher taxes, local residents, they pay  
8 higher taxes, then they wait for a rebate  
9 check to come back, hope it's the right  
10 amount. Whereas this would say, local  
11 government, you've made the effort to stay  
12 under the cap, we acknowledge that the cap is  
13 extremely low, and too low for you to provide  
14 the services you need to provide, but if you  
15 can make the effort to stay under it, we the  
16 state will make this payment this year to  
17 make you whole so that it is, in effect, a 2  
18 percent tax cap.

19 ASSEMBLYMAN McDONALD: It's very  
20 interesting. I'd be interested in following  
21 up on that. Thank you.

22 MR. BAYNES: Okay. Thank you.

23 CHAIRWOMAN YOUNG: I did have one  
24 question.

1                   Welcome. And so happy to have you  
2 here.

3                   MR. BAYNES: Thank you.

4                   SENATOR YOUNG: I had a question.  
5 As you know, the Executive proposes a  
6 \$20 million fund for municipal  
7 consolidation and restructuring under  
8 infrastructure capital, and the funds would  
9 be awarded to a county or other local  
10 government that pursues shared services and  
11 consolidation which results in the greatest  
12 permanent reduction in the property tax  
13 burden.

14                   And I wanted to -- I know you may have  
15 touched upon it a little bit, but I wanted to  
16 get your thoughts on that. What do you think  
17 about the Executive's \$20 million  
18 consolidation contest? And also, as a second  
19 part to that question, do you believe that  
20 this will incentivize local governments to  
21 consolidate?

22                   MR. BAYNES: Well, on the first part,  
23 you know, we have consulted and worked with  
24 our members on efforts to consolidate,

1           whether it's services or even their local  
2           governments.  But when you think about the  
3           fact that AIM funding has not gone up in  
4           eight years and yet we're willing to spend  
5           \$20 million of state resources on one local  
6           government to consolidate in some way, with  
7           the hope that maybe it will generate some  
8           savings, that \$20 million could go so much  
9           farther toward property tax relief and  
10          helping our communities by going into the AIM  
11          program or going into this program we just  
12          outlined.

13                        We just don't think -- you know, I  
14          know Assemblyman Magnarelli has asked the  
15          question to some of the people who have  
16          testified, what do you think of that program  
17          and all the different incentive programs that  
18          have been out there.  It's no coincidence  
19          that they've been underutilized, because they  
20          either aren't working or they're too hard to  
21          access.

22                        I mean, if you compiled those all  
23          together, you'd have your hundred million to  
24          do the aid program we just talked about.  We

1           just think it's a better way to recognize  
2           what local governments do. It only rewards  
3           them if they maximize their efficiencies and  
4           stay under the cap. We just think that's a  
5           more progressive, holistic statewide approach  
6           to helping our local governments.

7                         SENATOR YOUNG: Thank you for that.

8                         ASSEMBLYMAN OAKS: Peter, just a quick  
9           question.

10                        I know that the concept of the cap  
11           works well if resources keep coming in from  
12           the different ways that municipalities have.  
13           But if the state doesn't keep up with its  
14           part of the bargain -- and you're talking  
15           about AIM and other types of resources that  
16           may not keep up with that -- then it makes it  
17           very difficult, because that's one more place  
18           that you can't keep up with it.

19                        So, you know, from this perspective on  
20           what you were just talking about, I know  
21           there are some legislative proposals outside  
22           the budget that are out there. Actually,  
23           Leader Kolb has one that would do kind of the  
24           formula that you put forth today which would,

1 if you kept within it, would provide those  
2 resources in state aid to make up the  
3 difference.

4 And so certainly we would be very  
5 interested in talking more as we go forward  
6 here in the budget discussions and  
7 negotiations, to make something like what  
8 you're talking about a reality. Because then  
9 I think it could be something you can depend  
10 on, you know you stay where you are, you're  
11 going to get those monies back and it doesn't  
12 have to be taxed and then rebated to people.

13 MR. BAYNES: Right. And it also helps  
14 those municipalities that are under a 0.73  
15 percent cap. They don't get as much help as  
16 the ones that are under a 0.12 percent cap.  
17 So it treats everybody fairly based on the  
18 pressure that the cap is putting on them.

19 So we're certainly, you know, excited  
20 to talk to any of you about the idea and try  
21 to flesh out how it might ultimately work.

22 CHAIRMAN FARRELL: Thank you very  
23 much.

24 MR. BAYNES: Thank you.

1                   SENATOR YOUNG: Thank you.

2                   CHAIRMAN FARRELL: Now, to close,  
3 Association of Towns of the State of  
4 New York, Gerry Geist, executive, Andrea  
5 Nilon, president, and Bill Moehle, executive  
6 committee.

7                   MR. GEIST: Thank you, Chairman  
8 Farrell. Thank you, Chairwoman Young. Thank  
9 you for affording the Association of Towns  
10 the opportunity to come here tonight on  
11 behalf of our 932 towns regarding the budget.

12                   My name is Gerry Geist. I'm the  
13 executive director of the Association of  
14 Towns. And with me, on my left, is our  
15 president, Andrea Nilon, the assessor from  
16 the Town of Hamptonburgh in Orange County.  
17 And to my right is Supervisor Bill Moehle,  
18 from the Town of Brighton in Monroe County.

19                   Due to the late nature of the evening,  
20 and so much of it you've heard today, I'm  
21 going to short-circuit our written statement.  
22 And I just want to talk about a few points,  
23 and we're going to divide our time as best we  
24 can.

1                   With regard to the budget, we believe  
2                   it fails to utilize existing revenue-sharing  
3                   programs to lower property taxes. Revenue  
4                   sharing works for the National Football  
5                   League, and it can work for us. It's now  
6                   Super Bowl time, so permit me to use my  
7                   football analogy. There are 32 teams in the  
8                   NFL. Depending on the size of their fan base  
9                   and their media markets, each team has the  
10                  potential to earn more or less revenue. Each  
11                  team contributes to the common pot, which the  
12                  NFL distributes amongst its member teams.  
13                  Unlike other major sports, this model affords  
14                  small-market teams that earn less revenue an  
15                  equal opportunity to succeed and better serve  
16                  their fans and communities.

17                  Revenue sharing is a successful  
18                  business model for the NFL and its members.  
19                  Through robust revenue sharing, the State of  
20                  New York, its local governments and  
21                  taxpayers, can enjoy the same success as the  
22                  NFL, its member teams and communities.

23                  Towns and villages will again share  
24                  \$67.6 million in AIM funding and cities will

1 share \$647.1 million in AIM funding. While  
2 this might sound like a lot of money in the  
3 aggregate, individually most towns receive  
4 very little. As a class of local government,  
5 towns receive 6.8 percent of their total  
6 revenues from state aid. If you factor in  
7 inflation, unrestricted state aid to towns  
8 has been reduced by nearly 10 percent.

9 Starting in 2010, the year of the  
10 current flat funding paradigm came into  
11 effect. Adjusting the amount of AIM given  
12 to towns for inflation would have meant an  
13 additional \$30 million. Despite authority  
14 for a 2 percent annual spending increase,  
15 the state has kept AIM levels flat.

16 Although the state has evinced a clear  
17 desire to reduce the burden on property  
18 taxpayers through the tax cap and tax-free  
19 programs, the budget again fails to utilize  
20 an existing program that was originally  
21 established by Governor Rockefeller to  
22 reduce local reliance on property taxes to  
23 fund local services and expenses.

24 We can do better. We should do



1 better. And we ask you to consider  
2 increasing the general purpose revenue  
3 sharing.

4 The Association of Towns stands  
5 ready to work as a partner with you to help  
6 address these urgent needs. I will also  
7 say that we join with Steve Acquario of  
8 Counties and Peter Baynes from NYCOM on  
9 their opinions about how we should do the  
10 infrastructure funding. We don't need to  
11 recreate the wheel; we have a proper  
12 formula program. Let's use it. It's fair.  
13 Everybody should have an opportunity to  
14 succeed here.

15 At this time I'd like to turn over  
16 our time to Andrea Nilon, our president, an  
17 assessor in the Town of Hamptonburgh,  
18 Orange County, to address STAR and property  
19 tax exemptions.

20 ASSESSOR NILON: Good evening, I do  
21 believe. Thank you very much for your  
22 dedication to our cause and for listening  
23 to I guess the last but hopefully not the  
24 least.

1           I just want you to know I've worked  
2           for local governments, several towns over  
3           40 years. Half of that time has been spent  
4           administering STAR. So I don't know what  
5           that says exactly, but there have been many  
6           iterations.

7           And this year Part A of the revenue  
8           Article 7 bill of the 2016-2017 Executive  
9           Budget converts the STAR benefit from a  
10          real property tax exemption to a personal  
11          income tax credit program. It's applicable  
12          to any property purchased or transferred  
13          after the 2016 taxable status date.

14          The personal income tax credit  
15          program would be administered by the  
16          Department of Tax and Finance, and the  
17          Association of Towns appreciates the  
18          attempt to reduce the administrative burden  
19          faced by local governments. However, the  
20          consequence of this bill is higher real  
21          property tax bills. And we've heard a lot  
22          about that today. This would subject town  
23          officials to additional administrative  
24          hurdles and the increased ire of residents.



1 taxes serve as the primary source of  
2 revenue for towns throughout the state.  
3 Such revenue is necessary to comply with  
4 these unfunded mandates.

5 And in this era of tax freeze, we  
6 are hopeful that the state recognizes that  
7 the STAR program enhancements enacted over  
8 the years have had a direct impact on the  
9 towns responsible for its administration.  
10 And, while the STAR personal income tax  
11 credit is a step in the right direction  
12 towards relieving towns of its  
13 administrative burden, such burden will  
14 remain for decades.

15 We therefore request that the state  
16 reinstate funding to towns to offset the  
17 costs of administering the STAR program.  
18 And I might add that if you read it, our  
19 seniors would be affected even greater  
20 because a lot of the seniors that do not  
21 file or aren't required to file New York  
22 State income taxes, it would be very  
23 difficult to locate those people and give  
24 them the relief that they so desperately

1           need.

2                       I'd also like to talk about a bill  
3           for retroactive nonprofit exemptions. It's  
4           Assembly Bill 6011 and Senate Bill 605.  
5           And it would seek to amend the Real  
6           Property Tax Law 420-a to allow, by local  
7           option, eligible nonprofit organizations to  
8           receive retroactive exemptions when they've  
9           purchased real property after our taxable  
10          status dates.

11                     The taxable status date exists to  
12          provide taxing jurisdictions with a uniform  
13          date upon which to base the assessments.  
14          The taxable status date currently functions  
15          so that while the value of properties may  
16          change due to events occurring after tax  
17          status date, the assessed value of the  
18          property is not impacted for that tax year.

19                     A uniform taxable status date  
20          provides stability and certainty in the  
21          real property tax cycle, and it's necessary  
22          so that local governments can develop their  
23          budgets based upon the assessment roll. The  
24          taxable status date cannot and should not be

1 construed to encompass a shifting period of  
2 time. To do so would create instability,  
3 uncertainty, and unfairness in the real  
4 property tax structure.

5 Shifting the tax status date from a  
6 date certain to any date in time will serve  
7 to further erode the tax base from which  
8 local governments can derive revenue to  
9 provide essential services to the  
10 residents. This erosion of the tax base  
11 unfairly shifts the tax burden to  
12 non-exempt owners and presents substantial  
13 fiscal problems for local taxing units.

14 In addition to further extending the  
15 disparity between exempt and non-exempt  
16 owners, eliminating the taxable status date  
17 for certain owners eliminates the guarantee  
18 that all property owners within the taxing  
19 jurisdiction would be treated equally, as  
20 it grants certain owners preferential  
21 treatment to the detriment of non-exempt  
22 owners.

23 While this bill is available by local  
24 option only, the fact remains it would become

1 a political necessity forced upon town  
2 officials. Given the administrative and  
3 financial difficulties presented by the  
4 legislation, the Association of Towns opposes  
5 this proposal.

6 Thank you very much.

7 MR. GEIST: Thank you, Andrea.

8 I'd now like to turn it over to  
9 Supervisor Moehle from the town of  
10 Brighton, Monroe County, to talk a few  
11 minutes about local roads, bridges and  
12 drinking water.

13 SUPERVISOR MOEHLE: Thank you,  
14 Gerry.

15 Thank you, Chairman Farrell,  
16 Chairman Young. We appreciate the  
17 opportunity to be here. I will try to be  
18 brief; I'm bringing up the caboose in this  
19 long day for all of you.

20 Senator Krueger, I appreciate your  
21 urging us to be all more perhaps strident  
22 in our advocacy, particularly on some of  
23 the issues that have been vexing and you've  
24 heard from all of us on.

1                   I have been the supervisor of the  
2                   Town of Brighton for four years, so this  
3                   tax cap world is the only world that I  
4                   know. But I must say that it is a  
5                   challenging one, and we do appreciate your  
6                   efforts to support local government. And  
7                   the fact that several of you have  
8                   yourselves been members of local  
9                   government, I know you have an  
10                  appreciation.

11                  We do appreciate the proposed  
12                  five-year capital plan for 2016 through  
13                  2020. That does provide significant  
14                  support for local municipalities. I know  
15                  at the Transportation Committee testimony  
16                  you heard from the Associated General  
17                  Contractors that there is as much as a  
18                  \$6 billion disparity between the DOT plan  
19                  and the MTA plan. I know we heard  
20                  something slightly different earlier.

21                  But I think in this time,  
22                  particularly with the still tenuous  
23                  economic recovery upstate and the impact of  
24                  the tax cap and the increasing likelihood



1           that the tax cap will force local  
2           municipalities to skimp on those  
3           infrastructure items that are sometimes not  
4           very visible, it is very important,  
5           particularly given the history of parity,  
6           that that parity between DOT and MTA be  
7           maintained. That will help make sure that  
8           all New Yorkers have safe transportation  
9           options.

10                        I would note that in this era where  
11           "Complete Streets" are increasingly  
12           becoming a philosophy that local  
13           municipalities like my own Town of Brighton  
14           are using in highway development, that DOT  
15           money will ensure not only that traditional  
16           highway transportation but also other forms  
17           of active transportation -- pedestrian,  
18           cycle transportation -- will be provided  
19           for residents in all parts of the state.

20                        Certainly the PAVE-NY proposal would  
21           be a positive for local municipalities. I  
22           would note that local governments own and  
23           maintain nearly 100,000 center-line miles of  
24           highways. Towns own and maintain over 60,000

1 of those center-line miles. Over the five  
2 years of this \$1 billion program, 1300 lane  
3 miles would be addressed. So it's a good  
4 thing, but appreciate that it is still a  
5 relatively small number given the overall  
6 need.

7 As has been noted, CHIPS funding,  
8 Marchiselli funding remaining static again  
9 in this Executive Budget poses challenges.  
10 It just makes it very difficult for local  
11 government to continue to maintain the  
12 streets, the bridges, the highways.

13 The BRIDGE-NY program again will  
14 help local governments. I believe  
15 \$500 million of that \$1 billion would be  
16 directed to local bridges over the  
17 five-year period.

18 Again, if a hundred needs, a hundred  
19 local bridges can be addressed, that's  
20 good. But we towns maintain about  
21 8600 bridges in the State of New York.

22 Local taxpayers pay 75 percent of  
23 the costs of maintaining, repairing, and  
24 upgrading local roads. So I do encourage

1           that we continue to use the CHIPS formula  
2           for the increased bridge aid, for the  
3           PAVE-NY aid. It's a tried and true, tested  
4           formula. It has worked, and I think we  
5           should continue to use it.

6                     We've heard about Flint, we've heard  
7           about Troy. I'm not going to spend a lot  
8           of time talking about water infrastructure.  
9           But again, Hoosick Falls as well, these are  
10          all indicia of how important water and  
11          wastewater infrastructure is.

12                    I would note drainage as well. In a  
13          town like Brighton, we are nestled between  
14          the Erie Canal and the Genesee River. It's  
15          a low-lying community. Stormwater can be a  
16          real issue. Over 50 percent of our storm  
17          drainage system is clay pipes from the  
18          19th century. We are also living on  
19          borrowed time. That is a situation that we  
20          have to continue to maintain and upgrade.

21                    I won't go into a lot of time about  
22          some of the things we have faced in  
23          Brighton, but I'll just give you one example.  
24          We have a neighborhood right on the border of

1 the City of Rochester. The University of  
2 Rochester's growth trajectory is coming right  
3 into that neighborhood. We're a significant,  
4 a fairly large -- but we're an inner-ring  
5 suburb. You would think that a community  
6 like ours would have sewer systems in place.  
7 However, this particular neighborhood, about  
8 a hundred households -- and there are others  
9 in Brighton -- continues to operate on septic  
10 systems.

11 They would like us to review  
12 installing -- extending an existing sewer  
13 line and installing a sewer system in their  
14 neighborhood, creating a sewer district for  
15 that neighborhood. Even with EFC funding,  
16 which has been used by the Town of  
17 Brighton, has been very positive and we  
18 support continued efforts in that area,  
19 just that one project with the tax cap  
20 numbers that we see now, whether it's 0.12  
21 or slightly higher or slightly lower for  
22 towns, just that one project would eat up the  
23 entire tax cap for the Town of Brighton -- to  
24 support a need that residents, 100

1 households, are asking us: "We want this.  
2 We want to pay you for it."

3 So those are the challenges of the  
4 tax cap. And I don't dispute for a minute  
5 the philosophy, the discipline that it  
6 places on us in local government. But it  
7 prevents us from using the kind of  
8 return-on-investment analysis that we would  
9 also like to use, for example, to look at  
10 buying our street lighting system from  
11 RG&E.

12 RG&E is not tariffed to use LED  
13 lighting systems. We would like to buy  
14 that system, used LED lighting, save our  
15 taxpayers significant operating costs. But  
16 because of the up-front capital cost, we  
17 can't, like a business would, look at, do  
18 that return-on-investment kind of analysis.  
19 We see that a project like that would force  
20 us to override the tax cap and therefore  
21 prevent us from taking advantage of not  
22 only the cost savings but the environmental  
23 savings.

24 Again, thank you for taking the day.

1           It's been valuable to listen, frankly, to  
2           the testimony of the mayors and the other  
3           groups, and we appreciate the opportunity  
4           to be here.

5                   CHAIRMAN FARRELL: Thank you.

6                   Any questions?

7                   SENATOR KRUEGER: Thank you very  
8           much for your testimony.

9                   CHAIRWOMAN YOUNG: Right. I just  
10          want to say thank you so much for your  
11          testimony. Thank you for coming from  
12          Rochester on the Thruway. We appreciate  
13          you being here today. Sorry it was such a  
14          long day. Obviously a lot of interest this  
15          year in local government issues, which I  
16          think is a very healthy thing.

17                   So we appreciate your input, and  
18          we'll take it to heart as we move forward  
19          through the budget process.

20                   SUPERVISOR MOEHLE: Thank you very  
21          much.

22                   ASSESSOR NILON: Thank you.

23                   CHAIRMAN FARRELL: Thank you very  
24          much.

1 MR. GEIST: Thank you very much.

2 CHAIRMAN FARRELL: We're adjourned  
3 until tomorrow at 9:30, Elementary  
4 Education.

5 - - -

6 (Whereupon, the budget hearing  
7 concluded at 7:59 p.m.)

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